

2023 MALAWI AGRICULTURAL PRODUCTIVITY & COMMERCIALIZATION CONFERENCE



IFAD's Experience in Agricultural Diversification & Commercialization in Malawi

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 **TRADE Programme**

“Diversified agricultural value chains for improved trade balances & foreign currency reserves”





Quick Facts

-  • Has invested in Malawi since 1981
-  • Over \$350.5 Million Invested so Far
-  • 2 Million Poor Rural Households Reached
-  • \$450 Million under investment
-  • Investments guided by COSOP 2023-2030 aligned to MW2063 & SDGs





COSOP Strategic Objectives



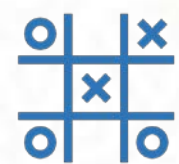
Improved food and nutrition security - to be achieved through the increased agricultural productivity and climate-resilience of smallholder farmers.



Improved access to remunerative agricultural markets and services, notably for rural women and youth.



Investment Avenues








Cross-cutting areas: access to finance; agribusiness development, market-focused agriculture production and productivity, improved nutrition; empowerment of women and youth; improved soil and water management; and increased resilience to climate change.

Non-lending activities consist of:

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- Technical expertise & South-South and Triangular Cooperation (SSTC);
 - Championing and structuring catalytic blended financing for the rural agriculture sector
 - Supporting national and regional policy dialogue
 - Promoting innovative approaches and technologies through a robust grant portfolios;
 - Strengthening Country Systems and the overall enabling environment (soft & hardware)
 - Alignment with complementary UN Country Team initiatives



Ongoing Portfolio

Programme	Overall Funding (Grant + Concessional loan and co-financing from partners)	Key Results
 PRIDE	USD 125.88 million	3200 ha under irrigation
 FARMSE	USD 102.73 million	1,504,622 hh reached with access to rural finance and/or services
 SAPP	USD 73.3 million	200 000 hh with access to improved technologies, extension & inputs
 TRADE	USD 125.35 million	300 000 hh with access to markets and value chain services/infrastructure
 NBS Bank Non-Sovereign Operation with NBS Bank (Senior Loan - upcoming)	USD 5 million	90,000 direct beneficiaries
SAPPII (upcoming)	USD 53.336 million	169 448 hh with access to improved technologies, extension & inputs – market focused



IFAD Investment Rationale, Theory & Premise



By Deepening Integration and Participation of Smallholder Producers in Commercially Profitable Agriculture and Enhancing their Resilience to Shocks (Climate Related and Economic) it is Possible to Sustainably Improve the Livelihood of Rural people in Malawi



Vulnerability to shocks still high and diversification of livelihoods is paramount



Vertical Diversification Should Precede Horizontal Diversification



Rural Poor Can Benefit from Value Chain Participation Through Different Pathways - as Producers, Workers, Micro-Entrepreneurs & Processing



Profitability at Each Enterprise Should be Driving Factor

Five -Pronged Strategy



Minimization of risk & replication of successful experiences



- **Over-supply of models driven by short-term goals disincentivize long-term learning and replication**
- **Effective learning happens at farmer peerage (within farmers themselves)**
- **Anchorage & sustainability of models possible with strong public institutions & entities**



Closer private sector engagements to connect farmers to markets and improving the countervailing power of smallholders in markets



- **FBOs remain viable entry units for commercial interventions although farmers interests are often misaligned to objectives**
- **Strengthening FBOs dilute cartel of private sector**
- **Strengthening SMEs expand the pool of private sector players for farmer engagement**



Promoting investments in soft & hard areas



- **Proper policy sequencing & certainty ideal for commercialization**
- **Rural infrastructure usage is optimal where market linkages are enhanced**
- **PPP Models of managing rural infrastructure ideal for sustainability**



Engaging the target groups in development commodity action plans



- **Enhanced productivity remains key driver**



Promoting active inclusion and participation of women and youths



- **Innovation is high in youth driven FBOs than non-youth FBOs**
- **Capital mobilization maximum in women led-FBOs**



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