



# Strategic Review

FEED THE FUTURE  
January 21, 2011

This presentation represents the preliminary strategic direction of a multi-year, whole-of-government, U.S. strategy to address food security in a Feed the Future country or region. It describes partner country progress and outlines how U.S. investments will align in support of partner country priorities. This document has not yet been approved or funded but will form the basis of a multi-year strategy in development.

- Malawi's Unique Context
- Operating Environment
- Strategic Focus
- Technical Approach
- Resources and Impact



## Malawi Faces a Unique Combination of Challenges

### A nation of poor farmers

- 80% smallholder farmers
- 60% rely on subsistence agriculture
- 70% of HHs have less than 1Ha of land
- Over 50% of food supply in one crop (maize)
- High population density (533 per km<sup>2</sup> in 2008)
- High disease burden

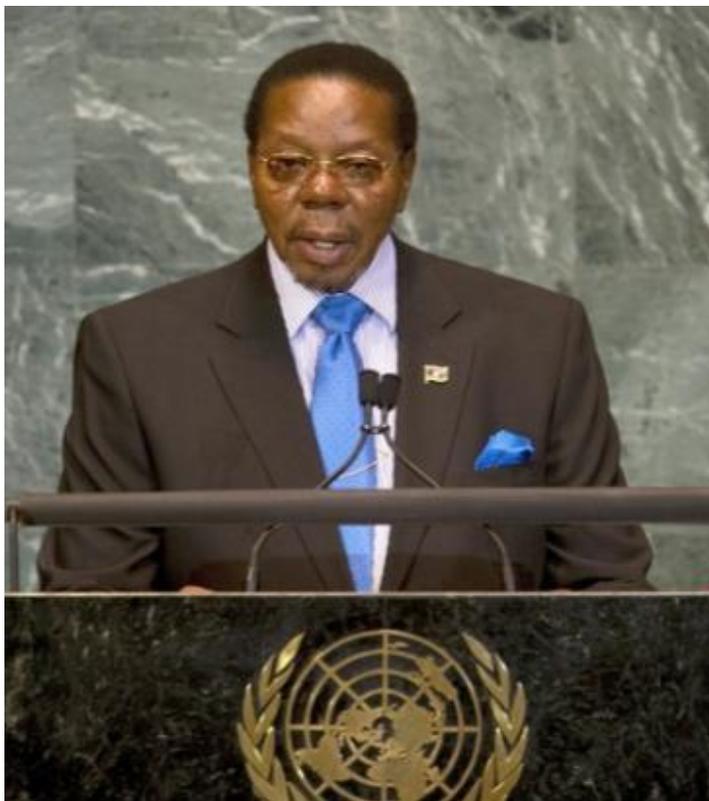
### The 2004/2005 drought

#### Malawi's Hunger Season Threatens Millions

The New York Times  
Nov 2, 2005

- 4.7 million Malawians required food aid (~40% of population)
- Three major droughts in the past 20 years
- Emergency responses cost hundreds of millions of dollars

## Malawi Plays Highly Visible Leadership Role on Food Security



*"As long as I am President, I do not want to be going to other capitals begging for food."*

- **Globally Recognized for Leadership**
  - Food and Agriculture Organization's Agricola Medal (2007)
  - UN outstanding performance award in Food Security (2010)
- **Current Chair of the African Union**
  - Launched African Food Basket Initiative
  - Founded African Food and Nutrition Day
- **Next Chair of COMESA**

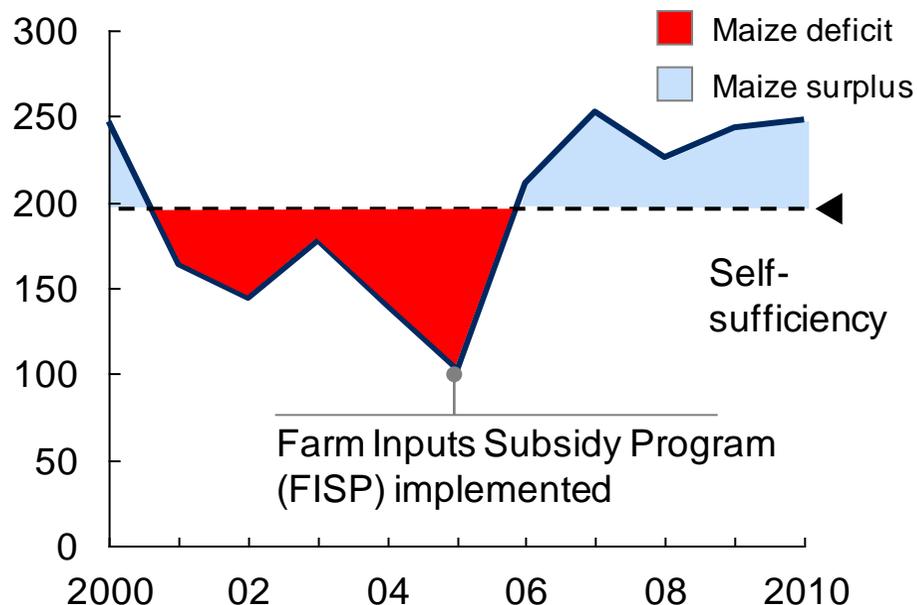
## Exceptional Commitment to Agriculture Development = Results

### Government commitment

- Food Security is Malawi's No. 1 domestic policy issue
- Strongly Country-owned plan (ASWAp) – development began 2007
- 1 of few countries to meet CAADP spending and growth targets (13% of budget on ag, 8.5% ag GDP growth in 2009)
- CIP Review in September 2010 – only country in Southern Africa with a signed Compact (April, '10)
- New national irrigation strategy (Green Belt Initiative)
- Strong government focus on agricultural research

