COUNTRY STRATEGY PAPER
FOR DEVELOPMENT COOPERATION

FLANDERS
MALAWI
2019 - 2023
LIST OF ABBREVIATIONS .......................................................... 7
INTRODUCTION ......................................................................... 9

1 DEVELOPMENT COOPERATION BETWEEN MALAWI
   AND FLANDERS .................................................................. 13
   1.1 Short overview ............................................................. 13
   1.2 International cooperation in Malawi ......................... 15
   1.3 The role of flanders in development cooperation .......... 16

2 PROGRAMME OF COOPERATION: 2019–2023
   FOCUS ON AGRICULTURE ................................................. 19
   2.1 Challenges and opportunities of the agricultural sector . 20
   2.2 Strategic choices for the programme of cooperation .... 26
   2.3 Key assumptions .......................................................... 27
   2.4 Theory of change ......................................................... 28
   2.5 Result framework ........................................................ 32

3 INDICATIVE FINANCING FOR CSP 2019–2023 ............... 35
4 MANAGEMENT OF THE PROGRAMME

4.1 Programme governance 37
4.2 Programming CSP 2019-2023 38
4.3 Monitoring, evaluation and learning 39
4.4 Funding commitments and disbursements 40
4.5 Risk management 41

5 COOPERATION OUTSIDE CSP 2019-2023

5.1 Disaster prevention and relief, and rehabilitation 43
5.2 Climate change 43
5.3 Regional initiatives 43

ANNEX

REFERENCES
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>ADD</td>
<td>Agricultural Development Division</td>
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<tr>
<td>ASWAP</td>
<td>Agricultural Sector Wide Approach</td>
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<td>ASWAP-SP</td>
<td>Agricultural Sector Wide Approach Support Programme</td>
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<td>CAADP</td>
<td>Comprehensive African Agricultural Development Programme</td>
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<td>CSO</td>
<td>Civil Society Organisation</td>
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<td>CSP</td>
<td>Country Strategy Paper</td>
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<tr>
<td>DCS</td>
<td>Development Cooperation Strategy</td>
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<tr>
<td>DCAFS</td>
<td>Donor Committee for Agriculture and Food Security</td>
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<td>FAO</td>
<td>Food and Agricultural Organisation</td>
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<tr>
<td>FISP</td>
<td>Farm Input Subsidy Programme</td>
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<tr>
<td>FO</td>
<td>Farmer Organisation</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GNI</td>
<td>Gross National Income</td>
</tr>
<tr>
<td>GoM</td>
<td>Government of Malawi</td>
</tr>
<tr>
<td>IHS</td>
<td>Integrated Household Survey</td>
</tr>
<tr>
<td>MDTF</td>
<td>Multi Donor Trust Fund</td>
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<tr>
<td>MGDS</td>
<td>Malawi Growth and Development Strategy</td>
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<tr>
<td>MoAIWD</td>
<td>Ministry of Agriculture, Irrigation and Water Development</td>
</tr>
<tr>
<td>MoFEPD</td>
<td>Ministry of Finance, Economic Planning and Development</td>
</tr>
<tr>
<td>MoITT</td>
<td>Ministry of Industry, Trade and Tourism</td>
</tr>
<tr>
<td>MoLGRD</td>
<td>Ministry of Local Government and Rural Development</td>
</tr>
<tr>
<td>MoLHUD</td>
<td>Ministry of Land, Housing and Urban Development</td>
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<tr>
<td>MTR</td>
<td>Mid-Term Review</td>
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<tr>
<td>MVAC</td>
<td>Malawi Vulnerability Assessment Committee</td>
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<tr>
<td>NAP</td>
<td>National Agricultural Policy</td>
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<td>NAIP</td>
<td>National Agricultural Investment Plan</td>
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<td>NES</td>
<td>National Export Strategy</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>PFM</td>
<td>Public Finance Management</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern Africa Development Community</td>
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<td>SDG</td>
<td>Sustainable Development Goal</td>
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INTRODUCTION

The Country Strategy Paper (CSP) 2019-2023 is the product of a joint consultation process between the Governments of Malawi and Flanders which resulted in a commitment for continued collaboration in the agricultural sector, on extension services, market-oriented farming and sustainable land management. Specific attention goes towards ensuring equal opportunities for women and youth to participate in the sector, and to support the ongoing decentralization process.

The CSP 2019-2023 is aligned with the Government of Malawi’s major policies such as the Malawi Growth and Development Strategy (MGDS) III and the National Agriculture Policy, and related subjects such as decentralisation, land management and trade. The CSP 2019-2023 is equally in line with the policy on development cooperation of the Government of Flanders.

The strategy paper contributes to the realisation of the 2030 Agenda for Sustainable Development. The 17 Sustainable Development Goals are integrated and indivisible, and will only be achieved by using a multisectoral approach through multi-actor partnerships, leaving no-one behind. This strategy paper will mainly contribute to SDGs 1, 2, 5, 8, 10, 12, 13 and 17.

The Government of Malawi will be the major actor in terms of creating enabling conditions and implementing policies to achieve the cooperation programme objectives. In order to ensure efficient implementation, cooperation will be sought with multiple actors from civil society, international organisations, local communities, academia and the private sector. Through a portfolio approach a balance is sought between specific projects on the ground on the one hand and institutional capacity building on the other. Involvement of Flemish actors with specific expertise can be facilitated if the opportunity arises. Based on the successes and experiences gained in the past, the Governments of Malawi and Flanders will support innovative and result-based solutions to current challenges related to further development of the agricultural sector in an inclusive and sustainable way.
## MALAWI AT A GLANCE

<table>
<thead>
<tr>
<th>Official Name</th>
<th>The Republic of Malawi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Presidential Republic</td>
</tr>
<tr>
<td>Administrative divisions</td>
<td>3 regions, 28 districts</td>
</tr>
<tr>
<td>Official languages</td>
<td>English, Chichewa</td>
</tr>
<tr>
<td>Currency</td>
<td>Malawi Kwacha</td>
</tr>
<tr>
<td>Population total (2017)</td>
<td>18.6 million</td>
</tr>
<tr>
<td>Projected population</td>
<td>45 million by 2050</td>
</tr>
<tr>
<td>Dependency ratio young age (0-14) (per 100 people ages 15-64)</td>
<td>87.9</td>
</tr>
<tr>
<td>Life expectancy at birth (2016)</td>
<td>63 years</td>
</tr>
<tr>
<td>Population living below income poverty line (1.25$)</td>
<td>71.4%</td>
</tr>
<tr>
<td>Population living below national income line</td>
<td>50.7%</td>
</tr>
<tr>
<td>GDP growth (2016)</td>
<td>2.5%</td>
</tr>
<tr>
<td>GNI per capita</td>
<td>320 $</td>
</tr>
<tr>
<td>Inflation (2016)</td>
<td>19.5%</td>
</tr>
<tr>
<td>Human Development Index – ranking</td>
<td>170 out of 188</td>
</tr>
<tr>
<td>Gini-index (income inequality)</td>
<td>46.1</td>
</tr>
<tr>
<td>Gender inequality index ranking (2015)</td>
<td>145 out of 188</td>
</tr>
<tr>
<td>Employment rate</td>
<td>75.5%</td>
</tr>
<tr>
<td>Youth employment rate (% ages 15-24)</td>
<td>8.9%</td>
</tr>
<tr>
<td>Mean years of schooling</td>
<td>4.4</td>
</tr>
<tr>
<td>Adult literacy rate (% ages 15 and older)</td>
<td>65.8</td>
</tr>
<tr>
<td>Internet users</td>
<td>9.3%</td>
</tr>
<tr>
<td>Net ODA (% of GDP)</td>
<td>15.8%</td>
</tr>
<tr>
<td>Global corruption ranking score</td>
<td>122 out of 180</td>
</tr>
</tbody>
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1 Source: World Bank, UN Malawi, UNDP, Transparency International
1 DEVELOPMENT COOPERATION BETWEEN MALAWI AND FLANDERS

1.1 BRIEF OVERVIEW

In 2017 Flanders and Malawi celebrated 10 years of development cooperation, first launched by the signing of a Memorandum of Understanding between both governments. The first Country Strategy Paper for the Development Cooperation between Malawi and Flanders (2009 - 2013) focused on two sectors: (1) health and (2) agriculture and food security. The second Country Strategy Paper (2014-2018) focuses solely on the sector of agriculture and food security. This mutually agreed decision between the two governments and was based on the fact that agriculture remains the backbone of the Malawian economy, while food and nutrition security is a prerequisite towards improving the well-being of all Malawians. Concentration on one sector allowed for more focused efforts, thus providing greater added value. Figure 1 presents total Flemish allocations (Official Development Assistance – ODA) from 2006 to 2017 to Malawi for the different sectors.

Figure 1: ODA 2006-2017 - sectoral distribution

- Agriculture, Fishing, Food, Security
- Health, Reproductive Health & Population
- Environmental Protection, Energy, Forestry
- Humanitarian Aid
- Other

Flanders does not implement programme activities itself, but instead finances development actors on the ground to implement our country programme. During the 2006-2017 period, the principal implementing partners were government institutions, namely the Ministry of Agriculture, Irrigation and Water Development and the Ministry of Health, as well as agricultural colleges. For agriculture, the support evolved from project funding to pooled funding, through the ASWAp Support Programme.
As shown in figure 2, implementation of development projects has consistently been done through a mix of actors, involving international organisations, local NGO's, civil society organisations, knowledge institutions and recently, the private sector.

