

## A. Sector Analysis

### 1. Current situation and major challenges of the sector:

The economy of Malawi is predominantly agriculture based. Agriculture accounts for 30% of GDP and generates over 80% of national export earnings. The agriculture sector employs 64% of the country's workforce and contributes to food and nutrition security<sup>1</sup>. Although there is potential for better production and productivity, the agriculture sector operates below its capacity. The average agricultural GDP growth rate in recent past has been 3% per annum, which is half of the targeted growth rate of at least 6% per annum for agricultural transformation. Agriculture relies mainly on rain-fed crop production whereas production and consumption of animal products are very low. As a result, the country continuously faces food shortages at national and household levels. Some of the challenges the sector faces include low production, limited diversification, vulnerability to weather shocks; poor management of land, water and soils; low adoption of agricultural technologies; low access to finance facilities and farm inputs; low mechanization and technical labor skills; a limited irrigation system and weak linkages to markets.

In order to promote linkage to markets, there have been efforts to develop agricultural markets which include increased liberalization, development of rural marketing infrastructure and agricultural market information systems, and the establishment of commodity exchanges. Despite these efforts, agricultural marketing systems are still rudimentary, and in some cases, missing markets persist, especially in rural areas. Most farmers continue to have limited information on prevailing market price. As a result, traders take advantage of this and purchase from the farmers at a lower price far much below the set farm gate price by the government.

Irrigation potential in the country remains under-exploited despite being one of the priority areas in the national agricultural policy. Out of the estimated potential of 407,862 hectares, only about 148,850 hectares have been developed for irrigation purposes representing 36.5% of the potential area<sup>2</sup>. This challenge has a negative impact on agricultural growth, exports as well as food and nutrition security. Thus, it is necessary to prioritize irrigation schemes to be developed with a clear time frame and budget allocation. In addition, medium scale irrigation schemes are also crucial for people to practice agriculture with little water management skills. Such schemes can easily be maintained by the farmers unlike the large-scale schemes which are expensive to maintain. Therefore, the central government together with local councils should develop a clear roadmap for development of medium scale irrigation sites.

The 2022/23 rainy season attests to the fact that Malawi is vulnerable to weather shocks. On 11 March 2023, Malawi was hit by Tropical Cyclone Freddy bringing with it devastating rains, floods, and mudslides in Southern region. The effect of the cyclone was so devastating, and it affected Blantyre city, Mulanje, Chiradzulu, Thyolo, Zomba, Nsanje and Chikwawa districts destroying entire villages, bridges, schools, hospitals, border posts and farmer fields. On March 13, a state of disaster was declared in the southern region due to Cyclone Freddy. According to Malawi 2023 Tropical Cyclone Freddy Post Disaster Needs Assessment, a total of 54,949 hectares of crops was affected by cyclone Freddy and 285,569 livestock owned by 104,565 households was affected. Cyclone Freddy did not spare infrastructure alone as most irrigation schemes were either completely washed away or left in dilapidated state due to the flush floods emanating from the cyclone. Apart from Cyclone Freddy, Malawi has been hit by other cyclones namely; Ana, Idai and Gombe in recent past. All these cyclones have had a negative impact on the national crop productivity leading to food insecurity both at National and household levels. In recent years, Malawi has also been experiencing

<sup>1</sup> National Agriculture Policy, September 2016

<sup>2</sup> National Irrigation Policy, 2024

prolonged dry spells in some parts of the country, which have negatively affected crop productivity thereby contributing to the national food insecurity.