### Achieved maize self-sufficiency

Per capita maize production, kg, 2000-2010



### Reduced poverty

Poverty rate, percent

	2004/05	2008/09	%Change
Total poor	50	39	↓22
Ultra poor	24	15	↓38

## Exceptional Commitment to Reducing Undernutrition = Results

- Highest-level political commitment with strong and dynamic Secretary for Nutrition – Dr. Mary Shawa
- Department of Nutrition and HIV and AIDS in the Office of the President
- GoM making substantial budget commitments towards implementing national nutrition strategy
- National Nutrition Policy and Strategic Plan since 2007
- Functional Food and Nutrition coordination mechanisms in place

### Reduced undernutrition

Rate, percent

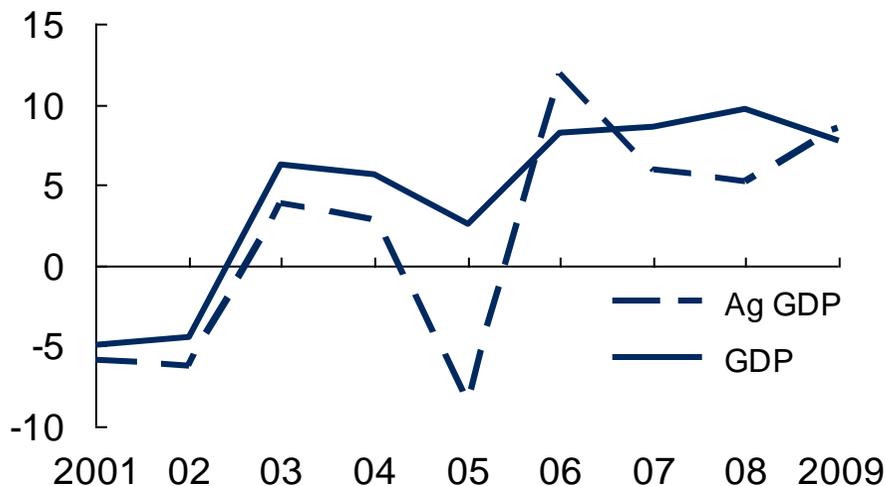
	2004/05	2008/09	% change
Underweight	21	17	↓ 19
Stunting	46	39	↓ 15
Wasting	4	1	↓ 75

- **Malawi on track to meet MDG 1 nutrition indicator**

## Malawi Indicators for Future Success

Macroeconomic indicators

**Malawi GDP growth 2001-2009**  
Source: World Bank

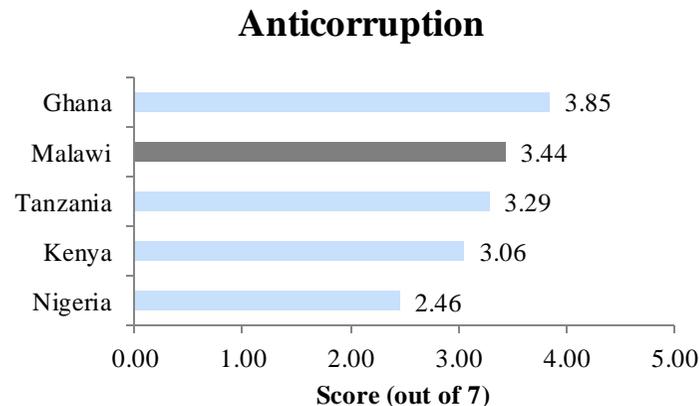
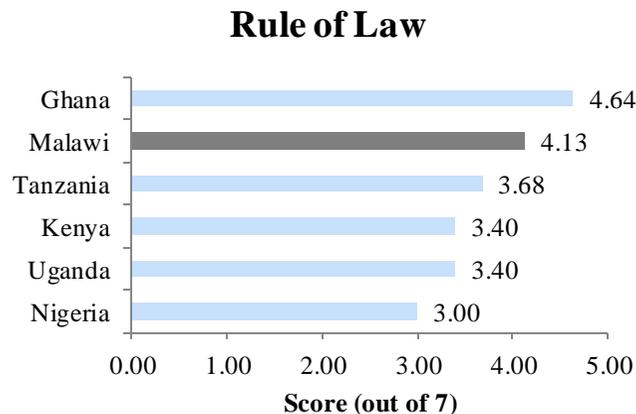


### Other indicators

Strong macroeconomic fundamentals—including low inflation and improved debt levels—have resulted in strong economic growth

Governance indicators

**Performance on selected indicators**  
Source: Freedom House 2010



## Risks to Food Security in Malawi

### Risks

#### Poor nutritional options and behaviors

- Low diversity and inadequate supply of nutritious foods available for consumption (e.g., maize > 50% of energy supply)
- Poor nutritional behaviors around child feeding practices and utilization of available foods

#### Under developed markets

- Low crop diversification - primary export crop, tobacco, facing threats (55% of trade, 17% of GDP)
- Volatile maize market affects access to primary food crop
- Challenging policy environment limits private sector market development

#### Low agricultural productivity

- Limited asset base, particularly small landholding and weak human capital
- Entirely rain-fed production system increasingly threatened by environmental degradation and climate change (<1% of land irrigated)

#### High population density and growth

- Population density is expected to increase to an estimated 1,250 – 1,650 people per km<sup>2</sup> in 2040 (population itself is expected to triple by 2040) putting further pressure on available resources