The official development assistance from Flanders to Malawi is reported every year and covers all disbursements made from the Government of Flanders for programmes or projects in Malawi. Each CSP includes a financial engagement for at least €25 million. The actual disbursements follow the specific implementation plans of individual programmes and projects, thus often extending the CSP timeframes. At the time of writing this document, the total CSP amount for the period 2014 – 2018 has not yet been disbursed in full.

In addition to contributions within CSP engagements, Flanders also finances regional programmes and other initiatives in Southern Africa, in order to tackle problems with a regional scope which have considerable impact on the partner countries. These funds are determined according to international commitments and Flemish policy decisions, and allocated as contributions towards climate change and the support of humanitarian aid. This topic is covered in greater detail in chapter 5. Certain programmes fall outside the CSP remit and target Malawi specifically, while others have a “regional” coverage which may include Malawi. Every effort is made to ensure that programmes supported on top of the CSP align as much as possible to both CSP priorities and the broader Malawian policies and processes.

Figure 3: ODA 2006-2017 - out of CSP
1.2 INTERNATIONAL COOPERATION IN MALAWI

The Malawian Ministry of Finance, Economic Planning and Development coordinates the international development cooperation with all its development partners in Malawi. The Malawi Development Cooperation Strategy (2014-2018) outlines a shared agenda for promoting aid and development effectiveness. It advocates inclusive partnerships involving non-state-actors from civil society, international NGOs and foundations, as well as the private sector and academia, taking into account their individual comparative advantages. The Government strives to maintain country ownership of the national development agenda, alignment to national systems and strategies, as well as a strong focus on development results. It emphasises its leadership role in the design, monitoring, coordination and implementation of the national development agenda. Mutual and domestic accountability, transparent and responsible cooperation are put forward as key values. An important issue is the harmonisation of donor efforts, and the simplification of development partner procedures. The Government of Malawi puts forward its preferred modalities of aid delivery: budget support and basket funds within Programme-Based Approaches. Project support should be provided where partners have comparative advantage. Technical Assistance can only be implemented when it is demand driven and responsive to the institutional and human resources capacity needs of Malawi.

The Government of Malawi strives to strengthen public finance and economic management (PFEM) systems and to implement public sector reforms. It facilitates the dialogue on development cooperation in Malawi, such as the High Level Forum on Development Effectiveness and the Development Cooperation Groups Meeting, as well as other dialogues with the Heads of Mission and Heads of Cooperation.

National priorities are laid out in several policies. At national level, the Malawi Growth and Development Strategy provides the overarching development vision of Malawi for 5 year periods. More detailed sector policies, such as the National Agriculture Policy, give orientation to the line ministries and their development actors. The sector policies are accompanied by sector investment plans, such as the National Agriculture Investment Plans. Sub-sector priorities are defined in strategies, such as the National Extension Strategy. Following the Development Cooperation Strategy, all development efforts in Malawi should be guided by the corresponding national priority aspirations, both by the Government of Malawi as well as by the donor community.
1.3 THE ROLE OF FLANDERS IN DEVELOPMENT COOPERATION

FLANDERS AS AN ACTOR IN INTERNATIONAL COOPERATION

The Flanders Department of Foreign Affairs (FDFA) focuses its development efforts geographically on Southern Africa. Other Flemish government departments are invited to share their expertise and to investigate possibilities for synergies in the selected partner countries. The areas of cooperation are defined separately for each partner country and are based on a set of agreed criteria between Flanders and each country. The SDG agenda and the Addis Ababa Action Agenda are used to map out the content of the cooperation, by taking into account (1) the identified and validated needs of the partner country, (2) the requests from the government of the partner country, (3) the specific approach of Flanders’ development cooperation for sustainable development and (4) the possibilities for added value and synergy with local and Flemish actors.

STRATEGY FOR SOUTHERN AFRICA

FLANDERS’ POLICY ON DEVELOPMENT COOPERATION

The Government of Flanders strives to contribute to a democratic and prospering world, in close collaboration with its international partners. For this reason, Flanders’ overall development cooperation objective is to reduce poverty and support developing countries to make sustainable socio-economic progress. The Flemish development cooperation adheres to international agreements on good donorship, as laid down in the Paris Declaration (2005), the Accra Agenda for Action (2008), the Busan Partnership for Effective Development Cooperation (2011) and the European Consensus on Development (2017).

The Government of Flanders participates actively in the Agenda 2030 on Sustainable Development, as agreed in the United Nations General Assembly of September 2015. In line with the Agenda 2030, Flanders designed its own vision and approach (2016) to effectively contribute to the SDGs.

**Figure 4**
Flanders’ international cooperation invests in global, sustainable development, leaving no one behind. To achieve welfare and equitable prosperity within the carrying capacity of our planet. Flanders encourages innovation, makes use of a systems approach and puts partnerships at the center of its activities. Flanders considers good governance, respect for human rights and equal opportunities for men and women as prerequisites for sustainable global development.
2

PROGRAMME OF COOPERATION 2019-2023: FOCUS ON AGRICULTURE

The Government of Malawi and the Government of Flanders jointly agreed to continue focusing on the agricultural sector, taking into account recent developments and capitalising on new opportunities. The programme of cooperation has been developed by means of a participatory process and consultation with representatives of the Government of Malawi, the Government of Flanders and other relevant actors from the Malawian agricultural sector. During the bilateral consultation in November 2017, the main priorities for the bilateral development cooperation were agreed and further discussions on their specificities were held with government partners and other stakeholders.

A Theory of Change (ToC) determines the programme of cooperation. It describes how and why a desired change is expected to happen within a particular context. As Flanders aligns with the Malawian policies and strategies, this Theory of Change is linked with the Malawian National Agriculture Investment Plan (NAIP). Nine investment areas of the NAIP have been identified as the most relevant and strategic domains of change for the programme of cooperation. The nine investment areas are translated into a result framework, providing the foundation for the programme and project design with clear and agreed roles and responsibilities for each actor involved. Moreover, the ToC facilitates the evaluation of the result framework, the joint strategic approach for the implementation of the CSP and collective monitoring, evaluation and learning.
2.1 CHALLENGES AND OPPORTUNITIES OF THE AGRICULTURAL SECTOR

POLICY FRAMEWORK

The Government of Malawi continues to point to the important role which agriculture plays in driving economic growth and human development in the country. It follows the engagements taken in the Comprehensive Africa Agriculture Development Programme (CAADP) compact in April 2010 to allocate at least 10% of public expenditures per annum to the agricultural sector. In order to provide guidelines for developments in the agricultural sector, the Government of Malawi launched the National Agriculture Policy (NAP) and the subsequent National Investment Plan (NAIP). Both documents promote the Agriculture Transformation Agenda and take into account new challenges and dynamics, such as an increasing population and mounting land pressure, climate change, as well as the view to embark on farming as a business instead of subsistence farming. The Malawi Growth and Development Strategy (MGDS) III also puts forward the agriculture sector as a priority. The National Export Strategy (2013-2018) aims to develop the agricultural productive base, in order to drive Malawi's export capacity to a scale that can maintain the pace of imports, and to economically empower Malawi's population in an inclusive way. Two of the three export clusters are agricultural products, namely oil seed and sugar cane products. Other relevant sector policies and strategies have been developed in recent years to enable food and nutrition security and agricultural growth. Malawi's policy documents emphasise the importance of policy coherence and alignment in order to provide a uniform vision and avoid conflicts in their implementation.

Despite the existence of good guiding policies and a consistent yearly investment of at least 10% of national public expenditure on agriculture, the sector has struggled to realise its 6% growth target. Continuing in the same vein will not result in the aspired agricultural transformation and the NAP and NAIP advocate broadening public investments in the sector.

SITUATION OUTLINE

The agricultural sector remains Malawi’s most important economic sector, providing around one third of the total GDR and employing 64% of the population, up to 95% in rural areas. Around 90% of agricultural production originates from family agriculture, cultivating on average 0.7 to 1.2 hectares. With increasing population growth, agricultural land comes under more and more pressure, whilst at the same time, large areas of land are underutilised. Approximately 20% of Malawi’s agricultural land was transferred to estates, with the average size of these states being about 40 ha. A recent survey by the Ministry of Land, Housing and Urban Development noted that 1.5 million ha of land is actually leased, but 70% of these leases have expired. In Kasungu, for example, only 48% of leased land is being used for agricultural activities. Past challenges with regards to land property and tenancy rights have limited investments in agriculture, both from smallholder farmers and larger investors. Fear of land loss results in lower levels of production, especially for smallholder women where the reduction of output value is estimated to be 8.4%. End 2017 and early 2018, the Government of Malawi reviewed its land legislation in an attempt to ameliorate the situation. The newly enacted land laws will see farmers having control over land resources (JSR, 2017). If properly implemented, this crucial step will help leverage the transformation of the sector, but the roll-out of the Land Reform Implementation Plan will take time.
The agricultural sector remains dominated by maize production for food security and tobacco as cash crop. The production of root and tuber crops has been increasing steadily in recent years and they have become important food crops. Including these crops in the food balance sheet and prolonging their preservation by immediate processing will increase the nation’s food security considerably. Main export earners after tobacco are sugar, tea, edible nuts and coffee. Consistent investments in legumes have increased their potential as an alternative cash crop. However, overall the sector is characterised by a low and slow degree of diversification in the form of crops, livestock and fisheries. The dependence of a few dominant crops further exposes the sector’s vulnerability to any kind of shock, such as climate change, changing market demands or emerging pests and diseases. The diversification agenda could be stimulated further by basing the agriculture production on proper land use planning, according to the existing agro-ecological zones. The production of specific food and market crops, as well as animal husbandry, can then be better planned according to their suitability and demand.

