

# Global Project „Promotion of Agricultural Finance for Agri-based Enterprises in Rural Areas“ (GP AgFin) in Malawi

The access of farms and agri-based enterprises in rural areas to financial services adapted to their business models is improved.

## The Challenge

In Malawi, one of the world's poorest countries, the agricultural sector employs 85% of its population and only accounts for 26% of economic output. About 60% of the farms cultivate areas around one hectare and have low degrees of commercialization. In addition, over 75% of the country's population has no access to formal banking services. This hinders farmers to invest in agricultural production, processing, and marketing to further develop their business.

The rural environment in which most agricultural activities are carried out has many specific features that the traditional financial system does not take sufficiently into account. Banks are rarely present in rural areas and perceive the expansion of their services in the agricultural sector as risky and expensive.

To put Malawi's agricultural potential into use, an important factor is the sufficient capitalization of farms and agri-based enterprises. This requires financial services that are geared towards financing productivity and enhancing investments along the agricultural supply chain.



## Approach

The GP AgFin sees itself as a bridge between the agricultural and the financial sector and is currently being implemented in Benin, Burkina Faso, Côte d'Ivoire, Cameroon, Malawi, Mali, Nigeria, Zambia, and Togo.

All country packages benefit from the approach of the global project of providing demand-driven advisory services to financial institutions and thus facilitating an improved access to appropriate financial services for smallholder farmers and agri-based entrepreneurs. Furthermore, the approach enables the exchange of experiences amongst the country packages.

<b>Project Name</b>	Promotion of Agricultural Finance for Agri-based Enterprises in Rural Areas
<b>Commissioned by</b>	German Federal Ministry for Economic Cooperation and Development (BMZ)
<b>Implementing Organisation</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
<b>Project Regions</b>	Balaka, Chiradzulu, Chitipa, Dedza, Dowa, Karonga, Kasungu, Lilongwe, Machinga, Mchinji, Mulanje, Mzimba, Nkhata Bay, Nkhotakota, Ntcheu, Ntchisi, Salima, Rumphu, Thyolo, Zomba
<b>Political Partner</b>	Ministry of Industry and Trade (MoIT)
<b>Duration</b>	01.2020 – 02.2026
<b>Financial Volume</b>	Up to 6.5 Mio. EUR



### Special initiative "Transformation of Agricultural and Food Systems" (SI AGER):

Within the framework of SI AGER, the **country package Malawi** is assigned to BMZ 2030 core theme KT3 "Sustainable economic development, training and employment", field of action "Private sector and financial system development". With the special initiative, Germany's commitment puts food security in the focus of international cooperation. The aim is to enable all people to enjoy the right to safe, sufficient, and balanced food. To achieve this, food systems must become more effective and efficient, and at the same time economically and socially sustainable action must be taken to create prosperity and new jobs for young people and especially for women.

The country package Malawi aims to improve access to financial services adapted to the business models of farmers and agri-based enterprises in rural areas in selected regions of Malawi. To this end, the project works in three fields of action:

- (1) Knowledge products and knowledge transfer:** The project adapts existing and develops new analysing tools and training materials to enhance the economic and financial expertise of farms and agri-based enterprises and the agricultural *know-how* of partner financial institutions.
- (2) Support of farmers and agri-based rural enterprises:** By tailor-made trainings and advice, the project increases the competences of small-scale farmers, farmer organizations and agri-based enterprises in dealing with financial services and assessing potential investment opportunities. The focus is particularly on women and young people in selected agricultural value chains.

- (3) Support of financial institutions:** The project supports selected partner financial institutions in providing demand-driven financial services to the agricultural sector.

### Value Chains



Groundnuts



Rice



Aquaculture



Soybeans

### Results in Figures...

Until the end of the project, all project partners aim to achieve the following:

- (1) 15,000 farmers und 200 managers** of agri-based rural enterprises (thereof 50% women, 35% youth) use adapted financial services offered by the supported financial institutions.
- (2) 9,000 farmers und 130 managers** of agri-based rural enterprises (thereof 50% women and 35% youth) have used one or more financial services after participating in a capacity development measure.
- (3) 12 adapted financial services**, of which **6 with digital applications** will be integrated into the supported financial institutions' portfolio and thereby are available to the farms and agri-based enterprises.
- (4) 7 partner institutions of the public and private sectors in the agricultural and financial sectors** have adopted one or more knowledge products developed by the project for competence or capacity development on the demand or supply.

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