

A. Sector Analysis

1. Current situation and major challenges of the sector:

The economy of Malawi is predominantly agriculture based. Agriculture accounts for 30 percent of Gross Domestic Product and generates over 80 percent of national export earnings. The agriculture sector employs 64 percent of the country's workforce and contributes to food and nutrition security¹. Although there is potential for better production and productivity, the agriculture sector operates below its capacity. As a result, the country continuously faces food shortages at national and household levels. Malawi has also been hit by fall army worm attack in recent past and this has significantly affected production of maize. Some of the challenges the sector faces include vulnerability to weather shocks; poor management of land, water and soils; low adoption of agricultural technologies; low access to finance and farm inputs; low mechanization and technical labor skills; a limited irrigation system and weak linkages to markets.

In recent years, Malawi has made efforts to develop agricultural markets. These 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 in Malawi are still rudimentary, and in some cases, missing markets persist, especially in rural areas. Most farmers continue to have limited information on prevailing market prices. As a result, traders take advantage of this and purchase from the farmers at a lower price far much below the set farm gate prices by the government.

Despite being one of the priority issues in the national agricultural policy, the irrigation potential in the country remains under-exploited. Out of the estimated potential of about 407,862 hectares only about 116,249 hectares (29% of the potential area) have been developed for irrigation purposes as of 2017/18. This trend has a negative impact on agricultural growth, exports as well as food and nutrition security. Thus, it is necessary to prioritize schemes to develop with clear time frame and budget allocation. In addition, medium scale irrigation schemes are also crucial for people to practice agriculture with managed water. These schemes stand a better chance of being maintained by the farmers unlike the large scale schemes which require huge sums of money for maintenance. Therefore, the central government together with districts are expected to indicate a clear roadmap for development of medium scale irrigation sites.

The novel COVID-19 pandemic has had its impact on the agriculture sector. Production in the year 2020 was not affected because the first case in Malawi was registered when the crops were almost ready for harvest. Nonetheless, studies have indicated that the entire value chain was affected. For example, a research by MWaPATA Institute shows that 18% of the households experienced labor disruptions and harvesting delays which may have led to post-harvest losses. A study by the International Food Policy Research Institute shows that there was an overall Agri-food system loss of 10.4% over the first two months of COVID-19 restrictions in Malawi. Access to the market was an issue for the farmers and this affected the prices on the market.

2. Sector policy, strategic plan, priority areas:

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

a) The Malawi Growth and Development Strategy III (MGDS III) (2017-2022)

The MGDS III recognizes agriculture as one of the priority areas. The following five of the seven objectives of the sector directly relate to JICA's operations in line with the Japan's

¹ National Agriculture Policy, September 2016

Country Development Cooperation Policy for Malawi; (a) Increased agricultural production and productivity; (b) Increased land under irrigation; (c) Increased agricultural diversification; (d) Improved nutrition and food security; (e) Increased agriculture market development, agro-processing and value addition.

b) The National Agriculture Policy (NAP) (2016-2021)

The NAP was launched in November 2016. Its purpose is to provide clear and comprehensive policy guidance in the agriculture sector. The specific objective of the NAP is to guide Malawi to achieve transformation of the agriculture sector. The NAP has identified eight policy priority areas of which four are in line with JICA's cooperation policy: (a) Sustainable Agricultural Production and Productivity; (b) Sustainable Irrigation Development; (c) Agricultural Market Development, Agro processing and Value Addition; (d) Food and Nutrition Security.

c) The National Agricultural Investment Plan (NAIP) (2017-2022)

Launched in June 2018, the NAIP provides a framework for guiding investments in the sector ensuring coherence with overall and sectorial policy and investment frameworks. The NAIP adapts the goal of the NAP, namely to achieve sustainable agricultural transformation that will result in significant growth of the agricultural sector, expanding incomes for farm households, improved food and nutrition security for Malawians and increased agricultural exports.

d) The National Irrigation Policy (NIP) (2016-2022)