Most of the country’s crops continue to be produced under rain fed production systems of subsistence farmers. Climate change has an increasing impact on the agriculture sector, and thus on food security and economic growth. Natural disasters, such as floods or droughts, occur more frequently and lead to cyclic humanitarian disasters which quickly erode development progress achieved. Humanitarian interventions shift resources from long term development investments to very costly rapid responses. To increase the resilience of the sector, sustainable land and water management efforts will have to be increased. Proper water catchment and preservation could minimize the occurrences of floods and impacts of dry spells, while proper land management should maximize the utilization of the available water.

Sustainable land management (SLM) is defined by the United Nations as “the use of land resources, including soils, water, animals and plants, for the production of goods to meet changing human needs, while simultaneously ensuring the long-term productive potential of these resources and the maintenance of their environmental functions”. It speaks directly to the sustainable development of the sector and the resilience agenda of Malawi. Results of soil analyses presented in 2017 by the Department of Agriculture Research Services have shown a serious decline in soil fertility. Several regions in the country suffer substantial soil losses (FAO et al., 2016). Reversing soil degradation can be addressed by the wide application of sustainable land management practices, including the use of soil specific fertilizers. Sustainable land and water use relies on good land tenure security, proper land use planning and use of good agricultural practices. The revision of the land legislation, and increased attention to the agricultural extension system and the diversification agenda in Malawi, provide an opportunity to revitalise land use planning in the country and upscale sustainable land management. Over the ASWAp implementation
period, progress has been made with regards to sustainable land and water management, but the actual practices themselves are not yet sufficiently up scaled or integrated into routine farming habits to achieve the required results.

Since the Malawian agriculture is mainly dependent on resource-poor smallholder farmers, agricultural productivity remains low because of restrained capabilities to invest properly in production. Climate change, land degradation and the recent outbreak of the Fall Armyworm increase the need for farm investments further. Smallholders farmers require assistance to become accustomed with agronomic innovations and good farming practices. To reach these farmers, the agricultural extension services system remains the most important instrument. The National Agricultural Extension Policy was developed in 2000 and is aimed at improving the delivery of extension services. This policy changed the extension approach from supply-driven to demand-driven services through a decentralised district agricultural extension system, allowing more participation by farmers in decision-making processes. A number of institutional reforms were introduced, emphasising coordination, stakeholder accountability, and pluralistic service delivery. Fifteen years after the introduction of this policy, some of the actions laid out in the policy have been taken forward, but many elements are yet to be implemented (IFPRI, 2017).

In recent years an increasing diversity of extension service providers have emerged, each bringing their own approaches and causing major challenges in terms of coordination. Other structural constraints are the limited coverage of extension agents, poor working conditions, no operational budget, limited time allocation for actual advisory services, a low demand for specific extension advice and low adoption rates. With regards to the extension topics, much focus is being given to crop production practices, with little support offered to husbandry, farmer organisation and the agribusiness aspects. The District Agricultural Extension Services System (DAESS) is the conduit for decentralising extension services. Its implementation suffers from demanding and costly administration due to multiple dialogue structures with overlapping roles and responsibilities. A new extension strategy is under development and aims to increase the efficiency and effectiveness of the Malawi extension system.

Market access is an important challenge of the Malawian agriculture sector.
Market access is often cited as the most important challenge of the Malawi agriculture sector. Private sector presence in rural areas is limited and smallholder farmers have low access to the required variety of farm inputs. Prolonged sales of subsidised farm inputs by the Government have restrained investments by agriculture retailers in rural areas. The low productivity and fragmentation of smallholder farmers create challenges to reach markets. Less than one fifth of smallholders produce a marketable surplus (WB, 2017).

Farmers need to be organized into groups and enterprises if the necessary stable quantitative and qualitative supplies are to be provided. Group formation will also help to overcome the skills and information gaps observed amongst individual farmers in terms of agro-business and -processing. Most farmer organisations (FOs) are too small to be economically viable and would benefit from an improved governance structure. It is estimated that 80% of cooperatives cannot reach the quality standards required to get certification from the Malawi Bureau of Standards (MBS). Moreover, due to their small size and turnover most FO's struggle to attract good business managers able to lead SMME's or farmer organisations in a commercially viable way.

Access to capital is another major challenge because smallholders farmer (organisations) can either not meet the bank requirements, commercial banks are too risk averse or banks do not have the technical skills to identify promising bankable farm projects. Farmer skills are often not commensurate with efficient engagements in agro-processing and value addition. The participation of women and youth in markets is low compared to their male counterparts, making inclusivity of markets a priority.

Malawi is stepping up efforts to improve its agribusiness climate. Several outdated laws and policies have been reviewed and initiatives are being undertaken to simplify some trade related regulations and formalities. Upholding the integrity of these laws, policies and regulations will go a long way towards improving the business climate. At the end of 2016, Malawi rose by 8 places on the WB Doing Business Index from 141st to 133rd place. A major challenge for fueling private sector competitiveness remains the place occupied by some established big companies. For example, in 2012, 62% of total exports were accounted for by only 5 large companies, while the 20 largest companies accounted for 81% of total exports.

However, the vast majority of exporting companies are small. The economy therefore lacks an important middle ground, but the chances of survival for medium-sized enterprises are small. Private sector competition drives innovation, economic efficiency and effectiveness. Other private sector deterrents are unpredictable government market interventions, especially with regards to maize. The challenges within the (agri)business climate are evidenced by the low agricultural growth and the persistently large trade deficit. Malawi imports twice as much as it exports. Main export earners are agricultural products, especially tobacco, followed by sugar, tea, coffee, vegetables and cotton, while the main import items are also agricultural commodities, namely, fertilisers and maize.
The private sector is recognised as an economic engine of development, and therefore the Government of Malawi aims to attract private investments. The New Alliance for Food Security and Nutrition (NASFSN -2012) is a partnership between governments, development partners and the private sector, created to strengthen investment in the agricultural sector, while enhancing food security and nutrition. The Country Cooperation Framework (CCF) banks on the promise of stronger coordination, an improved investment climate and mutual accountability in the sector. The CCF for Malawi was signed in 2013 and reviewed in 2015. Flanders is also a partner in the Malawian CCF. Flanders contributes to the CCF by supporting capacity building of government institutions, through programmes on extension services, land and water management, agriculture zoning, farmer organisations and land reforms, and by engaging in dialogues on agricultural policies and laws. An EU evaluation (2017) concluded that NAFSN objectives are very relevant, and that there is progress in new policies and strategies, but that these are insufficiently translated into effective implementation and sustainable impact in the field. The importance of the CCF remains acknowledged and has been integrated into the NAIP.

Women and youth are the specific focus of one policy priority in the National Agriculture Policy (NAP) of Malawi. Youth are for the first time recognised as a vulnerable group with large potential for the sector. Youth and women comprise the majority of Malawians employed in the agriculture sector, yet they continue to be disadvantaged in multiple ways. Youth and women have limited access to, ownership and control of finances and productive assets. Vulnerable groups, particularly women, are disproportionately affected by customary land laws that dictate ownership and access to land. Access to extension services passes through the different social strata and women and youth enjoy less access to extension than men. All these factors result in the inability of women and youth to contribute to agricultural growth, food security and nutrition according their capacities.

The Malawian Decentralisation Policy and the Integrated Rural Development Strategy have been in existence for over a decade, and their implementation has been evolving slowly. District Assemblies are mandated to develop and implement own economic and development policies. The decentralization of subjects has been left to the initiatives of the line ministries and their evolvement has been a slow process. The first transfer of staff from central ministries to the districts councils only took place in 2016 and, following increasing budget allocations to the district councils for 2016/2017 onwards, the decentralisation in Malawi has gained new momentum. Over the NAIP implementation period, the government plans to gradually decentralise up to 85% of budget allocations as local capacities improve in the course of the decentralisation process. These plans are reliant on accompanying measures to strengthen institutional capacities at the district councils.
Malawi is organised into 28 districts, led by a District Council. The District Commissioner is the operational arm of the national government at district level. For the implementation of decentralised services, he/she is assisted by the District Executive Committee (DEC), composed of the heads of all sectors, e.g. the District Agriculture Development Officer. Malawi has 8 Agriculture Development Divisions (ADD) or agro-ecological zones. The districts of each zone or ADD have similar climatic, geographic and ecological characteristics. The head of the ADD, the Programme Manager, is charged with coordinating the agriculture activities of several districts.