## 2. Sector policy, strategic plan, priority areas:

The sector is driven by several policies and strategies which among others include;

### a) The Malawi 2063 (MW2063)

MW2063, which was launched in January 2021, is a long-term development blue-print for Malawi succeeding the Vision 2020. MW2063 is anchored on three key pillars, Agriculture Productivity and Commercialization; Industrialization; and Urbanization. MW2063 is operationalized by the first 10-year implementation Plan (MIP-1) which is for the period 2021 to 2030. The MIP-1 has identified priority areas under the key pillars which will set Malawi on a path to actualize MW2063. Under Pillar1: Agriculture Productivity and Commercialization, whose objective is to have an optimally productive and commercialized agriculture sector, the following areas will be focused; (a) Agriculture Diversification, (b) Irrigation Development, (c) Anchor farms, (d) Agriculture Inputs, (e) Agriculture mechanization, (f) Structured Markets, (g) Agriculture Research, Innovation and Dissemination.

### b) The National Agriculture Policy (NAP) (2024-2029)

NAP 2024 defines a vision for the development of the agricultural sector in Malawi from 2024 to 2029. It envisages a more productive, sustainable, and commercialized agriculture sector in Malawi by 2029. The NAP will provide clear and comprehensive policy guidance in the agriculture sector. The specific objective of the NAP is to guide Malawi in transforming the agriculture sector through improved productivity, sustainability, and agricultural commercialization. The NAP has six policy priority areas of which four are in line with JICA's cooperation policy: (a) Agricultural Production and Productivity, (b) Agricultural Commercialization, Agro-Processing and Value Addition, (c) Institutional Development, Coordination, Capacity Strengthening and Risk Management, (d) Food and Nutrition Security.

### c) The National Irrigation Policy (NIP) (2024-2029)

The NIP 2024 provides a clear statement of the Government's aspirations of developing the irrigation sector and for attaining its development objectives. The Policy also emphasizes the importance of incorporating irrigation for both food security and commercial purposes. The overall policy goal is to develop and manage irrigation projects so as to effectively contribute to increased national production of cereals, tobacco, cotton, horticultural crops and legumes, and other emerging high value crops for industrial use and export market<sup>3</sup>. The NIP focuses on three priority areas: (a) Sustainable Irrigation Development, (b) Sustainable Irrigation Management, and (c) Capacity Development.

### d) The National Irrigation Master Plan and Investment Framework (2015-2035)

The objectives of the Irrigation Master Plan include accelerating economic growth, reducing rural poverty, improving food security and increasing exports. The master plan consists of four mutually supporting components, namely: (a) New Irrigation Development, (b) Sustainable Irrigation Management, (c) Capacity Building, and (d) Coordination and Management.

### e) The National Agriculture Extension and Advisory Services (NAEASP) (2025-2030)

The NAEASP 2025, provides a framework for maximizing agriculture extension clients' access to high-quality and relevant services; and promotes collaboration among service providers and clients

<sup>3</sup> National Irrigation Policy, 2024

for increased adoption of agriculture technologies, good agriculture practices, good agribusiness management practices, and marketing to inspire increased production and productivity for the food, nutrition, and income security in Malawi<sup>4</sup>. NAEASP has seven priority areas, four of which are in line with JICA's cooperation policy: (a) Agriculture Extension Capacity Development, (b) Farmer Organization and Empowerment, (c) Agriculture Commercialization and Market Linkages, and (d) Food and Nutrition.

**e) National Rice Development Strategy (NRDS)II (2024-2030)**

Launched in September 2024, the NRDS II envisages a sustainable, competitive, and commercially vibrant rice sector. Its goal is to drive Malawi's economic growth and food security through rice sector development. Four strategic objectives have been identified in NRDS II; (a) Increase rice production and productivity by improving efficiency along the entire rice value chain, (b) Improve market orientation and competitiveness of smallholder rice farmers in rain-fed and irrigated production systems, (c) Enhance ecological, social, and economic sustainability of rice farming, and (d) Strengthen human and institutional capacities along the rice value chain.

