More Income and Employment in Rural Areas of Malawi (MIERA)

Promoting inclusive business models and strengthening the business capacity of smallholder farmers and MSMEs to increase income and employment.

The challenge

Malawi’s economy is highly dependent on agriculture. The vast majority of rural people are smallholder farmers or are engaged in mostly informal micro, small or medium sized enterprises (MSMEs). Given the very small landholdings, poor access to inputs, services and markets, rural households tend to focus on subsistence farming. The low degree of market integration reduces opportunities to engage in value addition, be it through increasing productivity, processing of raw products or reaching better markets. As such, household and farm incomes remain low and chances for employment are limited. The MIERA program is designed to address these challenges. The program applies a value chain approach and has selected an initial group of value chains for promotion: cassava, oilseeds (groundnut, soybean, sunflower), tourism and eco-friendly construction materials.

Our approach

MIERA departs from market opportunities, focusing on the down-stream part of the value chain (processing, market linkages and marketing). In doing so, MIERA has three main intervention areas:

1) Promotion of inclusive business models (IBMs) and stakeholder dialogue: Smallholder farmers often struggle to deliver the required quantity and quality commodity that the (formal) market requires to substitute imports. MIERA supports committed companies to set up mutually beneficial and inclusive business relationships such as contract farming that provide input loans and extension packages, tied to the contractual commitment to deliver the commodity to the off-taker at a fair. The program also supports dialogue and networking platforms among value chain stakeholders.

2) Improving value chain services: MIERA works hand in hand with strategic service providers to improve their service delivery and increase smallholder adoption of its marketing services such as market information, storage and collateral finance as well as a transparent structured trading platform that often offers better prices. In the tourism sector MIERA supports the provision of improved training services.

3) Supporting the business capacity of farmer organizations (FOs) and MSMEs: Together with local training institutions, MIERA develops and delivers training and coaching packages for smallholder farmers, farmer organizations and MSMEs. The trainings are geared towards building business, organizational and management capacity, increase local value addition, and to offer and benefit from improved services.
Results in figures...

Since 2015, MIERA has supported more than 4,000 smallholder farmers and MSMEs to engage more actively in value addition and to be structurally integrated into value chains through inclusive business models and the trading platform of the Agricultural Commodity Exchange for Africa (ACE):

- About 1,400 Farmers have participated in the newly developed ACE Marketing School, many of them starting to adopt structured trade services offered by ACE. They are subsequently supported by a network of Rural Marketing Advisors and are targeted with additional trainings offered by MIERA.

- In 2017 MIERA has piloted the GIZ Farmer Business School approach in Malawi, training about 5,000 smallholder farmers on farm economics, agribusiness and marketing skills.

- In the cassava value chain 240 members of 6 farmer organizations have been supported through long-term business coaching, with an additional 2,000 farmers and MSMEs have been sensitized on production, business and marketing opportunities.

- As part of MIERA supported contract farming schemes more than 1,000 farmers have received input loans and extension services and 37 farmers have engaged in a seed multiplication pilot. Many farmers are selling their commodity directly to the companies.

- In the tourism sector 750 Students are benefitting from the improved training at the Malawi Institute of Tourism.

- The MIERA program also supported the introduction of the Vertical-Shift-Brick-Kiln technology in Malawi that produces high quality bricks, drastically reducing the energy required for firing and replacing firewood used in traditional kilns by mainly waste materials from the agricultural sector. So far, 4.6 million bricks have been sold to the market and roughly 6,200MT of firewood (approx. 4,500 trees or the equivalent of the annual wood growth in 720ha forest) have been preserved.

- Additionally, almost 400 jobs, mainly in the environmentally friendly construction materials value chain have been created since 2015.

.... and in stories

In the tourism value chain, MIERA has been supporting an innovative inclusive business model assisting lodges to practice responsible tourism through business linkages with the local communities: Nkhotakota Pottery Lodge is marketing high-quality agricultural products such as baobab jam and honey to tourists, which are locally sourced from the community of Nkhandwe Village. This creates income and employment opportunities and in turn provides the farmers with a sure and stable market. The concept has been adopted with great enthusiasm, with much effort and energy invested in developing new products and activities. MIERA is engaging with and supporting all relevant stakeholders in the value chain, e.g. by offering technical assistance and expert support, and in certain cases even basic infrastructure. This ensures that the capacities required are developed, that quality is a priority and that new market linkages can be a win-win situation.

The opportunity of having an economically successful life in the village is also revitalizing the communities: Yup Chiyamwaka moved to Lilongwe to find work. Now, he has moved back home to Nkhandwe. He explains his reason, “now we have hope of a better future and we can be at home with our families”.

Published by: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered office: Dag-Hammarskjöld-Weg 1–5
65760 Eschborn
Germany
T: 0049 61 96 -11 475
F: +49 61 96 79-11 15
Author: Paul Cronjaeger
Layout: GIZ
As at: 09.08.2017
GIZ is responsible for the content of this publication.

In cooperation with:
Ministry of Industry, Tourism and Trade (MoITT)
Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)

Addresses of the BMZ offices:
BMZ Bonn
Dahlmannstraße 4
53113 Bonn, Germany
T: +49 0 228 99 535-0
poststelle@bmz.bund.de
www.bmz.de
BMZ, Berlin
10963 Berlin, Germany
T: +49 30 18 535-0