Local governments are globally more and more on the forefront of development. Urban populations are growing with a consequent impact on food systems. Urban employment in the bigger Malawian cities of Lilongwe, Blantyre and Mzuzu is, however, not accelerating at the same pace. By having urban food policies, cities can take more responsibility for food security and nutrition. Secondary cities, such as Kasungu and Mzimba, could create more opportunities for youth employment outside the bigger cities so they can avoid urban overcrowding and declining rural productivity. Value chain activities, such as local processing, with a prominent role for youth and women could be stimulated in rural areas.
2.2 STRATEGIC CHOICES FOR THE PROGRAMME OF COOPERATION

The governments of Malawi and Flanders opt for consistency in their development cooperation and continuity in line with the previous CSP, however with some new accents and focus areas, depending on emerging opportunities. The focus of cooperation remains the agriculture sector, one of the priorities of the Malawi Growth and Development Strategy III. The strategic choices for this programme of cooperation are based on the results of the Mid Term Review of CSP II as well as the experiences and added value of Flanders in the sector.

LESSONS LEARNED FROM THE MID TERM REVIEW

In 2016, a Mid Term Review (MTR) of the Country Strategy Paper 2014-2018 was undertaken. In general, the MTR is positive on the contribution of Flanders to the development of the agriculture sector, taking into consideration both the choice of projects supported by Flanders, as well as Flemish involvement in the policy dialogue. The recommendations of the Mid Term Review of the CSP 2014-2018 for the future development cooperation between Flanders and Malawi are:

1. To continue to play the role of catalyst for innovation;
2. To maintain support to the common programme based approach on agriculture, but also to develop a coherent multi-stakeholder approach at district level;
3. To continue focusing on extension services, but introduce more innovations, to support the shift from subsistence farming to inclusive market-oriented agriculture, innovative methods, to align the content of the different extension messages, as well as the quality of extension messages and to streamline the coherence between extension service providers;
4. To promote climate-smart agriculture, harmonise messages on this topic, and treat this issue in the spirit of the Sustainable Development 2030 Agenda, including social and economic dimensions;
5. To focus more on the role of farmer organisations in extension, sustainable production and market development;
6. To develop a gender focus, at policy and project level;
7. To use the Right to Food approach for stimulating a legal environment conducive to agriculture development.
POINTS OF DEPARTURE

9 points of departure have been identified as the basis for the Theory of Change for CSP 2019-2023:

1. The Governments of Malawi and Flanders agreed on continuity in their development cooperation, with a continued focus on the agriculture sector and on smallholder poor productive farmers.

2. The CSP is aligned and consistent with the objectives of Flanders’ and Malawi’s policies on development cooperation. It aligns with Malawian priorities for the agriculture sector.

3. Leaving no-one behind is a leading principle to ensure sustainable development. By focusing on gender equality, youth and sustainable development, this CSP wants to contribute to achieve welfare and wellbeing for all within the carrying boundaries of our planet.

4. The sector focus area’s remain extension services, farmer organisations, inclusive markets and climate-smart sustainable agricultural practices. The Flemish support to government extension services will be based on principles of co-financing by the Government of Malawi of operational activities beyond covering personnel emoluments, in order to guarantee sustainability of the Flemish investments.

5. The Government of Flanders supports the decentralisation efforts of the Government of Malawi. Within the agriculture sector, Flanders will strengthen its support to the districts of Kasungu and Mzimba.

6. The development principles of Flanders, namely innovation, systems approach and multi-actor partnerships, will be mainstreamed in this CSP, as well as during implementation in the programmes and projects, and in discussions on policy level.

7. The programme of cooperation will respond to existing and emerging opportunities. There exists a current momentum on sustainable land management, decentralisation, women and youth in agricultural value chains, and land rights. Flanders is willing to build on these opportunities and support innovations that can catalyse and develop these topics further.

8. Equal opportunities for women and for youth, good governance and human rights are key values throughout this CSP.

9. In line with the Malawi Development Cooperation Strategy (DCS) and within the limits of fiduciary risks, Flanders will aim to channel the main part of its financial support to government implemented programmes. The preferred modalities of aid delivery are budget support and basket funds within Programme-Based Approaches. Project support will be provided where partners have comparative advantage. Technical Assistance will only be implemented when it is demand driven and responsive to institutional and human resources capacity needs. In the same vein, Flanders will harmonise its efforts with other donors.
2.3 Key Assumptions

The following assumptions are key to achieve progress towards the objectives and results of this programme:

1. The cooperation between the Governments of Malawi and Flanders remains constructive and both Governments make contributions towards the common objectives set in this CSP.

2. The Government of Malawi and the donor community align their views and investments to the effective and consistent implementation of existing policies, and review policies when necessary. Both the Government of Malawi and its Development Partner increase their efforts to invest in Malawi national priorities. For the agriculture sector, this requires proper alignment to the vision of the National Agriculture Policy and the investment priorities of the National Agriculture Investment Plan. To this regard, Malawi’s public resources to the agriculture sector will broaden and the public extension services will be co-financed by Flanders and Malawi.

3. As stipulated in National Resilience Plan, efforts are increased to break the cycle of food insecurity in the country. This includes the development of inclusive and sustainable pro-smallholder agricultural markets, reliable food markets that protect both producers and consumers and the application of export regulations to the benefit of the entire population. Steps are taken to withstand better natural disasters, and pests and diseases.

4. Flanders and Malawi continue to improve the agribusiness climate, such that donor and private sector investment reach their maximum impact, taking into account environmental and social impact. Special attention is given to the management of commodity markets that are accessible and beneficial to both producers and consumers, without unpredictable market interventions.

5. CSP 2019-2023 is able to positively collaborate with government and other development partners, multilateral organisations, knowledge institutions, the private sector and civil society organisations active in the agricultural sector.
2.4 THEORY OF CHANGE

DESIRED CHANGE
Flanders will contribute to the transformation of the agricultural sector of Malawi, as stipulated in the National Agriculture Policy (NAP) and National Agriculture Investment Plan (NAIP). Consequently, poor productive farmers, with specific attention to women and youth, will be able to increase, diversify and commercialise their agricultural production in a sustainable way. They will be able to participate in inclusive markets and achieve better income statuses as well as better, resilient livelihoods.

BENEFICIARIES
The beneficiaries of this CSP are poor productive farmers and their families, with specific attention to women and youth. These are farmers with the potential to become emerging commercial farmers.

DOMAINS OF CHANGE
Based on the current situation of the agricultural sector, required domains of change have been identified to achieve the desired change. The domains, points of attention and working methods considered as priorities within this programme of cooperation, follow the strategic choices mentioned above.

1 THE GOVERNMENT OF MALAWI IMPLEMENTS POLICIES THAT CREATE AN ENABLING, INCLUSIVE AND SUSTAINABLE AGRIBUSINESS ENVIRONMENT, AT NATIONAL AND DISTRICT LEVEL

This domain of change focuses on the availability and correct application of the relevant laws and policy documents required for the creation and maintenance of an enabling and inclusive agribusiness climate. Institutional strengthening and capacity building of government partners at national as well as at decentralised level will be supported within the possibilities of this CSP. Management, planning and coordination, technical systems development, M&E and learning systems, administrative processes, HR and financial management, are all equally important to ensure policy coherence and quality.

Flanders supported the Multi Donor Trust Fund for the implementation of the ASWAp-Support Project and intends to continue its support to basket funds with other donors, contributing to a coordinated implementation of agriculture sector plans.

The implementation of plans and the use of resources as close as possible to the final beneficiaries, is an important point of attention in the effective support for farmer communities. In line with the government’s decentralisation ambitions, this cooperation strategy will focus increasingly on supporting the district levels, primarily in the two districts of Kasungu and Mzimba South. The decentralisation process is a huge opportunity to ensure that the district agriculture development plans are more responsive to community needs, and to ensure more coordination between the different actors present in the field.
2 QUALITATIVE AND INCLUSIVE EXTENSION SERVICES, ADAPTED TO BENEFICIARY NEEDS, ARE EFFECTIVELY CONTRIBUTING TO SUSTAINABLE PRODUCTION AND ENABLE SMALLHOLDERS FARMERS TO TRANSITION FROM SUBSISTENCE TO MARKET-ORIENTED FARMING

Extension workers need operational resources to do their work. They should be able to increase their coverage and have sufficient time to actually advise farmers. The overall quality of extension messages could be further improved and their diffusion through modern technologies can widen their reach. Broadening the scope of the advisory services beyond production to the whole value chain and marketing strategies, would stimulate the transformation agenda of the NAIP further. The content could be adapted to the existing agro-ecological zones of Malawi and the needs of the targeted farmers. Stronger linkages between research and extension would further help the diffusion of new technologies. Strategizing the provision of extension services by generating mass awareness, followed by demand creation and finally the actual extension work, would increase technology adoption considerably. Pluralistic extension services require coordination, alignment of messages and the enforcement of minimum standards. Within this pluralistic system, extension workers could act as facilitators and coordinators.

Major gaps exist between having access to information and awareness of improved technologies. Disadvantaged groups such as youth and women, and farmers in remote areas in particular, have less access to information. These gaps need to be bridged.