The NIP was launched in November 2016. The NIP aims at addressing critical issues affecting the irrigation sector. These issues include spatial and temporal water shortages; customary land tenure disputes; and, poor operation and maintenance of infrastructure. It intends to address these challenges by focusing on three priority areas: (a) Sustainable Irrigation Development; (b) Sustainable Irrigation Management; and (c) Capacity development.

e) 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.

f) The National Rice Development Strategy (NRDS) (2014-2018)

The overall objective of the NRDS is to increase rice production and productivity in Malawi. Its specific objectives are: (a) To increase coordination and collaboration among stakeholders throughout the rice value chain; (b) To enhance the ability of cooperatives to improve farmer livelihoods; (c) To support increased productivity for smallholder rice farmers; (d) To develop a strong rice market fueled by demand and the production of value-added products. The process of developing the second NRDS started with a review of the first NRDS which took place in April 2019. However, this was affected by the May 2019 presidential results which was followed by mass demonstrations across the country. The process has been further disrupted by COVID-19 pandemic since 2020.

3. Donor activities and commitments:

There are a number of activities being implemented by various development partners in order to improve the sector. These include:

- **World Bank and African Development Bank:** The two banks have joined hands and are co-financing 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 hectares in Nsanje and Chikwawa districts. The cost of the program for phase 1 is about US\$234.6 million. The program comprises a number of components including Irrigation Facilities and Structures, Rural Infrastructure development, Agricultural Production Development, Agro-Processing Facilities and Project Management. World Bank is also implementing the Agriculture Commercialization Project which aims at increasing commercialization of agriculture value chain products. The project is targeting all districts in Malawi and its duration is from 2018 to 2023. The total budget for the project is US\$95 million. AfDB on the other hand is implementing the Malawi Agricultural Infrastructure and Youth in Agribusiness Project (AIYAP). The project is designed as a stand-alone investment project whose main objective is to support the development of irrigation infrastructure in order to facilitate the development of high value food-crop production, agricultural value chains along with agribusiness skills for youths and capacity building activities. Total funding for the project is U.A 16,000,000 equivalent to US\$ 21.8 million and the duration is from 2016 to 2022.

- **European Union:** EU is implementing a Euro100 million (approximately US\$113.5 million) Kulima project in Chitipa, Karonga, Mzimba, NKhatabay, Kasungu, Nkhatakota, Salima, Chiradzulu, Thyolo and Mulanje districts. The project supports extension services through Farmer Field Schools, agricultural research, access to finance through blending with EIB (European Investment Bank) and value chains.
 - **FAO:** FAO Malawi's 2020-2023 Country Programming Framework (2020-2023) prioritizes four thematic areas, namely: Strengthened conducive agricultural policy and investment environment; Improved food and nutrition security and livelihoods; Improved governance of natural resources, environment and ecosystems; Enhanced resilience of the agriculture sector and the food systems. Under policy, FAO supported the government of Malawi in the development of National Agriculture Investment Plan (NAIP). FAO has also been on the forefront in the fight against Fall Army Worm attack which has been a concern in recent years.
 - **USAID** is implementing a number of projects including the "Agricultural Diversification" Project (2016-2021) whose budget is US\$37 million. The objective is to accelerate diversification and improve agricultural outputs to the benefiting communities.
 - **Irish Aid** is supporting the Root and Tuber Crops for Agricultural Transformation in Malawi (RTC-ACTION Malawi) and the Malawi Seed Industry Development Project Phase II (MSIDP II).
 - **The Flanders** government is, among other projects, implementing a project for Strengthening Farmer Organizations and Rural Structured Trade Mechanisms and Marketing Capacity Building Project for Smallholder Farmers.
 - Several other donors have channeled their commitments towards climate change adaptation and resilience activities and nutrition security.
 - **COVID-19 Response:** In response to the COVID-19 pandemic FAO sought and was granted clearance from European Union to reprogram US\$1,276,720 Kulima and Afikepo projects to respond to COVID-19 challenges. FAO has also received extra funds from European Union emergency fund amounting to US\$ 4,464,954 to support vulnerable communities. An additional US\$50,000 has been received from FAO own funds (Technical Cooperation Project) for an Assessment of the Impact of COVID-19 on the Agricultural and Food Sector in Malawi.
- The Embassy of Ireland channeled their financial resources amounting to US\$ 238,419 to procurement of various inputs for winter cropping as well as purchasing of handwashing materials at crop purchasing location.