### Our FTF Strategy Addresses Risks to Food Security

#### Proposed USAID FTF strategic focus areas

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- 1** ▪ **Impact nutritional outcomes through behavior change communications and food access and availability**
- 2** ▪ **Invest in high potential value chains (dairy and legumes) to develop domestic and export markets and improve nutritional options**
  - Build market linkages
  - Improve Land Productivity
  - Promote gender equitable market-driven solutions to value chain inefficiencies
- 3** ▪ **Increase engagement with government to continue to improve policy environment**

**GHI addresses  
population density and  
growth**

## Aligned to Government Priorities and Donor Activities

### Fully aligned with GoM priorities

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- Directly supports government priorities outlined in ASWAp
  - Food Security and Risk Management
  - Market Development
  - Land and Water Management
  - Institutional Strengthening



### Coordinated with other donors

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- Leverages USAID comparative advantages
- Builds on other donor investments, e.g.,
  - USAID / Irish Aid MOU
  - World Bank / EU infrastructure
  - EU / JICA / AfDB irrigation development
- Works through CAAPD process
  - Technical review in 2010
  - Donor coordination committee
  - Business meeting in March 2011

### Integrated Across US Government Activities

#### Complementary USAID Investments and History of Coordination

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- Leadership on family planning and population growth
- Strong history of integrated agriculture, health and nutrition programming
- FtF focuses in area of high disease burden
- Malaria and HIV programming to address high disease burden
- GHI+ status—build on success of GHI, PEPFAR coordination
- Parallel focus on women through FtF economic advancement and GHI empowerment

#### Whole of Government Effort

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- Department of State diplomatic strategy
- Potential joint-USDA aflatoxin reduction program, Food for Progress, Cochran Fellows
- Peace Corps PAPA
- Millennium Challenge Corporation watershed management program (upper Shire River)

## Fact Based and Focused Strategic Choices

1

National/community based programs focused on **behavior change, fortification and capacity building**



**Improved nutritional behaviors**

2

Invest in high potential **legume and dairy** value chains



**High potential value chains**

3

Improve policy making capacity by working with private sector/civil society, government champions, other donors, and regional organizations



**Policy engagement**

## USAID/Malawi Nutrition Strategy is Designed to Leverage Impact

### LEVERAGE:

- Complementarity of GHI and FtF in a 2-level nutrition strategy for increased impact
- USAID/Irish Aid MOU to support both national and local level impacts through the 1,000 Days Initiative introduced by Secretary Clinton



### IMPACT:

- 1 million children reached
- 25% reduction in stunting
- 25% reduction in underweight
- 25% reduction in maternal anemia
- 25% reduction in child anemia

## Agriculture and Nutrition: Mutual Reinforcement for Impact

### National-level efforts

- **Fortification**
  - Vitamin A (oil, sugar)
  - Iodized salt
- **Supplementary foods** (e.g., RUTF production using groundnut production)
- **National behavior change communications (BCC)** (e.g., radio campaign)
- **GoM Capacity Building** (e.g., Ministry staff)
- **Support to GoM Nutrition Surveillance system**
- **Health Systems Strengthening**

### Community-based efforts

- **Community-based treatment of acute malnutrition (CMAM)**
- **Community-based BCC**
  - Care Group model
  - Farmer-based groups
- **Crop diversification / increased dietary diversity**
- **Capacity Building of District level GoM** (e.g., front-line extension workers)
- **Nutrition Information Systems** (adapting market information systems model)

**Jointly implemented through FtF and GHI**



## 3-Step Process for Identifying High Impact Value Chains

**1**

**Is there a clear business case?**

- Market opportunity (domestic, export)
- Existing private sector players
- Profitable
- Low market distortions

**2**

**Will it provide broad income, gender and nutrition impact ?**

- Benefits broad group (producers and consumers)
- High nutritional value
- Multiplier effects (gender, soil fertility)

**3**

**Opportunities for innovation and leveraging resources?**

- New procurement options (USAID Forward)
- Leverage USG, GoM, Donor resources
- Build strategic new partnerships (CG centers, Higher Ed...)

**High-impact value chains**

## 1 Strongest Business Cases in Legumes and Dairy

○ Low  
● High

	Production MT, 2010 MoAFS	Gross margin %, estimate	Market opportunity		Growth 4-yr CAGR	Effect of gov't market interventions	Estimated small holder producers Thousands, 2009	Consumption % of population
			Domestic	Export				
<b>Legumes</b>								
Ground nuts	313	45	<ul style="list-style-type: none"> <li>Supplemental foods</li> <li>Oil potential</li> </ul>	<ul style="list-style-type: none"> <li>6 processors-buyers</li> <li>Demand in S. Africa, Europe</li> </ul>	10%		5,010	73
Pigeon peas	161	111	<ul style="list-style-type: none"> <li>Supplemental foods</li> </ul>	<ul style="list-style-type: none"> <li>5 processor-buyers</li> <li>Huge demand in India</li> </ul>	10%		3,492	73
Soy beans	66	25	<ul style="list-style-type: none"> <li>Corn/soy blend</li> <li>Oil potential</li> <li>Feed</li> </ul>	<ul style="list-style-type: none"> <li>5 processor-buyers</li> <li>Demand in S. and E. Africa</li> </ul>	7%		2,149	73
<b>Dairy (fresh milk)</b>	33	65	<ul style="list-style-type: none"> <li>Huge latent-demand</li> <li>Growing consumption</li> </ul>	<ul style="list-style-type: none"> <li>Short-demand in Zimbabwe, Zambia</li> </ul>	21%		11	15

