

Data Sheet

USAID Mission:	Malawi
Program Title:	Rural Income Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	612-006
Proposed FY 2004 Obligation:	\$7,592,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$6,252,000 DA
Year of Initial Obligation:	FY 2001
Year of Final Obligation:	FY 2007

Summary: The Economic Growth objective integrates efforts to increase agricultural productivity with improved natural resources management and places greater emphasis on financial and policy constraints that have prevented the private sector from being the engine of growth in Malawi. It funds technology transfer, technical assistance, and training to increase agricultural productivity of smallholder farmers and link them to private sector exporters and external markets; strengthen microfinance institutions and stimulate growth of private agribusinesses; and increase household revenue from community-based natural resource management activities such as woodlots, fish ponds, and fruit tree nurseries.

Inputs, Outputs, Activities:

FY 2004 Program:

Agricultural growth (\$3,340,000 DA). During FY 2004, USAID will continue to provide technical assistance, training, and technology transfer to over 100,000 smallholder farmers (including 44,100 women) to help them gain access to overseas markets for high-value products such as chilies, paprika, groundnuts, aromatic rice and milk. USAID will continue to offer assistance to small-scale dairy farmers, including the introduction of genetic improvements and the adoption of better dairy management techniques. Primary contractors/grantees: National Association of Smallholder Farmers of Malawi (NASFAM), Land O' Lakes, International Center for Research on the Semi-Arid Tropics (ICRISAT), International Institute for Tropical Agriculture (IITA).

Private sector development (\$1,050,000 DA). USAID will provide technical assistance and training to expand the number of private sector fertilizer and seed supply outlets, a key to ensuring that smallholders have timely access to inputs at reasonable prices, from 650 outlets in FY 2003 to 700 in FY 2004. USAID will continue to provide technical assistance, necessary equipment, and operating costs for Malawi's first commercial microfinance institution, Opportunity International Bank of Malawi (OIBM), which opened in mid-FY 2003. In FY 2004, OIBM will provide 10,244 loans valued at about \$2.5 million. It is expected that 70% of borrowers will be women. USAID will provide a wide range of market-driven business development services to enhance trade and growth opportunities for additional Malawian agribusinesses. Primary contractors/grantees: International Fertilizer Development Center (IFDC), Opportunity International (OI), and a new prime contractor for agribusiness development, to be selected in the second quarter of FY 2004.

Improved natural resources management (\$3,202,000 DA). USAID will provide training and modest equipment and supplies (hoes, picks, plastic sacks) to enable 500 communities to undertake community-based natural resources management (CBNRM) initiatives. USAID will conduct workshops and conferences to improve information exchange about CBNRM opportunities between government and NGOs, and will mobilize communities to adopt improved natural resource management techniques. Primary contractor/grantee: Development Alternatives, Inc. (through February 2004). A new prime contractor will be selected in the second quarter of FY 2004.

FY 2005 Program:

Agricultural growth (\$2,400,000 DA). USAID plans to continue to work with NASFAM to link low-income farmers to markets, with membership in NASFAM expected to grow to 62,700 men and 47,300 women, and sales marketed through associations reaching \$2.4 million. USAID also plans to continue to provide genetic improvements and training in better dairy management techniques to small-scale dairy farmers. In the wake of recent controversies over biotechnology, USAID will hold a national conference with international experts and Malawian participants from the government, private sector, and universities. Primary contractors/grantees: NASFAM, Land O' Lakes, ICRISAT, IITA.

Private sector development (\$750,000 DA). USAID plans to support further expansion of the fertilizer and seed industries, and will provide broader technical assistance, training, and commodities to enhance trade and growth opportunities for additional Malawian agribusinesses. Feasibility studies indicate potential to enhance competitiveness in food processing, textiles, and forestry products. Continued technical assistance, training, equipment (computers and peripherals), and operating costs will be provided to Malawi's microfinance institutions. USAID will provide technical assistance to improve Malawian competitiveness in horticultural products and textiles eligible under the African Growth and Opportunities Act. Primary contractors/grantees: IFDC, OI, and a new prime contractor for agribusiness development to be selected in the second quarter of FY 2004.

Improved natural resource management (\$3,102,000 DA). USAID plans to provide training and modest equipment and supplies (hoes, picks, plastic sacks) to enable an estimated 650 communities to undertake community-based natural resources management initiatives. USAID may sponsor conferences and workshops to help Malawian stakeholders deepen and strengthen decentralization of decision-making over natural resources, assist communities in adopting improved natural resource management techniques, and provide marketing assistance so rural residents can gain income from sustainable use of natural resources (for example, income from beekeeping, collection of wild fruits and mushrooms).

A consortium of NGOs in Malawi is developing a P.L. 480 Title II food aid Development Assistance Program for submission to USAID's Office of Food for Peace in early CY 2004 that will request Title II resources for FY 2005.

Performance and Results: With the relative success of the April 2003 harvest, Malawi emerged from an 18 month-long food crisis. At the peak of the food crisis in February 2003, nearly one-third of the population, or 3.3 million people, was dependent upon food aid. Against the backdrop of the food crisis, the performance of the agriculture sector in FY 2003 was mixed, but the USAID program demonstrated some significant successes. Membership in farmers' associations grew to 98,294; 41% of members are women. The total value of goods marketed through all farmer associations (e.g., crop and dairy) grew 26% in 2003, reaching nearly \$1.2 million. USAID-supported farmer associations linked with private importers to bring in 9,300 metric tons of fertilizer on a consignment basis. Malawi's first commercial microfinance institution, Opportunity International Bank of Malawi, opened and enrolled 3,000 savers. Nearly three-fourths of those new customers are women, and 45% of the new savers had never before had a bank account. Net benefits to communities from improved natural resource management reached \$156,000 in 2003.

By the program completion date, the value of goods marketed through associations is expected to reach \$5 million; total membership in agribusinesses and cooperatives is expected to exceed 125,000; and over 1,000 communities will be actively engaged in community-based natural resources management.

US Financing in Thousands of Dollars

Malawi

612-006 Rural Income Growth	DA
Through September 30, 2002	
Obligations	13,479
Expenditures	3
Unliquidated	13,476
Fiscal Year 2003	
Obligations	6,484
Expenditures	1,112
Through September 30, 2003	
Obligations	19,963
Expenditures	1,115
Unliquidated	18,848
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	7,592
Total Planned Fiscal Year 2004	
Obligations	7,592
Proposed Fiscal Year 2005 NOA	
Obligations	6,252
Future Obligations	16,400
Est. Total Cost	50,207