The Government of Flanders prioritised the support of agricultural extension from the outset of its cooperation with Malawi. A new National Extension Strategy is currently being developed by the Ministry of Agriculture, Irrigation and Water Development which will provide guidelines for supporting extension in the coming years. Research findings are now available to develop an efficient and effective Extension Strategy that learns from past experiences and further improves extension services delivery at farm level. Flanders is willing to continue its financial support to the public extension system for the implementation of this research based extension strategy and wants to co-finance this particular NAIP investment area together with the Government of Malawi.
3 SUSTAINABLE LAND MANAGEMENT ENABLES ALL FARMERS TO ENSURE THE SUSTAINABLE USE OF LAND RESOURCES AND TO IMPROVE THE RESILIENCE OF THEIR FARMS

The productivity and sustainability of land-use systems is determined by the interaction between land resources, climate and human activities. In view of climate change and variability, selecting the right land uses for given biophysical and socio-economic conditions, and implementing sustainable land management (SLM), are essential for minimizing land degradation, rehabilitating degraded land, ensuring the sustainable use of land resources and maximizing resilience. (FAO, 2018)

Figure 6 Sustainable Soil/Land Management (FAO, 2017)

The continuum between several layers of sustainable land management, from land registration, land tenure security, physical land planning, to agricultural land use planning and the use of good agricultural practices will allow for creating site specific and well adapted advisory services. These will in turn lead to the sustainable use of soil and water resources, improved crop management and husbandry. With the approval of the revised 11 land laws, there is a unique opportunity in Malawi to set in place the entire chain of sustainable land management steps: from the development of digital land registers, the actual land registration, the allocation of land use and agriculture land use planning to the eventual sustainable soil and water management practices, including climate smart agriculture and adapted agriculture extension advice. The implementation of the new land laws should also boost confidence and attract investors.

The possibility to support the entire chain of sustainable land management at district level should be given serious consideration given the potential as a game changer for the sector. This work would need to be complemented by the promotion of good governance and land rights.
4 SMALLHOLDER FARMERS PARTICIPATE IN INCLUSIVE, WELL-FUNCTIONING MARKETS

The idea that agriculture needs to be considered as a business is integrated in the transformation agenda of the NAP. In this CSP, emphasis will be placed on market access for all farmers, especially women and youth. Stronger farmer organisations (FOs) and a vibrant private sector consisting of a multitude of SMME’s operating in the value chains can contribute towards achieving this objective. Commercial oriented FOs able to aggregate commodities, grade, sort, store and market their produce should be able to drive the agriculture commercialization agenda. Rural processing on raw commodities could help FOs to add more value and could be an effective means to attract youth and avoid the rural exodus. FOs are equally an effective entry point for extension workers. In order to strengthen FOs, a professional pool of business managers needs to be engaged for leading SMME’s and FOs. The survival rate of FOs is currently very low and they are in general too small to be economically viable. Flanders will look for opportunities to support the promotion of bulking, grading, value addition, and the development of promising farmers’ organisations. Women and especially young people could be more engaged in agro-processing, particularly in rural areas.

Improved market linkages and access to information is essential for farmers and farmer organisations to participate fairly in markets. The dialogue between producers, buyers, input dealers, service providers, and policy makers could be stimulated further to spark mutual benefits rather than their opposing interest. New technologies can close the information gaps and attract youth into agriculture or move farmers upwards on the value chain. Flanders will also consider supporting the development of structures markets through instruments such as commodity exchanges, warehouse receipts, contract farming or anchor farming. Many agribusinesses operate informally, making their structured support a challenge. Simplifying and supporting the efficiency of the required administrative procedures will facilitate their formalisation.

Financial services are slowly penetrating rural areas thanks to technology advances. These opportunities can assist in the expansion of production, agro-processing and commercialisation. Matching grants, guarantee schemes, risk sharing, village savings and loans are available tools that can increase the financial inclusion of smallholders.

THE KEY VALUES GOOD GOVERNANCE, HUMAN RIGHTS, AND EQUAL OPPORTUNITIES FOR WOMEN AND FOR YOUTH ARE RESPECTED AND UPHELD IN THE AGRICULTURE SECTOR

Throughout the implementation of the four domains of change mentioned above, adequate attention will be provided to guarantee equal opportunities for women and for youth, good governance and the respect of human rights.

Women and youth often lack equal opportunities to access services, goods, capital and property, resulting in unequal participation in agricultural value chains. However, women and youth make up the biggest part of the actual working force in the agriculture sector. Their equal participation throughout the sector must be facilitated by providing equal opportunities to access finance, information, services, markets, properties as well as their participation in decision-making processes.

Good governance remains a fundamental pillar for the development of the agriculture sector. Governance decisions must be taken for the benefit of the broader public, including the interests of all farmers. However, the broader population might not be always aware of their rights and obligations. Civil societies play an important role in generating public awareness and speaking out on their behalf. Good governance responds to the needs of the community. Decentralising certain decision making processes and public services provides increasing opportunities for inclusiveness. As mentioned under domain of change 1 above, this programme of cooperation seeks to strengthen decentralised good governance in the agriculture sector.
Good public financial management (PFM) at all levels, remains a prerequisite for inclusive development. In as far as possible, the support of Flanders will strengthen good financial management within the agriculture sector, either through dialogue processes, specific attention to sound financial processes, or external financial controls.

Throughout CSP II Flanders provided support to the review and approval processes for the 11 revised land acts. In CSP III, further support will be provided to land rights, as a specific focus to strengthen human rights. Rights of all farmers, women, youth and more vulnerable groups have to be defended in the process of land registration, tenure and land use. This includes sensitization of farmers on their land rights and obligations.

2.5 RESULT FRAMEWORK

The applied theory of change (ToC) determines the framework of cooperation of CSP III. The results framework defines the aspired changes to be achieved by the development cooperation between Flanders and Malawi for 2019 to 2023. All projects funded by Flanders under the CSP III should contribute in an holistic manner to the results framework. Since the NAIP is the Investment Framework for all stakeholders in the agriculture sector, the ToC is translated to a result framework linked to the NAIP. Some specific relevant results from other frameworks, such as the MGDS III and the NAP, are also included, as well as those from a couple of projects.

IMPACT LEVEL

The impact objectives, as put forward in the NAIP are:

1. Consistent and broad-based agricultural growth
2. Improved well-being and livelihood of Malawians
3. Improved food & nutrition security

The selected impact indicators are:

- Consistent agricultural sector GDP growth
- Growing share of agricultural GDP from commodities other than tobacco and maize
- Rural poverty gap reduced
- Increased share of households resilient to climate and weather-related shocks
- Number of jobs created for youth in agriculture sector
- Percentage of food secure rural households at national level and project level (by sex and age)
- SDG 2.1.1 Prevalence of undernourishment
OUTCOME LEVEL

The outcomes are the ‘domains of change’ as described under Theory of Change (ToC). The combined results of the projects funded by this CSP will contribute to their achievement, provided that the enabling policy space is present.

1. The Government of Malawi implements policies that create an enabling, inclusive and sustainable agribusiness environment, at national and district level
2. Qualitative and inclusive extension services, adapted to beneficiary needs, are effectively contribute to sustainable production and enable smallholders farmers to transition from subsistence to market-oriented farming
3. Sustainable land management enables all farmers to ensure the sustainable use of land resources and to improve the resilience of their farmers
4. Smallholder farmers participate in inclusive, well-functioning markets

The key values “good governance, human rights, and equal opportunities for women and for youth” are respected and upheld in the agriculture sector.

OUTPUT LEVEL

The outputs are formulated at the level of the ‘Intervention Areas’ of the NAIP. The projects funded under this CSP will directly contribute to their achievement or will enable the Government of Malawi to achieve them. In line with the strategic choices of the ToC, nine intervention areas are chosen.

1. Effective mechanisms for multi-sectoral and multi-stakeholder coordination to support program implementation, monitoring and evaluation in place (NAIP, IA 1)
2. Performance and outreach of farmer organisations strengthened at all levels (NAIP, IA 2)
3. MoAIWD’s capacity strengthened to provide relevant, market-oriented agricultural extension services (NAIP, IA 3)
4. Women and youth empowered and land tenure security enhanced (NAIP, IA 6)
5. Demand-driven and pluralistic innovation systems generate and disseminate relevant and adequate technologies to all farmers (NAIP, IA 9)
6. Natural resources are sustainably managed and the resilience of production systems is enhanced (NAIP, IA 11)
7. Enhanced Efficiency and Inclusiveness of Agricultural Markets and Trade (NAIP, IA 14)
8. Increased agro-processing, value addition and investments into the domestic markets (NAIP, IA 15)
9. Improved access to agricultural finance by all target groups (NAIP, IA 16)
The key values “good governance, human rights, and equal opportunities for women and for youth” are assured in the agriculture sector.
3
INDICATIVE FINANCING FOR CSP 2019-2023

During the programme of cooperation timeframe (2019-2023), Flanders commits 25 million Euros, with an average of 5 million Euros per annum. Flanders will support programme based funding without earmarking, but will closely monitor its key domains of change. The domains of change are linked to the 16 Intervention Areas (IA) defined in the Malawi National Agricultural Investment Plan (2017).

