

THE NEW ALLIANCE QUARTERLY BULLETIN



VOLUME 2 ISSUE 1
JANUARY—MARCH, 2015

The New Alliance for Food Security and Nutrition in Malawi

We engaged the higher gear last quarter but we have not yet hit cruising speed! We should get there once government's 35+ policy commitments in the Country Cooperation Framework (CCF) become streamlined and focussed; support from development partners prioritise the most effective enabling actions; and most of the New Alliance private sector mobilise adequate resources to roll out investment intentions. So there is need for all partners to sustain the good momentum generated in the last quarter, and the way to do that is to move with speed in redefining streamlined priorities for the New Alliance as well as identifying and providing requisite resource commitments for implementation. In this bulletin we will be looking at developments in this direction, and perhaps we will continue into the next issue doing that. We also have some brief news on actions by our close partners and our own private sector...

SUSTAINING THE GOOD MOMENTUM...

January 2015:

Not an exciting month on the events front: rather semi arid technical maneuvers to streamline policy commitments in the CCF were undertaken. These involved non-structured consultations by the Country Facilitator with professional and subject experts in the implementing agencies; comparative literature review of New Alliance progress reports and CCFs of other participating African countries; and critical reviews of letters of intent submitted in 2013. In addition, consultations with some key officials in Ministries of Agriculture, Irrigation and Water Development (MoAIWD); Industry and Trade; and Lands, Housing and Urban Development were conducted.

In this month too, MoAIWD began countrywide consultations for the

development of the national agriculture policy (NAP) with technical support from the New Alliance Policy Acceleration Support Project; the Ministry of Industry and Trade received the draft trade policy study from consultants.

February 2015:

To consolidate and update findings on CCF policy re-prioritisation based on analysis of letters of intent, the Country Facilitator visited eight companies, namely, Malawi Mangoes; Illovo Sugar; Agora; Rab Processors; Dairiboard Malawi; Mpatsa Farms; Universal Industries; and Tapika Food Products. Key challenges and policy positions were noted and these have served useful input into finalizing the revised CCF policy matrix.

Our key partner, Grow Africa, circulated the study report on establishing an active and representative private sector

platform for food security and nutrition in Malawi. Comments and feed back were submitted straight to Grow Africa. However, the planned joint workshop scheduled for end February to discuss the study did not take place. Grow Africa also circulated the annual data collection questionnaire to all companies in the New Alliance with a deadline of 9th March for responding.

Countrywide consultations on the formulation of the NAP continued; and validation workshops for the trade policy arranged and started.

March 2015:

The reprioritization of 35+ policy commitments has been completed and circulated for comments to the New Alliance Core Team. There are 15 policy commitments proposed and by the next quarter we should have the approvals to work on this basis.

The Grow Africa Team was in town and visited

a number of companies and some key partners. It was a fairly short visit mainly to serve as an introduction for the new Country Manager for Malawi, Makeda Tsegaye, by the outgoing Country Manager, Sophia Procofieff. There has been a change of guard at Grow Africa: Sophia Procofieff has moved on. It has come as part of the relocation of Grow Africa from Europe (Geneva) to Africa

(Nairobi). The moving from Europe to Africa of Grow Africa signals the coming to age of the Grow Africa Initiative which has to see an increasing role of Africa in its management and implementation through the African Union.

In this month, companies continued to respond and submit the Grow Africa Annual questionnaire. It is important that New Alliance companies fill in this questionnaire as it provides useful information for annual reporting and lobbying for policy changes by government.

New Alliance fact file

Malawi joined 2013

Eighth country to join

Initiative covers ten years

From 2012 to 2022

Focused on Africa

Eleven countries to date

see next page...

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NEWS ON THE PRIVATE SECTOR...

We begin with the two companies that have completed their investment intentions...

Universal Industries Ltd is one of the first two companies under the New Alliance that have completed its investment intentions. Universal has invested US\$ 2 million to produce breakfast cereals using locally grown rice and maize; to produce refined oil from locally grown soya; and to use soya flour as a base for the fully locally made nutritious porridge, "Nutri-Gluco Phala". Universal is now ex-

ploring the possibility of irrigating some 50 ha of its farm land that is a major source of raw materials for its processed foods.

Rab Processors Ltd is the other company under the New Alliance that has completed its investment intentions. Rab has invested around US\$ 8 million into a project to increase the production of leguminous crops and the Project has created strong linkages to farmers and farmer groups in terms of

providing markets for leguminous crops like groundnuts and soya beans. Rab's next step will depend on the economic environment, especially if there is progress to address business challenges that are already well known such as lack of financing options with low interest rates and long term facilities (10 years+) to promote developmental private investments.

We now focus on companies that are making good progress despite the odds...



Barrels of fruit pulp processed from locally grown fruits ready for export... from smallholder farms to the export market is the main thrust of the New Alliance, while ensuring fair returns especially to the smallholder farmer.

Rab Processors Ltd and Universal Industries Ltd are the first two companies out of the 23 who submitted letters of intent to complete their investment intentions under the New Alliance.

We look forward to sharing lessons from their success in the upcoming issues of the bulletin...

...FROM THE FEBRUARY AND MARCH 2015 FIELD VISITS

Malawi Mangoes (MM) Ltd has developed in Salima district an international class fruit processing facility, socially responsible farms and smallholder out-grower schemes to provide raw materials - an investment worth around US\$ 18 million. MM is facing critical delays to reach full potential largely because of land issues...

Illovo Sugar has embarked on incremental expansion in sugar production estimated at

around US\$ 31; plant 50ha of irrigated maize; and develop 50 ha of irrigated food crops for social responsibility. No additional land acquisitions are planned; exploiting production and management efficiencies are the route to increased sugar production and this is on course. Developments on the social responsibility role are also on course and awaiting the award of an EU grant.

Agora Ltd has taken steps to

invest US\$ 5.0 million into building and commissioning a plant to process pigeon peas into toordhal. Preparatory stages for the plant (e.g. identifying land) have been completed and processes for sourcing financing partners are advancing albeit slowly.

Dairiboard Mw is having mixed fortunes on its path to invest US\$ 3 million over a three-year period to achieve export-oriented growth in milk production. There has



Quiz:

Can you tell which maize cob belongs to a local or hybrid variety? Send me your answers or risk being left out of the next circulation! Answers in the next issue...

been good progress on importing animals and purchase of equipment for value addition but much less on commercial anchor farms due to land issues. Dairiboard is exploring partnerships to overcome this problem...

And finally, we look at companies that have put plans on hold:

Mpatsa Farms Ltd planned to invest US\$ 2 million into irrigation farming and aquaculture but unforeseen developments on sourcing technical expertise and the cost of finance have stalled initial

investment plans and initiated some revision that is still underway. However, land for irrigation and the intended investments has already been acquired...

Tapika Food Products Ltd, the only Northern region-based company in the New Alliance, with interests across the country, intends to invest US\$ 1.5 million on bee keeping development involving nearly 4,000 smallholders. Tapika is still sounding out partner interest in the Project and identifying sources of long-term finance.

Likely Events in 2nd Quarter of 2015:

- Final revised CCF
- Facilitator's field visit: Central Region companies
- Grow Africa's follow up visit
- High Level Taskforce meeting

Contacts:

+265 (0)1 789 033 Ext 115

hmkumwenda@outlook.com