



# MECHANIZED

## Transforming Africa's Agriculture Value Chains



Malawi is not on track for meeting Malabo Commitment area #3.1, "Access to agriculture inputs and technologies." Its score of 3.9 out of 5.53, according the 2018 Biennial Review Report by the African Union, reflects the rather low level of mechanization in the country.<sup>1</sup> The overall commitment category score is 10. However, according to our methodology selection, the country is part of a cluster of countries indicating rapid mechanization rates. Malawi has had an average annual machinery growth rate of 2.7 percent and a high agricultural output growth of over 6 percent.

### INSTITUTIONAL COMMITMENTS

The Ministry of Agriculture, Irrigation and Water Development (MoAIWD) seeks to promote agricultural productivity and sustainable management of land resources to achieve food security and increased incomes and ensure sustainable socio-economic growth. The ministry is organized into seven technical departments, including the Crops Development Department, which was created to facilitate producers' access to improved and locally appropriate crop production and agro-processing technologies. This department is responsible for the implementation of farm mechanization programs. Specifically, it offers training to extension agents and farmer groups in crop production technologies and in post-harvest management of crops, including agro-processing. The department is split into six sections, one of them dedicated to "Farm Mechanization." In its function to promote new technologies, the Crops Development Department also works closely with the Agricultural Technology Clearing Committee (ATCC), which releases new production and processing technologies, such as fruit juice extracting machines.<sup>2</sup>

On a subregional level, the four Agriculture Development Divisions (ADDs) play an important role in the mechanization process. Each of the divisions is organized in a different way to reflect local structures and context. For example,

the ADD in the Kasungu region mandates the promotion of sustainable crop production through appropriate technologies and the provision of services such as subsidized farm inputs, mechanization, seed production, and crop protection.<sup>3</sup>

In 2010, Malawi developed its National Agriculture Policy (NAP)<sup>4</sup> and its National Agricultural Investment Plan (NAIP).<sup>5</sup> The NAP, which is supposed to be implemented within the NAIP, builds on various policy statements to improve agriculture productivity in the wake of national, regional, and global opportunities and challenges. The NAIP is based on priorities, which were also stressed as key areas under the Malawi Growth and Development Strategy (MGDS, I-III). Regarding mechanization, the plan emphasizes certain activities and sets out a clear investment strategy:

- Increase the number of hectares under tractor-hire schemes from 2,090 hectares (2009/2010) to 10,000 hectares in 2013/2014, with total investments of US\$10 million;
- Increase the number of hectares under oxenization, from 1,100 hectares to 16,615 hectares in 2013/2015;
- Increase the distribution of hand planks from 1,200 to 60,000 in 2013/2014; and
- Conduct review meetings on farm mechanization and oxenization efficiency in agriculture.

### POLICY AND PROGRAMMATIC COMMITMENTS

Although not all targets set out in Malawi's NAIP have been met, some progress is visible. The government has started to work on 530 hectares out of a total 6,293 hectares of the Chikwawa Green Belt Irrigation Scheme in Salima district. Although the project has not yet been completed, it is well on track with 80 percent of the scheme's targets achieved, including the establishment of a lake pump station, booster pump station, reservoir, pipeline, site office, workshop, ablution block, and pivot areas. The government has secured lines of credit for US\$10 million and US\$40 million, respectively, for irrigation and mechanization from the Indian government, as well for setting up a sugar processing plant in the Salima district. In order to meet all targets, the country has yet to make marked strides in areas of reorganization of extension services and the promotion of agribusiness and cooperative programs.<sup>6</sup>

In addition to the public hiring services, private companies also offer supplies of agricultural equipment. CAMCO Equipment Limited, which has been operating in Malawi since 2000, supplies agricultural machinery and implements along the value chain, including walking tractors, disc plows, harrows, planters, harvesters, trailers, water pumps, sprayers,



food processing equipment, harvest machines, and smaller farming tools. Besides affordable prices, CAMCO offers a wide range of products, after-sales services, and spare parts. Since 2000 the company has established 32 distributors and agents in Malawi.<sup>7</sup>

Aligned with the Government of Malawi's National Export Strategy (NES), and managed by Adam Smith International (ASI), the United Kingdom's Department for International Development (DfID) founded the Malawi Oilseed Sector Transformation (MOST) program in 2015. The four-year program aims, among other goals, to expand rural income opportunities by promoting access to the threshing, shelling, and processing of oilseeds. In the groundnut sector, MOST's objectives are to improve access for smallholders to better quality and improved seed and to enable the use of machines along the value chain through mechanical shelling for smallholders and small-scale traders. Although the actual number of beneficiaries in the groundnut sector seemed to be rather low as of March 2016 (with 252 beneficiaries and a net average income change of about US\$6,500), the forecast predicts a total of more than 11,400 beneficiaries with a net average income change of over US\$1 million to be reached by March 2018.<sup>8</sup>

A similar project was initiated in 2016 through the Feed the Future Malawi Agricultural Diversification Activity. The five-year project, funded by USAID, aims to benefit 300,000 smallholder households by engaging with private firms providing financing, agricultural processing, and training in new technology and climate-smart agriculture practices for soy, groundnuts, and orange fleshed sweet potatoes. To do so the project forges partnerships with input suppliers, aggregators, finance facilitators, trainers and other specialized companies. Until 2021, the project aims to invest US\$30 million in new agricultural loans and US\$40 million in new investment, and to establish at least 50 commercial partnerships between buyers and smallholder farmers.<sup>9</sup>

With dedicated mechanization committees and departments as well as a decentralized approach to mechanization and a clear commitment to mechanization along the value chain, the Malawi Growth and Development Strategy has been shown to be effective in advancing the uptake of mechanization along the value chain. However, as the recent Biennial Review Report has shown, progress remains to be made to meet national and international targets, including the Malabo commitment of ending hunger by 2025.

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- 9 Palladium. 2016. What's New? Feed the Future Malawi. <http://thepalladiumgroup.com/who/news/Whats-New-Positive-Impact-in-Practice-Feed-the-Future-Malawi>.