## 2 Broad Impact

### Nutrition

#### Legumes

- Increasing dietary diversity
- Improved nutritional value over other staples
- Commonly consumed food
- Source for therapeutic foods for vulnerable populations

### Gender

- Traditionally grown and processed by women
- Significant opportunity to support women's economic advancement

### Spill-over effects

- Soil fertility from nitrogen fixation
- Potential replacement crops for burley tobacco
- Reduce imports

#### Dairy

- High protein source
- Potential target for vitamin fortification
- Commonly consumed food
- Source for therapeutic foods for vulnerable populations

- 45% of MBG committee members are women
- Dairy programs are achieving gender equality in division of labor and distribution of assets

- Creates additional demand sink for legumes as animal feed
- Develops national animal health capacity

## 3 Innovation and Leverage

### Legumes

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#### New models

- Link producers with local RUTF industry
- Links to multi-donor funded Financial Inclusion project

#### Leverage

- Build on USG programs at USDA, MCC, Peace Corps
- Leverage donor investments by Irish Aid, EU and others
- Build on GoM and Government of India investments

#### New partners

- New relationships with CG centers
- New private sector aggregators

### Dairy

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- Financial sector innovator – livestock insurance, access to credit

- Leverage investments from FICA, EU and JICA
- Leverage USDA expertise

- Private sector investors in breeding operations

## Geographic Focus to Maximize Impact

### Great need

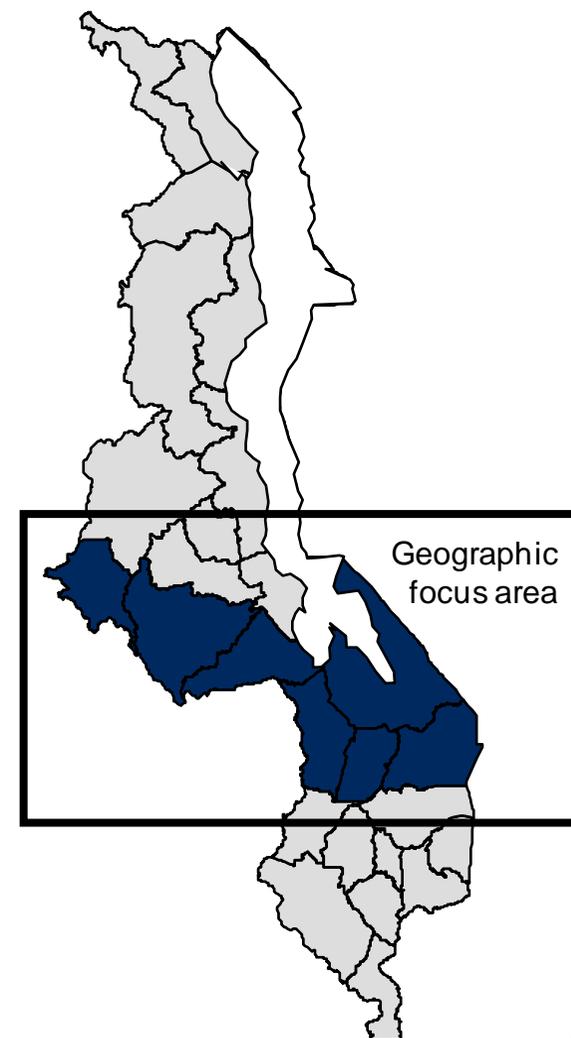
- Builds on numerous health programs
  - Area of highest disease burden
  - Highest rates of undernutrition (15-20+% underweight) and poverty (41-51%)
- Supports GoM crop diversification (e.g., potential replacement for tobacco)

### Biggest opportunity

- Highest ground nut, soy production (opportunity to expand pigeon pea)
- Largest gap in dairy supply

### Built on other investments

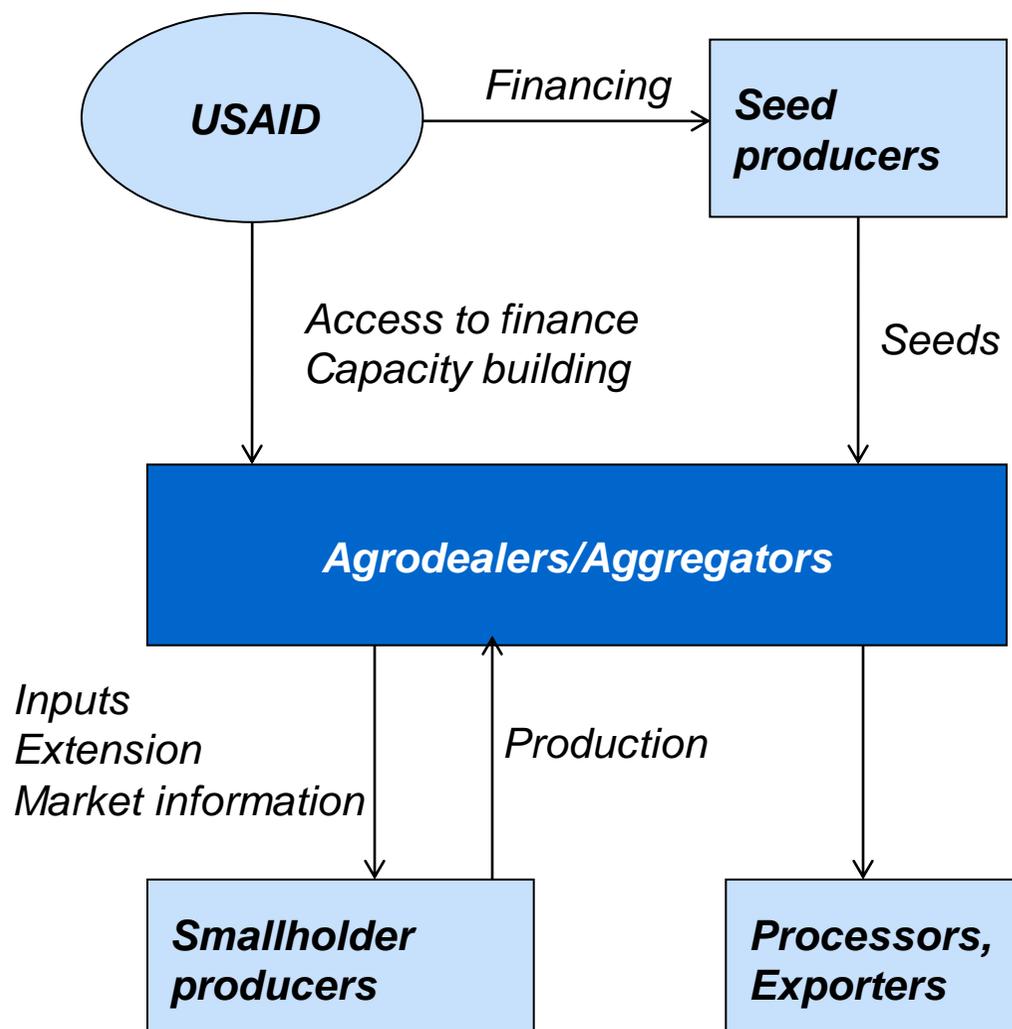
- Area of recently ended I-LIFE Title-II program (e.g., farmers groups, small scale irrigation, care groups, VSL groups)
- Planned investments of other actors
  - MCC multi-donor NRM program
  - Planned NASFAM expansion
  - Greenbelt Initiative