DFID set aside about US\$10 million for various resilience and recovery activities such as post-harvest losses.

The German government spent about US\$ 65,000 for the purchase of sanitizers, face masks, soap and buckets as well as awareness materials².

Under MA-SHEP project, JICA set aside about US\$152, 000 for procurement of tablets and laptops for extension officers and district agriculture offices in a bid to enhance communication.

4. Budget situation:

The new government has allocated quite substantial amount of funds to the Ministry of Agriculture in the 2020/2021 national budget. The ministry has been allocated MK245 billion (approximately US\$326.7 million) of the total MK2.2 trillion (approximately US\$2,933.3 million). This is an enormous increase from the proposed estimates of the 2019/2020 financial year which was pegged at MK167 billion (approximately US\$226.9 million) representing a 47 % increase. The 2020/21 allocation which represents 11% of the total budget is in line with the recommended 10% budget allocation as per the 2003 Maputo declaration on agriculture and food security. The development budget (agriculture projects) has decreased from MK 106 billion (approximately US\$141 million) to MK63 billion (approximately US\$84 million). As was the case in the 2019/2020, a big percentage of budget, about 98% the development budget continues to be financed by the donors with the government contributing the remaining 2%.

5. Dialogue structure of the sector:

Development partners active in the sector have their own dialogue structure, namely: Donor Committee on Agriculture and Food Security (DCAFS). The DCAFS was formed with a purpose of deepening dialogue, coordination and cooperation among Development Partners, and between the DPs and the Government with regards to Agriculture and Food Security (AFS). The ministry organizes Joint Sector Review (JSR) meetings which are conducted annually. Participants include government representatives, development partners, leading farmer organizations, civil society and representatives of the private sector. The participants discuss the performance of the sector. In addition to JSR, Sector working Groups (SWG) and Technical Working Groups (TWG) meetings are held from time to time.

B. JICA’s Position

1) History of JICA’s cooperation:

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

Area of Support	Type	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20
Policy	Expert			Expert in Irrigation Policy M&E				M&E in Agriculture Policy								
Irrigation	GA	Bwanje Valley Irrigation Development Project														
	TC	Development of Smallholder Irrigation Schemes (2005-2009)					Development of Medium Scale Irrigation Schemes			Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance (2014-2019)						
	Survey	The capacity building of smallholder farmers for the management of self-help														

² Database of Covid-19, DCAFS & TIPDeP, updated 30th June,2020.

	Partner Program	irrigation schemes												
						Capacity Building Project for Sustainable Utilizing Agriculture Water Management Technologies								
Market Oriented	TC													Market-Oriented Smallholder Horticulture Empowerment and Promotion (on going up to 2021)
Land Management	TC					Sustainable Land Management Promotion Project								
Economic Empowerment	TC	Strengthening the Capacity of One Village One Product (OVOP) (2005-2010)				Strengthening the Capacity of One Village One Product (OVOP) II								

2) Major outcomes:

- The Bwanje Valley Irrigation Development Project** (Grant Aid: 2006 to 2008) is relatively one of the biggest irrigation schemes in Malawi. It has had a positive impact on rice production. At the time of the project’s ex-post evaluation (in 2013) it was reported that rice production had increased by 3.5 times.

The scheme has attracted an investment in form of a dam from the European Union (EU). Having observed that only 100-150 ha of the total 800 ha potential area could be irrigated in the dry season due to water shortages in Namikokwe river, the European Union made an investment of about EUR 11 million through construction of a dam. With a capacity of 5.6 million cubic meters storage, the dam will enable farming families to exploit the full potential of the scheme’s 800 ha throughout the year.
- The Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance** (Technical Cooperation: 2014 to 2019) has had a great impact on the capacity of irrigation officers both at district and headquarters level. Through this project we have witnessed accreditation of 9 irrigation engineers as Professional irrigation engineers by the board of engineers.
- The Project for Market-oriented Smallholder Horticulture Empowerment and Promotion** (Technical Cooperation: 2017 to 2021) has so far 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 project has equally imparted extension officers with relevant knowledge with regards to agribusiness through the various trainings that are conducted from time to time.