<table>
<thead>
<tr>
<th>CSP support – Domains of change</th>
<th>Indicative proportion of the CSP budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Government of Malawi implements policies that create an enabling, inclusive and sustainable agribusiness environment, at national and district level institutional capacity development</td>
<td>3 250 000 € (13%)</td>
</tr>
<tr>
<td>Qualitative and adapted extensions services are effectively contributing to sustainable production and market-oriented farming by all smallholder farmers</td>
<td>6 250 000 € (25%)</td>
</tr>
<tr>
<td>Sustainable land management makes it possible for all farmers to efficiently use agricultural land and adopt good agricultural practices</td>
<td>7 500 000 € (30%)</td>
</tr>
<tr>
<td>Smallholder farmers participate in inclusive, well-functioning markets</td>
<td>7 500 000 € (30%)</td>
</tr>
<tr>
<td>M&amp;E (within or out of programmes and projects, also possible for policy research)</td>
<td>500 000 € (2%)</td>
</tr>
<tr>
<td>Total</td>
<td>25 000 000 € (100%)</td>
</tr>
</tbody>
</table>

Continued funding of extension services will depend on co-funding by the Government of Malawi. Ideally budget allocations for extension services from Flanders decrease, while steady Government of Malawi funding increases over time and replaces funding by Flanders. Continued unilateral funding of government extension services is perceived as unsustainable. Decrease of funding by the Government of Flanders will be in dialogue with the Government of Malawi.

The focus on district level and key values cuts across all domains of change. These can be included in larger projects, or into specific projects set up for the implementation of this programme. The following minimum resource allocations will be devoted to the crosscutting topics. Projects, or parts of projects, can be accounted for in several budget categories.

<table>
<thead>
<tr>
<th>CSP support – District focus en key values</th>
<th>Indicative proportion of projects within the CSP budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support at district level (includes potential support to district councils and projects implemented at district level)</td>
<td>50%</td>
</tr>
<tr>
<td>Key values: Women as well as youth have equal opportunities to participate in the agricultural sector (specific projects, or specific objectives or results within projects)</td>
<td>30%</td>
</tr>
<tr>
<td>Key values: good governance and human rights</td>
<td>30%</td>
</tr>
</tbody>
</table>

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2 The Government of Malawi implements policies that create an enabling, inclusive and sustainable agribusiness environment, at national and district level institutional capacity development.
3 Qualitative and adapted extensions services are effectively contributing to sustainable production and market-oriented farming by all smallholder farmers.
4 Sustainable land management makes it possible for all farmers to efficiently use agricultural land and adopt good agricultural practices.
5 Smallholder farmers participate in inclusive, well-functioning markets.
4 MANAGEMENT OF THE PROGRAMME

This section outlines the overall strategy for the management of the CSP. The success of the programme will depend on successful government-to-government partnership, openness to engage in a multi-stakeholder approach, with all parties taking responsibility for their specific tasks, engagements and use of resources.

4.1 PROGRAMME GOVERNANCE

The Governments of Malawi and Flanders are jointly responsible for the achievement of the outlined results of the CSP 2019-2023. The Government of Flanders has tasked the Flanders Department of Foreign Affairs (FDFA) with the implementation of its development cooperation policy. FDFA is accountable to the Flemish Minister in charge of development cooperation for the funding and the result-based management of the development cooperation programmes. The Government of Malawi has tasked the Ministry of Finance, Economic Planning and Development (MoFEPD) as main coordination agent for national economic and development planning and facilitating international development cooperation. The Malawian Ministry of Agriculture, Irrigation and Water Development (MoAIWD) is the main government partner for implementation of this cooperation strategy, but cooperation can also include the Ministries of Industry, Trade and Tourism (MoITT), Local Government and Urban Development (MoLGRD) and Lands, Housing and Urban Development (MoLHUD), in line with the specified domains of change.

Oversight of the programme will be carried out by FDFA. The Government of Flanders opened its General Representation on 14 February 1999 in Pretoria, South Africa. The General Representative in Pretoria is accredited for Botswana, Lesotho, Mozambique, Malawi, Namibia, South Africa and Swaziland. The Representation in Southern Africa has opened two offices in Lilongwe, Malawi and Maputo, Mozambique, managed by a Deputy General Representative of the Government of Flanders. Their focus is on bilateral development cooperation. FDFA is responsible for the implementation of the bilateral development cooperation with Malawi. This includes identification, formulation, monitoring and evaluation of programmes and projects financed by Flanders.

FDFA engages in policy dialogues, supports policy reforms and implementation processes, relevant with the topics of this CSP. Reference is made to the dialogue fora as proposed in the Development Cooperation Strategy. Good governance and public financial management are part of this remit. This will ensure that mutual accountability and shared responsibility for success of this cooperation strategy are also followed up.

A bilateral consultation will be held at least every two years between the Governments of Malawi and Flanders, held in Malawi or Flanders, to discuss the relevant policy evolutions, both general and those related to CSP thematic focus areas. It will also allow for reporting on the progress of the CSP and sharing lessons learned within the framework of cooperation, based on mutual accountability and a shared objective of permanent improvement. FDFA will provide an overview of the commitments and resources spent. Representatives of FDFA, MoFEPD, MoAIWD and, where relevant, the other committed ministries and implementing partners will participate in the bilateral consultation.
4.2 PROGRAMMING CSP 2019-2023

A portfolio approach will be used for the implementation of the CSP III. This involves (1) different terms of funding or implementation, (2) different administrative levels of implementation and (3) a mix of implementing actors. These elements will be combined in a complementary and mutually reinforcing manner. This approach guarantees the necessary flexibility for guaranteeing proper management of the provided resources as well as means to manage risks.

The programme will strive to build a network of cooperative relationships that accelerate desired change. In order to increase the efficiency and result orientation of the programme, a focused approach is put forward. The approach comprises a manageable number of programmes and projects through preselecting initiatives based on criteria, such as the actual needs in a given area, the relevance and efficacy of the implementing partners, the potential for coordinated action between implementing partner, the proposed budget and the risk entailed.

Implementing actors can be bilateral partners, multilateral organisations, international or local NGO’s, civil society organisations, research institutions or the private sector. There is also a possibility to include exchanges or collaborations with Flemish institutions or organisations which dispose of specific expertise to improve the quality of programme implementation.

When working with non-governmental actors, Flanders will communicate and motivate every decision to the Government of Malawi, so as to ensure alignment with government strategies and policies. Non-governmental partners will be urged to align their programmes and strategies with national plans, and make processes and procedures as compatible as possible with local administration.

At least 2% of the CSP budget can be used for identification and formulation of processes or projects, monitoring, evaluation & learning, for policy research linked with CSP topics and for ad hoc technical assistance within programmes and projects. In the event that consultants are contracted externally by FDFA, the Belgian procurement law is applicable. These funds will be managed by FDFA, or can be taken up in project budgets.

IDENTIFICATION AND FORMULATION PROCESS

The assigned representatives of Flanders and Malawi can both identify initiatives. Flanders can provide support to the Government of Malawi through bilateral projects or pooled funding, or through indirect cooperation. Delegated cooperation with other donor agencies may be considered as well. All proposals will be assessed in line with the priorities of this CSP and Malawian policies.

If there is a need for internal capacity building of local organisations, also on administrative or financial aspects, this can become part of the project proposal and budget.
Flanders and Malawi commit to the use of transparent selection processes while selecting implementing agents. Implementing partners will be evaluated on their implementation capacity and must meet certain minimum requirements with regards to financial management, technical competences and good governance.

Project or programme proposals will be screened based on the internal procedures of FDFA and will then be submitted for approval to the Flemish Minister in charge of development cooperation. For each individual funding, the Government of Flanders has to give its final approval.

IMPLEMENTATION

Programme or project implementation is the responsibility of the implementing partners in Malawi. All details regarding the programme or project implementation and administrative requirements will be specified in a project document and project agreement. This agreement can include the object of the agreement, the tasks related to the implementation, coordination and monitoring, the contributions and commitments of all partners, the timing of funding transfers, reporting lines, monitoring and financial audits, entry into effect, validity, changes, termination and dispute resolution. This allows maximum alignment to partner systems and procedures. An inception phase can also be included to review the project design, to prepare the work plan and refine the monitoring system. Flanders will strive to align as much as possible to local regulations and procedures, either from public institutions or the individual organisations. To reduce fiduciary risks, supplementary requirements may be put in place.

REPORTING OF IMPLEMENTING PARTNERS

FDFA aligns as much as possible with the existent local systems and procedures for reporting of implementing partners, or with systems and procedures of other donors, to decrease the administrative burden for the implementing organisations. Nevertheless, these reports have to have a required quality, and the minimum reporting requirements of FDFA have to be sufficiently integrated. Reporting requirements will also be aligned as far as possible to the NAIP.

4.3 MONITORING, EVALUATION AND LEARNING

Flanders and Malawi will jointly perform the monitoring and evaluation at CSP level. An important goal of monitoring and evaluation is to learn about successes as well as failures, in order to adjust the project plans, improve implementation and maximise the impact of the programme. This learning process will also feed into the policy dialogue between both governments.

MONITORING AND LEARNING ON POLICY LEVEL

As a general instrument for monitoring progress, a Result Framework has been developed, based on the objectives of this CSP and the NAIP. Existing national indicators have been used to track achieved results. Programme and project proposals will include the relevant indicators of this Result Framework, and will be required to report against these indicators. A baseline study will be done before the start or at the beginning of this CSP.

Once 50% of the overall budget is committed, an interim evaluation of the CSP will take place to assess the progress made in the implementation of the programme and to draw recommendations for future cooperation. The terms of reference for this review will be mutually agreed by the Governments of Flanders and Malawi. The conclusions of this external evaluation will be discussed, if possible during a bilateral consultation, and will give input to make future cooperation more effective, efficient and sustainable.
For the monitoring, evaluation and learning with regard to the broader NAIP implementation, Flanders will participate in the existing policy dialogues with the Government of Malawi. The coordination of the lead donor will be respected, and Flanders adheres to the principle that monitoring and evaluation should be collective exercises. In the case the World Bank organises monitoring missions, Flanders will link up with this if possible.