## FTF Focus in Legumes

Primary constraints identified	FTF focus	Linked to other efforts
<ul style="list-style-type: none"> <li>Insufficient seed availability</li> </ul>	<ul style="list-style-type: none"> <li>Expand seed availability by increasing seed production, building agro-dealer capacity</li> </ul>	<ul style="list-style-type: none"> <li>Expand seed multiplication (Irish Aid)</li> <li>CG/GoM seed research</li> </ul>
<ul style="list-style-type: none"> <li>Poor land productivity</li> </ul>	<ul style="list-style-type: none"> <li>Invest in soil fertility, water harvesting and conservation agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Develop irrigation (EU, World Bank, JICA)</li> <li>Climate change adaptation (MCC, Norway, JICA, DFID)</li> </ul>
<ul style="list-style-type: none"> <li>Poor market linkages</li> </ul>	<ul style="list-style-type: none"> <li>Develop output markets for key crops (inc. addressing aflatoxin for groundnuts)</li> </ul>	<ul style="list-style-type: none"> <li>USDA aflatoxin R&amp;D efforts</li> <li>USDA/WFP P4P local procurement</li> </ul>
<ul style="list-style-type: none"> <li>High transportation costs</li> </ul>		<ul style="list-style-type: none"> <li>Build, refurbish rural infrastructure (World Bank, EU, AfDB)</li> </ul>
<ul style="list-style-type: none"> <li>Lack of financial/risk management services</li> </ul>	<ul style="list-style-type: none"> <li>Non-FtF funded joint-USAID financial inclusion project with focus on ensuring gender equitable access</li> </ul>	<ul style="list-style-type: none"> <li>Joint financial inclusion program (WB, DFID)</li> <li>Insurance (WB, UNDP, NICO Insurance)</li> </ul>

## Change Agent and Technical Approach



### A sustainable model

#### Benefit to change agent (aggregators)

- Increase market opportunities
- Invests in small holders to gain higher quality, higher volume production

