

## AWILI/EYA PROJECT DOCUMENT

### 1 Background information (What is the problem to be solved/baseline situation?)

In Malawi youth unemployment is very high and agriculture remains the main sector of youth employment, employing 91% of young male workers and 96% of young female workers (Kumwenda, 2012). In the Malawi context, agriculture production has been termed as primary crop production, horticulture and rearing of animals (Williams & Pompa, 2017). Nonetheless, like for most smallholder farmers, the lack of market-oriented production is a major setback which results in low income due to low demand for their products. The problem emanates from low access to reliable and secure markets through e.g., contract farming arrangements with off-takers. Low productivity is another factor also affecting farmers' income and it is mainly caused by low access to affordable improved farm inputs and extension services. African Birds Eye chili is one of the crops that has high potential as an export crop but is less developed as a value chain due to poor organization and capacity development of farmers. The crop can grow well in many parts of the country, but it is not among the traditional crops that are grown widely. However, there is quite enough knowledge on production available within Malawi that can be utilized to promote adoption of the cash crop among farmers. There is a need for collaborated efforts to promote production of the crop through capacity building of farmers and provision of improved inputs especially seed to boost productivity. The EYA! Project, in its endeavors to promote employment among youth in agriculture production, identified chili as a potential value chain where youth and women can be engaged in production and marketing to generate new or additional income. The project envisages partnering with the private sector already involved in the value chain to facilitate organization and capacity development of farmers for improved productivity and increased production.

### 2 Objective of the Program

Create employment and improve income for young farmers through increased productivity, improved quality, and marketing of chili under contract farming arrangements.

### 3 Brief description of the Program

The EYA! project, in its endeavors to promote employment among youth in agriculture production, identified chili as a potential value chain where youth and women can be engaged in production and marketing to generate new or additional income. This will be a collaborated effort to promote production of the crop through capacity building of farmers and provision of improved inputs to boost productivity. The project will engage Agwenda Investments Limited, a local agriculture company, to facilitate the organization and capacity building of young chili farmers through an out-grower scheme using the contract farming model. The AWILI program, currently also operating in the EYA! project implementation zone, is well adapted for organizing smallholder farmers and has potential to be scaled up sustainable. The current plan of the company is to increase to up to 11,500 farmers by 2025 with support from development partners in the capacity building of its staff in contract farming management/implementation, and of farmers in good agricultural practices, business management and financial literacy to enable them to participate effectively in Contract Farming (CF) arrangements and mitigate risks. The cooperation with the EYA! project is proposed for the chili value chain where the company would like to increase the number of farmers from 650 to 3,500 by 2024. The project will promote market-oriented production of chili through CF arrangements between the company and the growers. By increasing farmers' access to improved inputs, especially seed, and extension services through the AWILI program, the intervention will create employment and new/additional income for young people. EYA! will on the one hand support capacity building of the farmers through training and demonstrations. On the other hand, EYA! will be responsible for business and entrepreneurial aspects of the intervention – business model strengthening and capacity building of the company for contract farming management. Risk mitigation for the company and especially for the future out-growers is part of this support to contract farming schemes. Capacity development for Agwenda includes the topic of pricing mechanisms and on embedded services which tackles issues on input loans and risk management. The cooperation is envisaged to be implemented over a period of two years and will be on co-financing arrangements.

#### a) Contribution of the private partner

The company will make the following contributions to the project:

- Overall project management
- Provide operational/project staff to implement the training and extension services

- Provide farm inputs loans to growers through the AWILI program
- provide a market for chili to growers on a contract farming basis
- Establish marketing centers where the growers will deliver their produce
- Training the farmers in FBS and improved farming practices and post-harvesting handling techniques trainings (trainer fees)

#### **b) Contribution of the public partner (GIZ)**

The EYA! project will make the following contributions to the project:

- Build capacity of company staff in CF scheme planning, implementation, and management
- Provide Training of Trainers (TOT) for AGWENDA staff in improved farming practices and post-harvesting handling techniques who will train the growers
- Provide Training of Trainers (TOT) for AGWENDA staff in Farmer Business School (FBS)
- Implement the Farmer Business School (FBS) training to build capacity of chili growers and their producer organizations to enable them to participate effectively in contract farming arrangements with the private partner. (Logistics and participant related costs)
- Provide training to chili growers in improved farming practices and post-harvesting handling techniques (Logistics and participant related costs)
- Supports the private partners efforts in identifying export markets within the region and beyond