### **3. Donor activities and commitments:**

There are a number of activities being implemented by various development partners for the development of the sector. Some of the flagship programs include:

- **World Bank** is implementing the Shire Valley Transformation Program. This is the biggest investment in the irrigation subsector and will see the development of irrigation facilities for 43,370 ha in Nsanje and Chikwawa districts. The cost of the program for phase 2 is about US\$ 134 million and the duration is from 2022 to 2028. World Bank is also implementing the Malawi Food Systems Resilience Project (MFSRP-AGCOM 2.0). MFRSP is primarily meant to support medium- and long-term resilience building. The proposed interventions are designed to have short-term effects on sales through inclusive value chains, and long-term impacts on food system resilience through access to markets and diversification. The MFSRP will continue to increase the commercialization of primary and value-added agricultural products as a means of enhancing national and regional food systems resilience. The project implementation period is from 2023 to 2029 and the total budget is US\$ 320.20 million.
- **African Development Bank** is co-financing the Shire Valley Transformation Program and Malawi Food Systems Resilience Project (MFSRP-AGCOM 2.0) to a tune of US\$ 35million and US\$ 15 million respectively.
- **European Union** is implementing the Greening and Growing Malawi – Ulimi ndi Chilengedwe m' Malawi (UCHI) project. The Overall Objective (Impact) of this action is to contribute to sustainable and inclusive transformation of food systems in Malawi. The total budget for the project is EUR 56,500,000 approximately US\$ 65,280,100.00 million). The project duration period is from 2022 to 2030.
- **IFAD** is implementing the Programme for Rural Irrigation Development (PRIDE) which aims at enhancing rural Malawian communities' resilience to food insecurity and the adverse effects of climate change. Total Project Cost is US\$ 125.88 million, and the duration for this program is from 2015 to 2026. IFAD is also Transforming Agriculture through Diversification and Entrepreneurship Programme (TRADE) with the objective of Increasing value chain commercialization and resilience of rural poor and smallholder producers". The project is being implemented to a tune of US\$ 125.84 million from 2019 to 2026. The Financial Access for Rural Markets, Smallholders and Enterprise Programme (FARMSE) is another investment by IFAD in Malawi. The programme's goal is to sustainably increase

<sup>4</sup> National Agriculture Extension and Advisory Services Policy, 2025

access of financial access and services to rural people and focuses on financial services, financial inclusion policies and strategies. Total budget for the programme is US\$ 116.31 million and the project duration is from 2017 to 2028. Sustainable Agricultural Production Programme Phase II (SAPP II) is yet another investment from IFAD. It builds on the productive assets developed under SAAP with various interventions and improved market access. SAPP II focuses on women's empowerment, climate resilience and household food and nutrition, while improving the natural ecosystems of rural smallholder farmers. Total Project Cost is US\$ 55.07 million, and the duration is from 2023 to 2030.

- Several other donors have channeled their financial and technical commitments towards climate change adaptation, diversification, research, resilience activities and nutrition security.

#### **4. Budget situation:**

Government has allocated quite substantial amount of funds to the agriculture sector in the 2025/26 national budget. The sector has been allocated MK 693.3 billion (approximately US\$ 396.6 million) of the total MK 8.05 trillion (approximately US\$ 4,604.42 million). In the 2024/25 financial year, the agriculture sector was allocated MK 512 billion (approximately US\$304.22 million). There is a 35.4 percent increase in kwacha value between the two financial years. The 2025/26 allocation represents 9% of the total budget which is below the 10% Comprehensive African Agricultural Development Programme (CAADP) thresh-hold. Through CAADP, African governments agreed to allocate at least 10% of national budgets to agriculture and rural development, and to achieve agricultural growth rates of at least 6% per annum. In 2024/25 financial year the allocation was at 8.5% of the total budget which was also below the CAADP thresh-hold. These resources will cater for wages and salaries, operations, including Affordable Inputs Programme, purchase of maize, mega farms, farm input loan program and irrigation development. The status quo remains that, a bigger percentage of the development budget about 96% in the 2024/25 financial year was financed by the donors with the government contributing less. Concerns still remain that the distribution of the budget is unbalanced with regards to alignment to the priority strategies of the MW2063 First 10-year Implementation Plan (MIP-1).