**MONITORING AND LEARNING AT PROJECT IMPLEMENTATION LEVEL**

The overall responsibility for implementation of the programme and reporting on progress and results lies with the implementing partners. FDFA will follow up this process based on the work plans, meetings, progress results, available evaluations and field visits. Monitoring is part of a learning process to improve project implementation and organisational capacity and, whenever possible, will be effected jointly with the Government of Malawi. A Programme Steering Committee at district level can be created in order to increase transparency and mutual accountability. The indicators used to track project progress will be linked with the result framework, and thus the NAIP. These will include indicators on the impact for the beneficiaries, and on the core values: equal opportunities for women and for youth, good governance and human rights.

In general, all programmes or projects shall be externally evaluated. Project budgets can include a specific amount for this purpose. The project or programme agreement will stipulate the modalities for review and evaluation. Evaluations may also be initiated at request of FDFA. When funding joint programmes, FDFA will take part in the joint reviews and evaluations.

In principle, a regular financial audit following international standards shall be conducted of every project or programme. The types of audits can vary and will be financed by FDFA. When participating in joint programmes, Flanders will take part in joint audits with the other donors.

**4.4 FUNDING COMMITMENTS AND DISBURSEMENTS**

During the programme of cooperation timeframe (2019-2023), Flanders commits 25 million Euros, with an average of 5 million Euros per annum. Any found ineligible expenditures will be claimed back by the Government of Flanders. This commitment provides funding for projects and programmes that have been approved by the Government of Flanders in the framework of CSP 2019-2023. Funding for direct bilateral cooperation, also on decentralized level, will follow the national procedures and insofar allowed after sound fiduciary risk assessments. In case of indirect cooperation, funds will be transferred directly to the implementing agents.
4.5 RISK MANAGEMENT

There are various risks which could affect the achievement of results under the CSP 2019-2023. Flanders and Malawi take joint responsibility for risk management and mitigation. In case of any risks occurring during the implementation of this CSP, Flanders and Malawi might need to take a number of measures to safeguard the proper management of the projects and funds. In case of a changing approach of implementation of the cooperation strategy, the final beneficiaries will remain the emerging smallholder farmers of Malawi.

Since this CSP increases its focus on district implementation, namely Kasungu and Mzimba South, extra risk mitigating measures might need to be agreed between the Governments of Flanders and Malawi. Putting in place an imbedded Project Implementation Unit might be part of these mitigating measures, in addition to the use of a dedicated bank account, increased external financial monitoring and regular external financial auditing.

Risk management will be applied on the basis of the following principles:

- The Paris Declaration principles are applicable to both the governments of Malawi and Flanders and will be adhered to when considering any changes in aid modalities.
- Together with other donors, Flanders will monitor risks in the cooperation programme and will seek mitigating solutions in dialogue with the Government of Malawi.
- Risk identification (capacity of the organisation, financial policy, HR policy, ethical policy...), analysis, management and monitoring will be built into all the initiatives resultant to this CSP.
- In the event of declining performance and/or increased risk, Flanders may reorient the funding to other implementing partners, in line with the objectives defined in this CSP. Such decisions will always be communicated to the Government of Malawi. In the same spirit, expenditures that fall outside agreed budgets and plans, will be reclaimed by the Government of Flanders. Human rights and good governance, including public financial management, remain prerequisites for the development cooperation between Flanders and Malawi.
- Should the basic prerequisites (open dialogue, good governance and public financial management, qualified staff, etc) for the use of resources in the districts of Kasungu and/or Mzimba South no longer prevail, Flanders can reorient this direct support to non-governmental organisations that operate locally, in the event that they share the objectives and beneficiaries of the programme with the local government.
- In case of serious governance problems in Malawi, Flanders will have to judge if the absorption capacity of Malawi has been affected. In extreme cases, it is possible that support is reduced or frozen. In as far as possible, these decisions will be made in consultation with the Government of Malawi and based on the assessment of the international donor community and, in particular, by the European Union.
5 COOPERATION OUTSIDE CSP 2019-2023

Flanders supports several initiatives in Malawi that do not fall within the framework of this CSP. Flanders wants to concretise its sustainable commitments in the new partnership for global development, as defined in the Agenda 2030 for Sustainable Development. According to this Agenda, Flanders puts forward some policy priorities, such as climate change and disaster prevention and relief. These can be translated into initiatives implemented exclusively in Malawi, or into regional initiatives which include Malawi. These programmes and projects are often implemented by multilateral organisations, or specialised international NGOs and are financed with extra financial resources, on top of the CSP budget. During identification and formulation of these initiatives, efforts will be made to adhere to Malawian policies and strategies and whenever possible, to link with the content of this CSP. After approval of these initiatives by the Government of Flanders, the Government of Malawi will officially be informed. Since Flemish policy priorities can change, the following overview is not permanent.

5.1 DISASTER PREVENTION AND RELIEF, AND REHABILITATION

Malawi is very vulnerable to multiple weather-related risks and is regularly affected by massive floods and droughts. Flanders aims to make its humanitarian aid as sustainable as possible and wishes to deploy part of its resources to address structural challenges that would prevent disasters, rather than their cure. Flanders was the first donor to support the Malawi Emergency Humanitarian Respond Fund and it intends to keep supporting the fund in a predictable manner.

5.2 CLIMATE CHANGE

There is a global engagement to contribute 100 billion dollars annually to international climate financing. Flanders has committed to contribute to this international engagement. Resources coming from the development cooperation budget are complemented with resources from the Flemish Climate Fund to fund climate projects in developing countries. This support is mainly focused on climate adaptation measures, improving the resilience of local population living in already affected regions, but mitigation measures may likewise be supported. The budgets managed by FDFA focus as much as possible on Southern Africa, or the partner countries, and align with national climate change plans.

5.3 REGIONAL INITIATIVES

As a number of challenges do not stop at the borders of our three partner countries, Flanders also contributes to regional or globally oriented projects and programmes. Such an approach would allow the countries in the region to better cooperate and exchange knowledge on effective policy strategies. The topics of these contributions are in line with the policy priorities of the Flanders international cooperation, such as social economy, entrepreneurship and the development of the private sector, trade and labour standards, agriculture, food security and health.
## ANNEX
### INDICATIVE RESULT FRAMEWORK