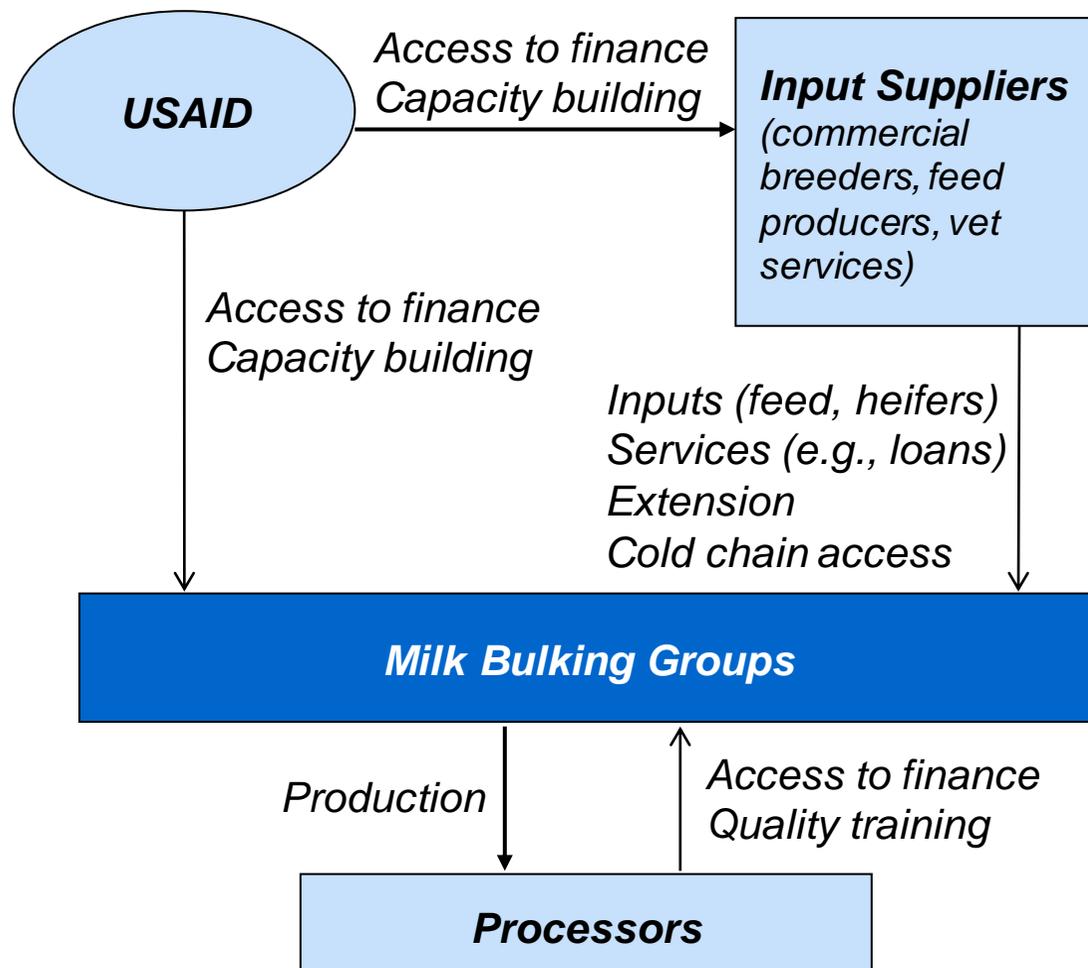
#### Benefit to smallholders

- Reduced post-harvest losses
- Higher prices for better quality product
- Regular off-take (market access)
- Access to other services (market information, extension, social services)

## FTF Focus in Dairy

Primary constraints identified	FTF focus	Linked to other efforts
<ul style="list-style-type: none"> <li>▪ Availability of dairy cows</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand breeding programs—continued gender equitable distribution of productive assets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expand herd size (imports and breeding) (World Vision, Heifer International, and Land O’ Lakes), JICA</li> </ul>
<ul style="list-style-type: none"> <li>▪ Availability of feed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Linkages with legume producers—especially women</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private sector feed companies</li> </ul>
<ul style="list-style-type: none"> <li>▪ Poor production practices</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improved feeding, management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Food security (World Vision, EU, and Heifer International)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Bulking group capacity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Build governance, service delivery capacity and focus on increasing women in MBG leadership positions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Build capacity (World Vision, EU, and Heifer International)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide access to financing for cooling equipment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide equipment (World Vision, EU)</li> <li>▪ Electrical supply (MCC)</li> <li>▪ Roads (EU, World Bank, and AfDB)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Lack of financial/risk management services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Non-FtF funded joint-USAID financial inclusion project with focus on ensuring gender equitable access</li> </ul>	<ul style="list-style-type: none"> <li>▪ Joint program – GoM, DFID, World Bank, UNDP, Nico Insurance, NBS Bank</li> </ul>