3) Lessons learned:

Positive lessons can be drawn from the previous assistance as follows: (a) Capacity building of relevant officers and other officers from related ministries through continuous Technical Cooperation. For example, through the Project for Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance (MIDP2) we have seen development of small scale irrigation schemes without the use of contractors. Under this project irrigation officers have gone through a series of trainings ranging from designing of schemes to operation and maintenance. Using the knowledge gained through these trainings the officers have designed the schemes and constructed the canals using the local labor force. (b) Promotion of effective collaboration between different departments through assistance with different sub-

sectors. MIDP 2 project has also enhanced a working relationship between the Department of Irrigation and the Department of Agriculture Extension Service. Extension officers have worked hand in hand with the irrigation officers in supervising the construction of the canals. Not only that, the extension officers have also gone through a series of training especially on operation and maintenance of the scheme. The involvement of extension officers ensures proper and sustainable use of the schemes.

4) Cooperation assets:

The 800ha Bwanje Valley Irrigation Scheme stands out as one of the biggest investments JICA has made in Malawi in the agriculture sector. In a bid to enhance communication during the COVID-19 pandemic period, JICA is procuring tablets and laptops to be distributed to extension officers and District Agriculture Offices. JICA believes that these gadgets will be used beyond the COVID-19 era.

5) Comparative advantage of JICA:

JICA has a rich history in the irrigation sub-sector and is considered by the government to be 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.

6) TICAD process:

Through the 2013 TICAD V, Yokohama Declaration “Hand in Hand with a More Dynamic Africa” delegates were determined to work together to accelerate growth, sustainable development and poverty reduction. This Declaration identified key strategic approaches that would be pursued within the TICAD process. One such strategies is empowering farmers as mainstream economic actors. This strategy recognizes that sustainable increase in food production and productivity contribute to food security and nutrition. Expansion of agriculture and agribusiness is also fundamental to sustaining economic growth in Africa, given their potential to generate employment, increase rural incomes, and improve the livelihood of farmers—the majority of whom are women and small holders. This is in line with Goal number 2 of Sustainable Development Goals. At the TICAD VII in Yokohama (August 2019) a joint declaration for achieving better lives for one million small scale farmers through SHEP approach has been made. Also, the Coalition for African Rice Development (CARD) phase 2 was officially launched.

In line with the TICAD process and Sustainable development Goals (SDGs), JICA Malawi is implementing the Market-oriented Smallholder Horticulture Empowerment and Promotion (MA-SHEP). The overall goal of this project is to improve the livelihood of smallholder farmers. Specifically, the project purpose is to increase the income of the targeted farmers. JICA Malawi also implemented the Project for Enhancing Capacity for Medium Scale Irrigation Scheme Development, Operation and Maintenance. The overall goal of this project is to promote medium-scale irrigation scheme development at national level.

7) Possible areas of future cooperation:

In line with MDGS III as well as seeking goals of SDGs, Japan’s support places 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, Japan would work with the Ministry of Agriculture in the promotion of rice development. Malawi joined phase 2 of the Coalition for African Rice Development (CARD) in 2018, then JICA would therefore work with the government of Malawi as well as private sectors which are involved in rice value chain towards achieving the goal of CARD. To this end a Technical Advisor on Rice Promotion will be dispatched to Malawi in April 2021. On market-orientation, the project for Market-oriented Smallholder Horticulture Empowerment and Promotion (MA-SHEP) will run up to 2022 and there is a consideration for another phase subject to a proposal from the Ministry of Agriculture. Support for infrastructure development including irrigation and logistics can be considered as foundation for agricultural transformation. JICA will also continue with capacity building through the Knowledge Co-Creation Programme (KCCP). Under this programme JICA sends officials from the Ministry of Agriculture, Irrigation and Water Development to various JICA training Centers in Japan where they attend various short and long term courses in the field of agriculture.