

MALAWI - Green Growth

#GLOBALGATEWAY

#TEAMEUROPE

TEAM EUROPE PROPOSAL



Agricultural diversification

Value chain development (EU, IE, DE, Flanders (BE):

- Value chains meeting criteria of inclusiveness (i.e. smallholder integration), youth and women employment potential, food sovereignty and export to regional markets
- Developing options for circular economy

Promotion of e-government for a wide range of public services solutions across different interventions

Private sector development, access to markets (EU, IE, DE, Flanders (BE):

- (Green) MSME business development
- Capacity building of farmer organisations
- TVET for youth employability

Access to finance:

- Building on present blending operations (EU/EIB)
- Support to private sector (EU, MS, EFSD+ guarantee)
- Support to rural infrastructure development (EFSD + guarantee)

Rights based approach:

- Youth and women economic empowerment
- Nexus between business development, environment, and human rights

Support to environment and nutrition enablers of agri-diversification:

Environment:

- Natural Resources Management for environmental protection and mitigation of climate change effects (EU, IE, DE, Flanders (BE))
- Land use planning (EU, IE, Flanders (BE)).

Nutrition and healthy diets:

- Production, processing, and consumption of healthy food (EU, DE, IE).

MODALITIES/TOOLS

Budget support

Blending

EFSD + Guarantee.

Private investments

Policy dialogue

Twinning

KEY DELIVERABLES

Food production value chains

1. Development of Irrigation infrastructure for increased agricultural production and productivity (crop diversification) benefitting 40,000 farmers. 48 ha of Catchment area conserved.
2. Further increase yield for legumes – target 700 kg/acre.
3. School meals programmes (legumes in the menus) in 400 primary schools, supplied by 30000 smallholders.

Renewable energy

4. Rehabilitating and upgrading of the transmission lines which supply electricity to districts inhabited by 2.4 million of households by 2024. All 28 districts of Malawi (except Likoma which is an island in lake Malawi) will benefit from the electricity interconnector project, as the electricity coming from Mz will be delivered through the national grid to the whole country.
5. Construction of the Mozambique-Malawi interconnector (March 2023) via which Malawi will be importing between 50 MW and 110 MW to the grid; installation of approx. 76 km of 400 kV transmission line; extension of Phombeya substation with transmission line bays.

TVET:

6. Support to TVET centres to provide market-oriented training targeting vulnerable youth and girls under the new Zantchito – Skills for Jobs Programme (2023).

TRANSFORMATIONAL POTENTIAL

- Agricultural diversification, putting environment and people at the centre of sustainable growth.
- Transformation of the agri-sector through a Farm-to-Fork approach based on enhanced farmer's capacities for increased and diversified production, consumption and agriMSME development for sustainable food production, processing and retailing.

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NATIONAL CONTEXT

Agriculture is backbone of the economy:

- 28% of GDP (44% if linkages with processing, input supply and trade and transport services are included)
- 85% of employment
- 63% of exports (tobacco)
- Monoculture agriculture (tobacco, maize)
- 61% of land area in Malawi used for agriculture

The third most vulnerable country to climate change (2017 Global Climate Risk Index lists)

Business structure:

- Large number of micro enterprises, mainly operating informally
- Few larger firms with long-established political networks

Population growth (3% annually)

98% of the population relies on biomass energy (fuelwood and charcoal)

Low electrification rate and long power outages
Mainly relies on hydropower supplemented by diesel generators

Major safety issue on paved road network and limited all weather rural roads

Very high exposure to household air pollution (ranking 162 against 180 countries in the world)

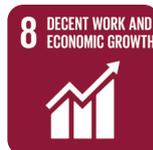
Human capital:

- High levels of malnutrition - losing roughly 10% GDP annually due to stunting
- Poor access to education and health, combined with low quality of services provided
- High gender inequality
- 81% of the population is below the age of 35
- 58% of the youth active in the labour market is employed in agro-food enterprises

Natural capital:

- Alarming rate of deforestation and forest degradation (to clear land for agriculture and to have firewood for cooking)
- 40-60% of land area is degraded (soil erosion and decreasing soil fertility)
- Decreasing water availability (demand for water for human use growing annually by 8%)
- Deteriorating water quality (mainly due to pollution from agriculture inputs)
- Loss of biodiversity (destruction of habitat by human activities)

GEOPOLITICAL CONTEXT AND RELEVANT SDGs



Agenda 2030



**SDGs included based on a new JRC electronic text mining tool, which identifies SDGs (targets)