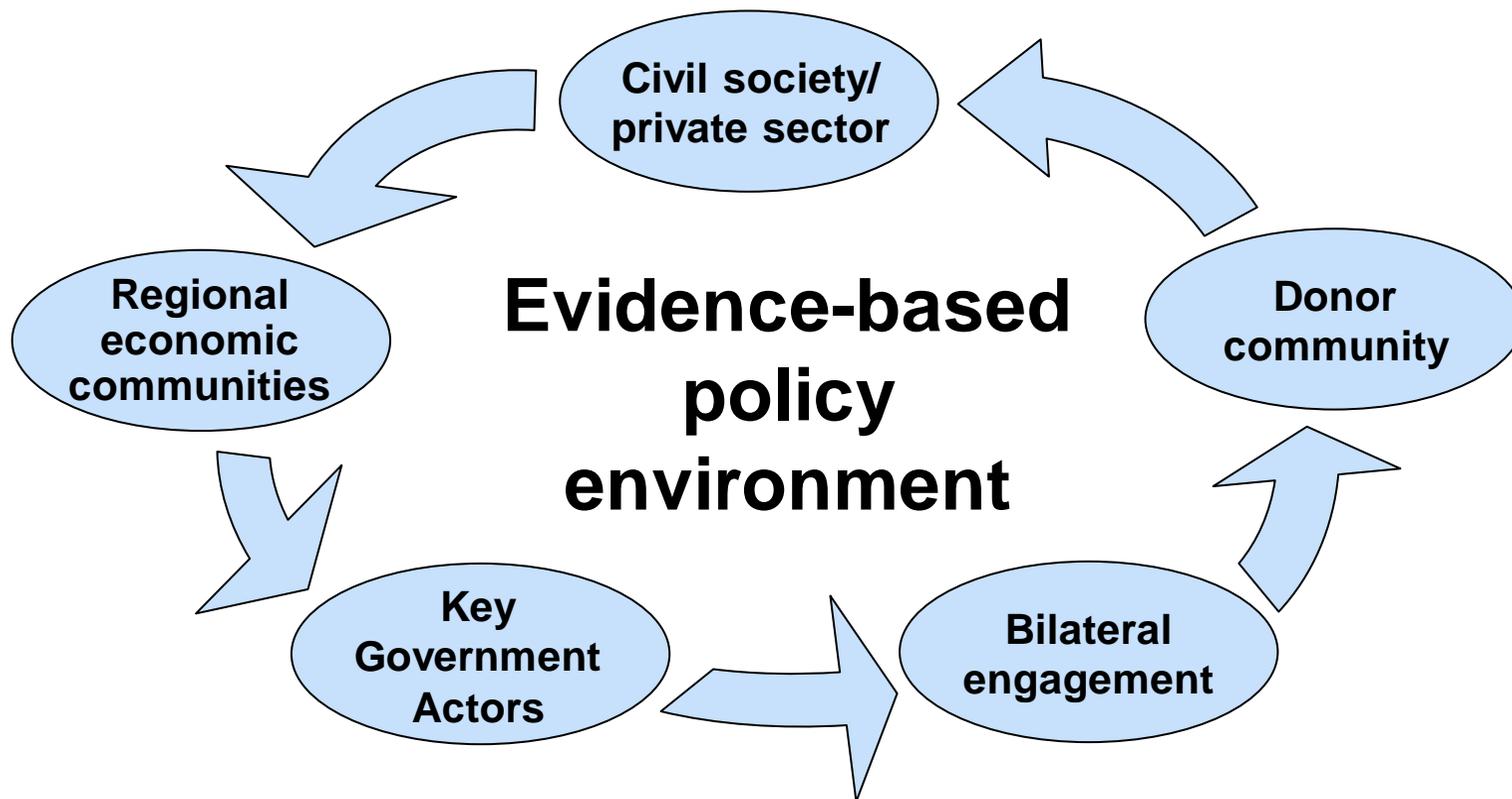
## Technical Approach and Change Agents



### Benefits to smallholders

- Regular off-take to cooling equipment
- Higher price from processors due to better quality/ standards
- Access to
  - Market information (prices)
  - Extension services
  - Social services (e.g. nutrition education)

## Policy Engagement and Strengthening



\* Government interventions can limit competitiveness, dampen production and crowd out the private sector

\* Strengthen advocacy and build capacity to improve the policy environment for growth

## Policy Strengthening

■ Funded by FtF  
■ Funded by DG office

### Activity Focus

### FtF interventions

### Potential partners

#### Build private sector, civil society capacity

- Build capacity to assess policy impacts, develop policy agendas, and influence government—focus on elevating women in policy dialogue

- Farmer based organizations (e.g., NASFAM, Farmers’ Union)
- Grain Traders and Processors Association

#### Increase regional integration

- Increase Malawi’s presence in regional economic communities and other regional bodies

- Southern African Trade Hub
- USAID/East Africa, Southern Africa
- COMESA/ACTESA

#### Strengthen donor coordination

- Continue to strengthen donor coordination mechanisms
- Develop donor alignment on priority areas for engagement

- Donor coordination mechanisms
  - DCAFS
  - ASWAp-SP
  - Ministry of Agriculture

#### Continue bilateral engagement

- Align USG policy engagement around FTF strategy

- State Department
- MCC
- USDA

#### Develop government capacity

- Engage in on-going policy dialogue and capacity building with key government officials and agencies to increase evidence-based policymaking

- Parliament
- Ministries of Agriculture, Industry and Trade and Development Planning and Cooperation

## Impact of Flat-Line or Expanded Budget Scenarios

**Flat-line FY10 budget**

**Expanded Budget**

**From...**

**To...**

**Scope**

- Core FTF investments (7 districts)

- Expanded geographic reach (17 districts)
- Broaden scale of value chain investments
- Expanded Care Group model

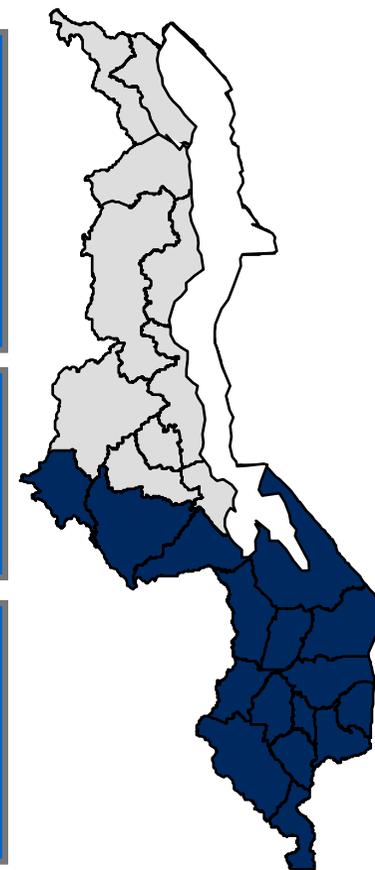
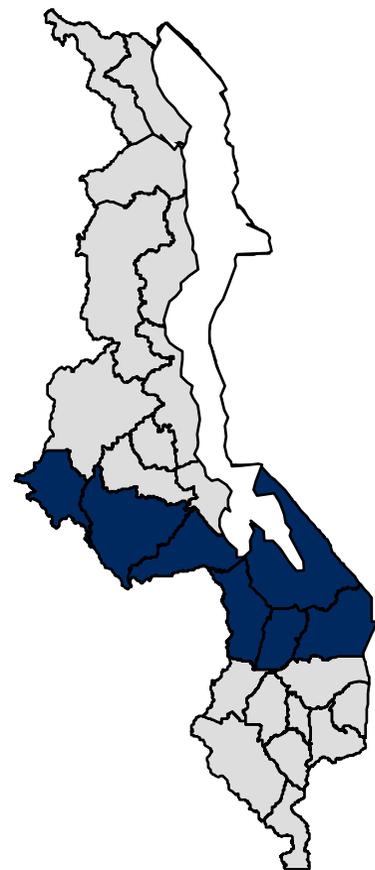
**Budget**