#### **5. Dialogue structure of the sector:**

Development partners (DPs) active in the sector have their own dialogue structure, Donor Committee on Agriculture and Food Security (DCAFS). The DCAFS was formed with a purpose of deepening dialogue, coordination, and cooperation among DPs, and between the DPs and the Government with regards to Agriculture and Food Security. The ministry organizes Joint Sector Review meetings which are conducted annually to discuss the performance of the sector. Participants include government representatives, DPs, leading farmer organizations, civil society and representatives of the private sector. Following the launch of MW2063 and MIP-1, pillar and enabler coordination groups have been formed. The agriculture productivity and commercialization coordination group is amongst them and will foster dialogue of various stakeholders in the sector.

### **B. JICA's Position**

#### **1. History of JICA's cooperation:**

JICA has been assisting the Agriculture Sector in Malawi in the areas shown below.

#### **【Policy】**

- (Expert) Monitoring and Evaluation in Agriculture Policy (2013 Oct - 2016 Oct)

#### **【Irrigation】**

- (GA) The Project for the Rehabilitation of the Bwanje Valley Irrigation Scheme (2006 Jun)
- (GA) The Project for the Rehabilitation of the Bwanje Valley Irrigation Scheme (Phase2) (2008 Jun)
- (GA) The Preparatory Survey for the Project for the Rehabilitation and Expansion of Lufilya Irrigation Scheme (2025 Feb- Jul 2026)
- (Expert) Technical Expert in Irrigation Policy Monitoring and Evaluation (2008 Aug - 2013 Mar)
- (TC) The Project for Development of Medium Scale Irrigation Scheme (2011 Jun - 2014 May)
- (Grassroots) The Project for Community Based Irrigation Management (2011 Dec - 2014 Mar)
- (Grassroots) The Project for Community Based Irrigation Capacity Development in Dedza District (2014 Mar - 2017 Mar)
- (Grassroots) Irrigation Engineer Capacity Building Project for Sustainably Utilizing Agriculture Water Management Technologies (2017 Mar - 2020 Mar)
- (TC) The Project for Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance (2015 Mar - 2020 Mar)
- (Expert) Rice Development Program Planning and Implementation (2021 Oct - 2022 Jul)

#### 【Production and Marketing】

- (TC) The Project for Market-Oriented Smallholder Horticulture Empowerment and Promotion (2017 Apr - 2023 Apr)
- (Grassroots) The Project for Improvement of income in agriculture by using underutilized resources for smallholders in Mzimba district (2021 Oct - 2024 Oct)
- (TC) The project for the Promotion of Rice Production and Marketing (2024 Oct -2029 Sep)

#### 【Cooperative & Private Sector】

- (TC) The Project for Institutional and Human Resource Development for One Village One Product Program (2005 Oct - 2010 Sep)
- (TC) The Project for Strengthening the Capacity of OVOP Programme for Delivering Services to OVOP Group in Malawi (Phase 2) (2011 Apr - 2017 Apr)
- (Study) Date Collection Survey for Identification of Potential Industries in Malawi (2013 Mar - 2013 Aug)
- (Expert) Private Sector Development Policy Advisor (2020 Feb - 2022 Dec)

#### 【Land management】

- (TC)<sup>5</sup> The Project for Sustainable Land Management Promotion (2011 Nov - 2015 Nov)

## 2. Cooperation Assets and Major outcomes:

- **The Bwanje Valley Irrigation Development Project** (GA: 2006 Jun and 2008 Jun) is relatively one of the biggest irrigation schemes in Malawi. It has had a positive impact on rice production.
- **Aquaculture center at Lilongwe University of Agriculture and Natural Resources (LUANAR)**, JICA supported the university through the construction of office blocks, classrooms as well as fishponds at the department. In addition, JICA handed-over assorted equipment to the department
- **The Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance** (TC: 2015 Mar to 2020 Mar) has had a great impact on the capacity

<sup>5</sup> (Expert) Expert , (GA) Grant Aid Project, (Grassroot) Grassroots Technical Support Project, (Study) Technical Cooperation for Development Planning, Private Sector Partnership, Data Collection Survey, (TC) Technical Cooperation Project

development of irrigation officers both at district and headquarters level. Through this project 9 irrigation engineers were accredited as Professional irrigation engineers by the board of engineers by the end of the project in 2020.

