



MALAWI AGRICULTURAL COMMERCIALIZATION PROJECT (AGCOM)

"Agriculture with a business face"

1.0 INTRODUCTION

The Ministry of Agriculture, Irrigation and Water Development (MoAIWD) in collaboration with Ministry of Industry, Trade and Tourism (MoITT) is implementing a US\$95m Agricultural Commercialization (AGCOM) Project with financial loan from the World Bank. The project will be implemented country-wide for six years (2018 to 2023)

AGCOM is being implemented through an independent Project Implementation Unit (PIU) whose operations started in July 2018. The PIU is charged with the responsibility to oversee day to day project implementation, monitor progress, and coordinate and account for utilisation of project funds.

1.2 Project Development Objective (PDO)

The PDO is to increase commercialization of agriculture value chain products selected under the project. *Agricultural value chain products* are products of farms and agribusinesses, including crop, livestock, and fisheries products sold domestically or exported, with or without processing, depending on market requirements.

1.3 Project Development Objective (PDO)-level Results Indicators

The following indicators will measure progress toward the PDO

- Increase in yield of selected commodities by POs & PAs participating in the project

- Selected agricultural value chain products linked to markets (PO that meet market specifications defined by off-takers)
- Increased value of gross sales by producer groups for products of agricultural value chains supported by the project

2.0`PROJECT COMPONENTS

AGCOM project has four components and these are:

2.1 Building Productive Alliances

This supports the integration of small-scale and emerging farmers (defined as farmers cultivating not more than 8 ha) into value chains by improving their capacity to finance and execute productivity-enhancing investments and respond to the requirements of end-markets and buyers (off-takers):

Under the Productive Alliance (PA) component, the project will provide consulting and technical services to participating Producer Organisations (POs) for formation of proposed Productive Alliances (PAs) with agribusiness entities, designing of eligible business plans for upgrading production capacities, and/or strengthening linkages with off-takers.

- **Matching Grants** will also be provided to participating POs for capital investments with a view to increasing production, yield, quality and sale of agriculture products, improving post-harvest storage and processing capability.
- **Partial Credit Guarantee Fund (PCGF)** will be established to provide incentive to commercial banks so that they can provide competitively priced agriculture financing to small-scale farmers, who are normally considered risky category.
- **Last-mile Infrastructure:-** project will provide a public good infrastructure to facilitate operations by the selected Producer Organization and Productive

Alliances (Small-scale irrigation infrastructure, rural feeder roads, access to electricity or access to clean water could be some of the examples)

2.2 Support Investment Enabling Services

This has two sub-components (a) Access to Agricultural Financing --TA will be financed to assess the critical challenges of the current system, examine international experience, and identify suitable risk mitigation mechanisms to strengthen the Malawian warehouse receipt system and concrete engagement models to increase the uptake of farmers as well as Small and Medium Enterprises (SMEs). The TA will also explore strategies for increasing farmers' and SMEs' access to warehouses in rural areas including women and youth. **(b)** Access to Land for Commercial Agriculture---The project will provide support for the policy and regulatory environment for increasing access to land and tenure security for commercially oriented smallholder and commercial farmers as well as other actors in agricultural value chains.

2.3 Contingent Emergency Response

This component will allow rapid reallocation of project proceeds in the event of a natural or man-made disaster or crisis that has caused or is likely to immediately cause a major adverse economic and/or social impact. To trigger this component, the Government needs to declare an emergency or provide a statement of fact justifying the request for the activation of the use of emergency funding.

2.4 Project Coordination & Management

This component is financing project management activities, including the hiring of the Project Implementation Unit (PIU). The PIU will coordinate the implementation of project activities, monitor project progress, ensure sound fiduciary management, social and environmental safeguards compliance, and engage in communication and reporting.

2.5 AGCOM approach in selecting the Value Chains (VC)

- ✓ Instead of selecting the value chains in advance, AGCOM is purposely designed to allow the market decide which value chains and buyers have strong prospective commercial linkages. *Agricultural value chain* including crop, livestock, and fisheries products. The process of selecting these VC is already underway.

2.6 Project Beneficiaries

The following are eligible for participation in the AGCOM as beneficiaries:

- ✓ Small scale and emerging poor farmers (cultivating not more than 8 ha) & farmer organizations with capacity to produce beyond subsistence;
- ✓ Agriproduct buyers (processors, retailers, exporters, and aggregators);
- ✓ Financial Institutions lending to the agriculture sector.

Women and youth based producer organizations will have a special attention. The objective is to have a minimum of 300 productive alliances and 100,000 farmer household in 5 years.

2.7 How to participate in the AGCOM?

To participate in the project, only small scale farmers, emerging farmers in organized and registered groups (or farmer organizations) and in a productive alliance will respond to the call of proposal for the selected value chains. The call for proposals will be advertised in the widely circulated local News Papers (Daily Times and The Nation), local radios (including community radios), television, District Council and District Agriculture Offices, [UN Development Business](#) online, and on the World Bank's external website and.

3.0 AGCOM SECRETARIAT CONTACTS

Address: Malawi Agriculture Commercialisation Project (AGCOM)
Ministry of Agriculture, Irrigation and Water Development
Lilongwe Market Depot,
P.O. Box 30,134
Along Area 25 Road, Kanengo, Lilongwe, Malawi

Emails: agcom@gmail.com/ andykoloko@gmail.com
nakhumwateddie@gmail.com / nicholasmkandawire@gmail.com

Telephone: Andy Koloko,
Nicholas Mkandawire

+ 265 999 300826 /+265 888 917 233
+ 265 882 643 336/ +265 994 551 993