- Nutrition \$ 3 million
- Ag DA \$ 12 million

**Impact**

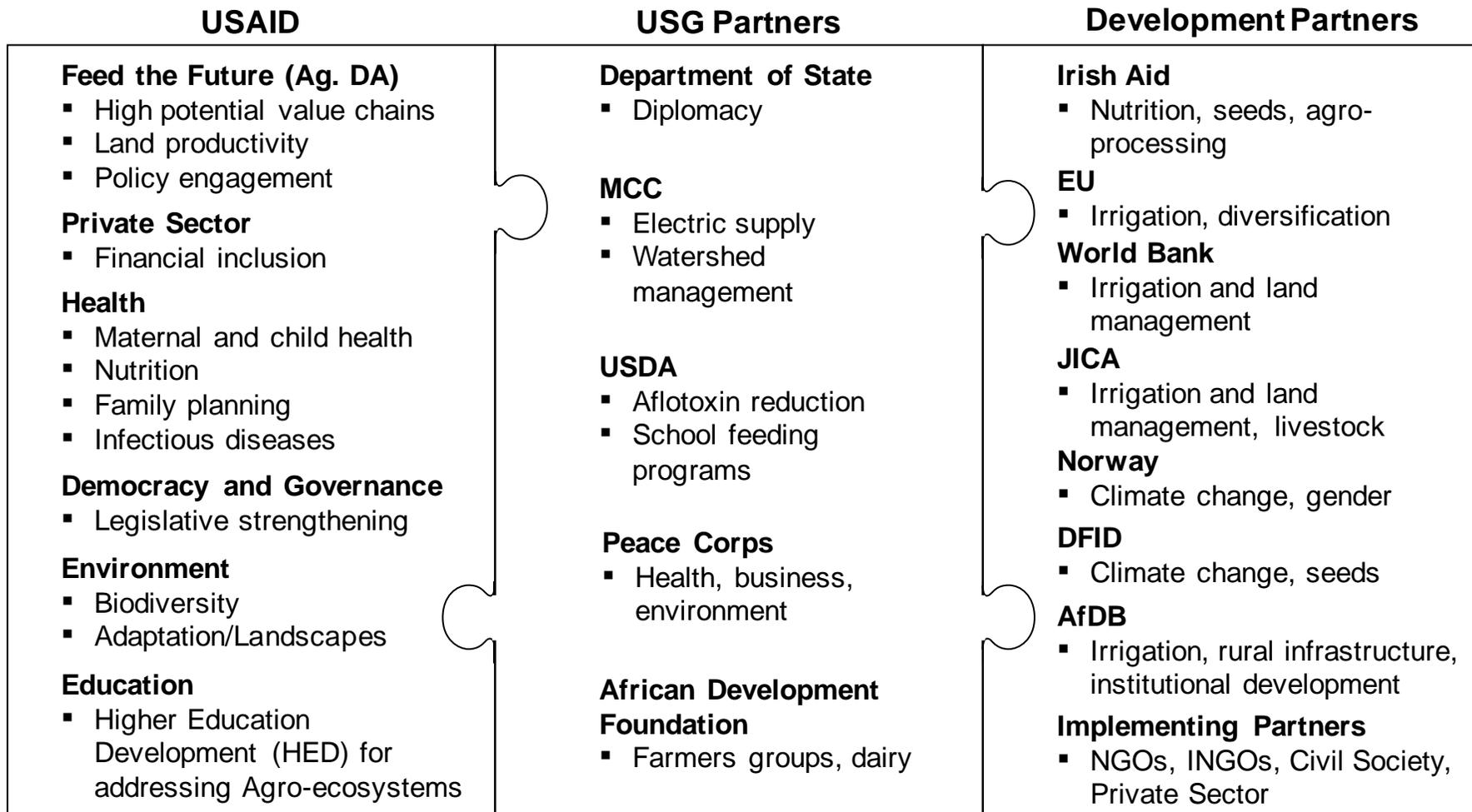
- Nutrition - TBD
- 278,000 lifted from poverty

- Nutrition - TBD
- 654,000 lifted from poverty



## A Comprehensive and Coordinated Approach

NOT EXHAUSTIVE



## Projected Impact

	Focus areas	Goal level indicators (for selected target region)
<b>Geography</b>	<ol style="list-style-type: none"> <li>Southern central region and northern part of southern region (7 districts – population of 4.6 million in 2010; 5.3 M 2015)</li> </ol>	<p><b>Poverty</b></p> <ul style="list-style-type: none"> <li>➤ <b>By 2015, lift 278,000 people from poverty</b> <ul style="list-style-type: none"> <li>– From 2 million out of a population of 4.6 million in 2010</li> <li>– To 2.1 million out of an estimated future population of 5.3 million</li> <li>– From 45% to 39% prevalence</li> </ul> </li> </ul> <p><b>Nutrition</b></p> <ul style="list-style-type: none"> <li>➤ <b>By 2015, reduce number of underweight children &lt;5 by...[UNDER DISCUSSION]</b></li> </ul>
<b>Value chains</b>	<ol style="list-style-type: none"> <li>Ground nuts</li> <li>Soybeans</li> <li>Pigeon peas</li> <li>Dairy</li> </ol>	
<b>Interventions</b>	<p>Integrated \$15M/year intervention</p> <ul style="list-style-type: none"> <li>▪ Nutrition behavior change</li> <li>▪ Market linkages and seed supply for legumes</li> <li>▪ Increasing dairy supply</li> <li>▪ Improved land productivity</li> <li>▪ Policy engagement</li> </ul>	
		<b>Cost per person out of poverty: \$54/yr, \$270 over life of program</b>



*Thank you*