This framework can be completed by other indicators coming from programs, projects or Malawian policies and implementation strategies. The baseline early 2019 will provide information to define the targets.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Means of Verification</th>
<th>Origin of indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact 1: Consistent and broad-based agricultural growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consistent agricultural sector GDP growth</td>
<td>6%</td>
<td>Annual Economic Report (GOM)</td>
<td>NAIP</td>
</tr>
<tr>
<td>Growing share of agricultural GDP from commodities other than tobacco and maize</td>
<td>Tbd</td>
<td>Annual Economic Report (GOM)</td>
<td>NAIP</td>
</tr>
<tr>
<td>Impact 2: Improved well-being and livelihoods of Malawians</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural poverty gap reduced</td>
<td>15%</td>
<td>Integrated Household Surveys</td>
<td>NAIP</td>
</tr>
<tr>
<td>Increased share of households resilient to climate and weather-related shocks</td>
<td>25%</td>
<td>Resilient Index Measurement and Analysis43; specialised surveys</td>
<td>NAIP</td>
</tr>
<tr>
<td>Number of jobs created for youth in agriculture sector</td>
<td>Tbd</td>
<td>MoAIWD, Min. Youth</td>
<td>NAP</td>
</tr>
<tr>
<td>Impact 3: Improved food &amp; nutrition security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage of food secure rural households at national level and project level (by sex and age)</td>
<td>Tbd</td>
<td>MVAC Reports</td>
<td>Own</td>
</tr>
<tr>
<td>SDG 2.1.1 Prevalence of undernourishment</td>
<td>13%</td>
<td>Agriculture Surveys, HIS, FAOSTAT</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Outcome 1: The Malawian Government implements policies that create an enabling, inclusive and sustainable agribusiness environment, at national and district level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MoAIWD provides its policy, oversight, coordination and service functions delivery</td>
<td>Improvements</td>
<td>Stakeholder survey Sector level M&amp;E system</td>
<td>NAIP (program A)</td>
</tr>
<tr>
<td>SDG 1.1.1 Proportion of budget allocated to agriculture</td>
<td>16%</td>
<td>Budget Reports MoFEPD</td>
<td>MGDS III</td>
</tr>
<tr>
<td>MoAIWD allocates its resources according to the planned investment areas of the NAIP</td>
<td>Tbd</td>
<td>Reports MoAIWD</td>
<td>Own</td>
</tr>
<tr>
<td>Malawi’s ranking in the Enabling the Business of Agriculture (EBA) index</td>
<td>Improvement by 15%</td>
<td>Annual Enabling the Business of Agriculture (World Bank)</td>
<td>NAIP (program A)</td>
</tr>
<tr>
<td>Percentage of Local Councils with updated local agricultural development plans aligned to MGDS III, SDGs and in line with the local needs</td>
<td>Tbd</td>
<td>Annual Reports</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Budget share for the agriculture sector in the Kasungu and Mzimba districts increases over time, and are aligned to the NAIP</td>
<td>Tbd</td>
<td>Reports MoAIWD</td>
<td>Own</td>
</tr>
<tr>
<td>Indicator</td>
<td>Target</td>
<td>Means of Verification</td>
<td>Origin of Indicator</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
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</tr>
<tr>
<td><strong>Outcome 2: Qualitative and adapted extension services are effectively contributing to sustainable production and market-oriented farming by all smallholder farmers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased productivity of target crops and increased livestock numbers</td>
<td>Tbd</td>
<td>Tbd</td>
<td>NAIP (program C)</td>
</tr>
<tr>
<td>Proportion of farm households which adopt recommended agricultural technologies</td>
<td>62%</td>
<td>Agricultural Surveys/APES</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Percent of investments in the agriculture sector directed to agriculture extension services</td>
<td>Tbd</td>
<td>MoIWD-DAES, DAHLD, DARS, Fisheries, private sector, Development Partners</td>
<td>NAP</td>
</tr>
<tr>
<td>Coverage of extension workers increased</td>
<td>Tbd</td>
<td>(IFPRI?)</td>
<td>Own</td>
</tr>
<tr>
<td>Time allocation from extension workers available for advising farmers</td>
<td>Tbd</td>
<td>(IFPRI?)</td>
<td>Own</td>
</tr>
<tr>
<td>Diversification of and demand-driven extension messages</td>
<td>Tbd</td>
<td>(IFPRI?)</td>
<td>Own</td>
</tr>
<tr>
<td><strong>Outcome 3: Sustainable land management makes it possible for all farmers to efficiently use agricultural land and adopt good agricultural practices</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SDG 2.4.1 Proportion of agricultural area under productive and sustainable agriculture</td>
<td>50%</td>
<td>Agricultural Surveys, HIS, FAOSTAT</td>
<td>MGDS II</td>
</tr>
<tr>
<td>Number of farmers with land rights recorded under the new land Registries (by sex and age)</td>
<td>Tbd</td>
<td>Records of District Land Registries, MoLHUD</td>
<td>NAIP (program C)</td>
</tr>
<tr>
<td>The proportion increase in general public in Malawi awareness and appreciation of the environment, climate and natural resources management issues</td>
<td>75%</td>
<td>Monitoring reports</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Percentage reduction in population vulnerable to the impacts of droughts and floods</td>
<td>Tbd</td>
<td>Tbd</td>
<td>Tbd</td>
</tr>
<tr>
<td>Increased soil organic matter content in targeted areas with CSA practices</td>
<td>1.2%</td>
<td>DARS soil analysis reports</td>
<td>ASWAp-SP II</td>
</tr>
<tr>
<td><strong>Outcome 4: Smallholder farmers participate in inclusive, well-functioning markets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased quantities of agricultural produce sold through structured markets</td>
<td>Tbd</td>
<td>Tbd</td>
<td>own</td>
</tr>
<tr>
<td>Increased share of agricultural exports other than tobacco</td>
<td>60%</td>
<td>MoIIT, ITC, WTO</td>
<td>NAIP (program D)</td>
</tr>
<tr>
<td>Lending to agric. SMEs and farmers increased</td>
<td>TBD</td>
<td>RBM statistics, bank-data, MFIs and SACCOS</td>
<td>NAIP (program D)</td>
</tr>
<tr>
<td>Annual growth in agricultural value addition and agro-processed output</td>
<td>20%</td>
<td>Trade reports</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Value of agro-exports and agro-processed/value added products produced by programmes for woman and youth</td>
<td>Tbd</td>
<td>Data and reports from projects</td>
<td>NAP</td>
</tr>
<tr>
<td>Value of agricultural imports displaced by domestic agricultural production</td>
<td>20%</td>
<td>MoIWD, farmer organisations, private sector, research organisations</td>
<td>NAP</td>
</tr>
<tr>
<td>Indicator</td>
<td>Target</td>
<td>Means of Verification</td>
<td>Origin of indicator</td>
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<tr>
<td><strong>Outcome 5:</strong> The key values “good governance, human rights, and equal opportunities for women and for youth” are assured in the agriculture sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of women-to-men with access, ownership or control of productive agricultural assets</td>
<td>33%</td>
<td>MoAIWD, Ministry of Labour, Ministry of Youth</td>
<td>NAP</td>
</tr>
<tr>
<td>Share of youth of employment age with access to, ownership of, or control of productive agricultural assets</td>
<td>tbd</td>
<td>MoAIWD, Ministry of Education, Development Partners</td>
<td>NAP</td>
</tr>
<tr>
<td>SDG 1.4.2 Proportion of population with secure tenure rights to land, with legally recognised documentation and who perceive their rights to land as secure</td>
<td>45%</td>
<td>Annual reports</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Human rights global ranking and score</td>
<td>87%</td>
<td>Annual reports</td>
<td>MGDS III</td>
</tr>
<tr>
<td>Global corruption ranking score out of 180</td>
<td>80</td>
<td>Annual reports</td>
<td>MGDS III</td>
</tr>
</tbody>
</table>

**Output 1: IA1 - Effective mechanisms for multi-sectoral and multi-stakeholder coordination to support program implementation, monitoring and evaluation in place**

MoAIWD fully operational and core funding provided to finance operational and recurrent costs for oversight and implementation of the NAIP | See NAIP (IA 1, Intermediate Outcome 1.1) |
| Improved coordination of policy and programme implementation partnerships and mutual accountability at all levels | See NAIP (IA 1, Intermediate Outcome 1.2) |
| M&E systems and performance management in agriculture functioning and up to date | See NAIP (IA 1, Intermediate Outcome 1.3) |

**Output 2: IA 2 - Performance and outreach of farmer organisations strengthened at all levels**

Strong, well-organised and inclusive FOs conduct business and provide services to their members | See NAIP (IA 2, Intermediate Outcome 2.2) |

**Output 3: IA 3: MoAIWD’s capacity strengthened to provide relevant, market-oriented agricultural extension services**

Capacity of public sector institutions to provide agricultural extension services strengthened | See NAIP (IA 3, Intermediate Outcome 3.1) |

**Output 4: IA 6: Women and youth empowered and land tenure security enhanced**

Implementation of the Land Policy supported | See NAIP (IA 6, Intermediate Outcome 6.1) |
| Increased participation of women and youth in agricultural value chains and institutions | See NAIP (IA 6, Intermediate Outcome 6.2) |

**Output 5: IA 9: Demand-driven and pluralistic innovation systems generates and disseminates relevant and adequate technologies to all farmers**

Efficient research partnerships established in a participatory and demand driven way, including on-farm research | See NAIP (IA 9, Intermediate Outcome 9.1) |
<p>| Relevant, evidence-based extension advice delivered in a demand-driven and participatory way | See NAIP (IA 9, Intermediate Outcome 9.2) |</p>
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Means of Verification</th>
<th>Origin of indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 6: IA 11: Natural resources are sustainably managed and the resilience of production systems is enhanced</strong></td>
<td>Land use planning and zoning updated and implementation capacity enhanced</td>
<td>See NAIP (IA 11, Intermediate Outcome 11.2)</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Agro-forestry areas expanded and management capacities enhanced</td>
<td>See NAIP (IA 11, Intermediate Outcome 11.3)</td>
</tr>
<tr>
<td><strong>Output 7: IA 14: Enhanced Efficiency and Inclusiveness of Agricultural Markets and Trade</strong></td>
<td>Availability and quality of market information enhanced</td>
<td>See NAIP (IA 14, Intermediate Outcome 14.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Government price policies are evidence based, transparent and predictable</td>
<td>See NAIP (IA 14, Intermediate Outcome 14.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Scope and efficiency of commodity exchanges and warehouse receipt systems enhanced</td>
<td>See NAIP (IA 14, Intermediate Outcome 14.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Domestic market access improved</td>
<td>See NAIP (IA 14, Intermediate Outcome 14.5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access to regional and global markets and regional trade enhanced</td>
<td>See NAIP (IA 14, Intermediate Outcome 14.6)</td>
<td></td>
</tr>
<tr>
<td><strong>Output 8: IA 15: Increased agro-processing, value addition and investments into the domestic markets</strong></td>
<td>Enabling agribusiness environment and public-private dialogue strengthened</td>
<td>See NAIP (IA 14, Intermediate Outcome 11.6)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Technical and Business Skills of COOPS and SMEs in agribusiness enhanced</td>
<td>See NAIP (IA 14, Intermediate Outcome 11.6)</td>
<td></td>
</tr>
<tr>
<td><strong>Output 9: IA 16: Improved access to agricultural finance by all target groups</strong></td>
<td>Enabling environment for agri-finance strengthened and specific policy instruments established</td>
<td>See NAIP (IA 16, Intermediate Outcome 16.1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Farmers, women and youth able to use financial services effectively</td>
<td>See NAIP (IA 16, Intermediate Outcome 16.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment support and start-up activities and adoption of innovative technologies by FOs and SMEs, with preference to youth and women</td>
<td>See NAIP (IA 16, Intermediate Outcome 16.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SDG 8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service</td>
<td>55% FINSCOPE survey MGDS III</td>
<td></td>
</tr>
</tbody>
</table>
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