- **The Project for Market-oriented Smallholder Horticulture Empowerment and Promotion (MA-SHEP)** (TC: 2017 Apr to 2023 Apr) MA-SHEP changed the attitude of farmers in the implementing districts to “grow to sell” and not “grow and sell”. The targeted farmers understand the importance of gathering market information before they venture into production. The government of Malawi adopted SHEP as an extension approach and is being used not only in horticulture but in all the value chains.

### **3) Lessons learned:**

Positive lessons can be drawn from the previous assistance as follows: (a) Capacity building of relevant officers. For example, through the Project for Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance (MIDP-2) project irrigation officers went through a series of trainings ranging from designing of schemes to operation and maintenance which enabled them to construct canals using local labor force. (b) Promotion of effective collaboration between different departments. MIDP-2 project also enhanced a working relationship between the Department of Irrigation and the Department of Agriculture Extension Service which enabled trained extension officers to work hand in hand with irrigation officers in supervising the construction of canals. The involvement of extension officers ensured proper and sustainable use of the schemes.

### **4) Comparative advantage of JICA:**

JICA has a rich history in the irrigation sub-sector and is considered by the government as a key partner in this area. The grant aid project by JICA at Bwanje Valley Irrigation Scheme is among the schemes covering large hectares in Malawi. The technical cooperation projects in this irrigation sub-sector have also capacitated government irrigation officers with the necessary knowledge which is vital in irrigation development, operation as well as management of small-scale irrigation schemes.

### **5) TICAD process:**

In line with the TICAD process and Sustainable development Goals (SDGs), JICA Malawi is implementing the Project for the Promotion of Rice Production and Marketing (RPM). The overall goal of the project is to maintain rice self-sufficiency and ensure that exportation to neighboring countries has picked up. The project will contribute to increasing rice production for food security and export promotion. The project is in line with the aspirations of the Coalition for African Rice Development (CARD) initiative. JICA Malawi continues to monitor implementation of SHEP activities in Malawi by the government with funds from other stakeholders as a sustainability mechanism for the project for Market-Oriented Smallholder Horticulture Empowerment and Promotion (MA-SHEP) which closed in 2023. JICA will continue providing necessary support to the Ministry of Agriculture with regards promotion of SHEP approach in Malawi.

### **6) Possible areas of future cooperation:**

In line with MW2063 as well as seeking SDGs, Japan considers the agriculture sector as a driver for Malawi's economic growth. Therefore, Japan strives to assist in diversification, market orientation and commercialization of agriculture as well as nurturing entrepreneurship among stakeholders.

Under diversification, Malawi joined phase 2 of the CARD in 2018 and JICA is working with the government of Malawi towards achieving the goal of CARD. In line with the aspirations of CARD, a preparatory survey for the project for the rehabilitation and expansion of Lufilya irrigation scheme

is being carried out. Subject to the survey findings, JICA may consider implementing a Grant Aid project for the rehabilitation and expansion of the scheme. If realized, the project is expected to improve water flow in canals, reduce seepage losses, and expand irrigated land, thereby contributing to increased rice production and enhanced food security.

JICA will also continue with capacity building through the Knowledge Co-Creation Programme (KCCP), short and long-term. Under this programme JICA sends officials from the Ministry of Agriculture to various JICA training Centers in Japan where they attend various short- and long-term courses in the field of agriculture. In addition, JICA will continue implementing a scholarship program specific for agriculture called “Agriculture Studies Networks for Food Security (Agri-Net)”. This is a long-term training program resulting to the awarding of either Masters or PhD from Japanese Universities.