

Data Sheet

USAID Mission:	Malawi
Program Title:	Rural Income Growth
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	612-006
Status:	Continuing
Planned FY 2005 Obligation:	\$7,073,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$6,053,000 DA
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2007

Summary: The Economic Growth objective integrates efforts to increase agricultural productivity with improved natural resources management, and places greater emphasis on resolving financial and policy constraints that have prevented the private sector from being the engine of growth in Malawi. USAID funds technology transfer, technical assistance, and training to increase agricultural productivity of smallholder (crop and dairy) farmers. USAID helps link these farmers to private sector exporters and regional and international markets; strengthens microfinance institutions and stimulates growth of private agribusinesses; and increases household revenue from community-based natural resource management activities such as woodlots, fish ponds, and fruit tree nurseries.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Agricultural Productivity (\$3,423,000 DA). USAID is providing technical assistance and market information to enable 110,000 smallholder farmers to gain access to lucrative markets for high value products such as chilies, paprika, groundnuts, aromatic rice and milk, with the goal of increasing sales to \$3.5 million from \$2.6 million in FY 2004. USAID also is providing training and technology transfer to increase adoption of improved dairy management techniques and better genetic stock by 5,700 producers in the Malawian dairy industry. Emphasis continues to be on increasing milk yields and farmer incomes from milk sales. Principal contractors: National Association of Small Farmers of Malawi (NASFAM) and Land O' Lakes (both prime).

Increase Private Sector Growth (\$750,000 DA). USAID-financed technical assistance and training is expanding the number and quality of private sector fertilizer and seed supply outlets in order to provide smallholders with timely access to inputs at reasonable prices. USAID continues to provide technical assistance, necessary equipment, and operating costs for Malawi's first commercial microfinance institution, Opportunity International Bank of Malawi (OIBM). In FY 2005, OIBM will provide almost 13,000 loans valued at about \$4.5 million. USAID also is providing market-driven business development services (training, technology transfer, market information services) to enhance trade and growth opportunities for 1,200 Malawian agribusiness firms. With Trade for African Development and Enterprise initiative funds, USAID provides training and technical assistance to increase exports of Malawian products and resolve constraints to enterprise growth. Principal contractors and grantees: International Soil Fertility and Agricultural Development Center, Opportunity International Bank of Malawi, and Chemonics International, Inc. (all prime).

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$2,900,000 DA). USAID provides training, equipment and supplies (hoes, picks, plastic sacks) to enable 45,000 households to undertake community-based natural resources management (CBNRM) activities. USAID-funded technology transfer and training will increase cumulative revenues of 45,000 households that participate in CBNRM activities from \$55,431 in FY 2004 to \$180,000 in FY 2005. USAID also is undertaking topical studies and workshops to encourage the Government of Malawi (GOM) to decentralize its decision-making in natural resources matters. USAID technical assistance and training is enabling 650 communities to adopt improved natural resource management techniques and to improve marketing of natural resource-based products. USAID also is providing technical assistance to help some of these communities negotiate co-management agreements that allow local residents to share in tourism

revenues with the GOM. USAID is providing technical and legal assistance to the GOM and private firms to establish a new public-private partnership for improved national park management. Principal contractors: Washington State University and Development Alternatives, Inc. (both prime).

FY 2006 Program: Increase Agricultural Productivity (\$2,256,000 DA). FY 2006 will mark USAID's last year of technical assistance to NASFAM, a nationwide network of farmers' associations that has proven to be an innovative and successful approach for linking low-income farmers to markets. USAID also plans to provide a final year of technical assistance and training to promote genetic improvements and the adoption of better dairy management techniques by 900 producers. In FY 2006, USAID will explore the possibility of promoting access to improved market information for farmers and traders. Principal contractors and grantees: NASFAM and Land O' Lakes (both prime).

Increase Private Sector Growth (\$385,000 DA). USAID will continue to enhance trade and growth opportunities for Malawian agribusinesses by undertaking topical research and providing recommendations and technical assistance to remove barriers to private sector growth, food processing, textiles, and forestry products. USAID will enhance microfinance industry capacity, improve access to capital, and strengthen the legal and regulatory environment to create agriculturally-linked employment and sustainable rural incomes. Principal contractors and grantees: Opportunity International Bank of Malawi and Chemonics International, Inc. (both prime).

Improve Sustainable Management of Natural Resources and Biodiversity Conservation (\$3,412,000 DA). USAID will continue to enhance the capacity of communities to benefit from CBNRM initiatives. USAID will work with communities and the GOM to decentralize decision-making over natural resources, assist communities in adopting improved natural resource management techniques, and provide marketing assistance so that rural residents can gain income from sustainable use of natural resources (e.g., income from beekeeping, collection of wild fruits and mushrooms). Principal contractors and grantees: Washington State University and Development Alternatives, Inc. (both prime).

Performance and Results: In FY 2004, the value of agricultural products marketed by farmers associations reached \$2.6 million, continuing the phenomenal growth that has seen sales double every year for the past three years. The gross value of non-tobacco crops sold locally and internationally increased to \$2.2 million. USAID continued to promote the growth of the dairy industry through 48 dairy associations with over 5,700 members (the majority of which are women), and milk sales grew by 54% from FY 2003 to FY 2004. The recent growth of cassava production in Malawi is linked to job growth--at least 2,048 jobs were created (including 946 women hired) through selling and processing cassava tubers and working with cassava-related activities. With USAID assistance, fertilizer imports by the private sector have now reached 224,362 metric tons, and over 1,100 private sector dealers now market over 91% of fertilizer in Malawi.

The number of savings accounts opened by the USAID-supported OIBM stood at 15,190--worth \$1.49 million--and over 1,700 loans worth nearly \$500,000 were disbursed. Seventy-eight percent of borrowers were women. Communities continued to realize net benefits from improved natural resource management activities, with total revenues increasing from \$15,774 in FY 2003 to \$55,431 in FY 2004. Finally, USAID and Washington State University are collaborating with several Malawian private organizations in a new public-private partnership to support community-based management of the Lake Malawi Chia Lagoon Watershed, which provides a livelihood for 55,000 inhabitants.

By 2008, 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, 2003	
Obligations	19,963
Expenditures	1,116
Unliquidated	18,847
Fiscal Year 2004	
Obligations	8,055
Expenditures	10,766
Through September 30, 2004	
Obligations	28,018
Expenditures	11,882
Unliquidated	16,136
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	7,073
Total Planned Fiscal Year 2005	
Obligations	7,073
Proposed Fiscal Year 2006 NOA	
Obligations	6,053
Future Obligations	6,980
Est. Total Cost	48,124