



FARMERS UNION OF MALAWI

STRATEGIC PLAN

2017 - 2021

THEME

"Towards Inclusive Agricultural Transformation In Malawi: Enhancing Farmers Incomes Through Increasing Farmer Productivity, Food And Export Diversification And Access To Structured Markets"



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ABBREVIATIONS AND ACRONYMS

AEC	Area Executive Committee
AIDS	Acquired Immune Deficiency Syndrome
ART	Antiretroviral Therapy
ASC	Agricultural Service Centre
ASME	Agribusiness Small and Medium Enterprises
ASWAp	Agricultural Sector Wide Approach
BDS	Business Development Services
CAADP	Comprehensive African Agricultural Development Programme
CISANET	Civil Society Agriculture Network
DEC	District Executive Committee
DFU	District Farmer's Union
E	Electronic
EPA	Extension Planning Area
FISP	Farm Input Subsidy Programme
FO	Farmer Organisation
FUM	Farmer's Union of Malawi
G7	Group of Seven
GIS	Geographic Information Systems
GoM	Government of Malawi
HIV	Human Immunodeficiency Virus
HTC	HIV Testing and Counselling
ICT	Information Communication Technology
IOM	Integrated Organisational Model
KSA	Key Strategic Areas (KSA)
LT	Long Term
M&E	Monitoring and Evaluation
MoAIWD	Ministry of Agriculture, Irrigation and Water Development
MGDS	Malawi Growth and Development Strategy
MTI	Ministry of Trade and Industry
NAP	National Agricultural Policy
NASFAM	National Smallholders Farmer's Association of Malawi
NES	National Export Strategy
NGO	Non-Governmental Organization
RFSC	Rural Farmer Service Centre
SP	Strategic Plan
SPS	Sanitary and Phytosanitary
SWOT	Strength, Weakness, Opportunity, Threats
TSWAP	Trade Sector Wide Approach
USAID	United States Agency for International Development
WEF	World Economic Forum
WRS	Warehouse Receipt System

VISION, MISSION AND CORE VALUES

OUR VISION

"A Union of Malawi farmers with a powerful collective voice"

OUR MISSION

"To promote and safeguard the interests of all farmers in Malawi through advocacy, farmer organization, agribusiness and market development contributing towards a conducive agricultural operating environment for improved agricultural productivity, market access and increased farmer incomes"

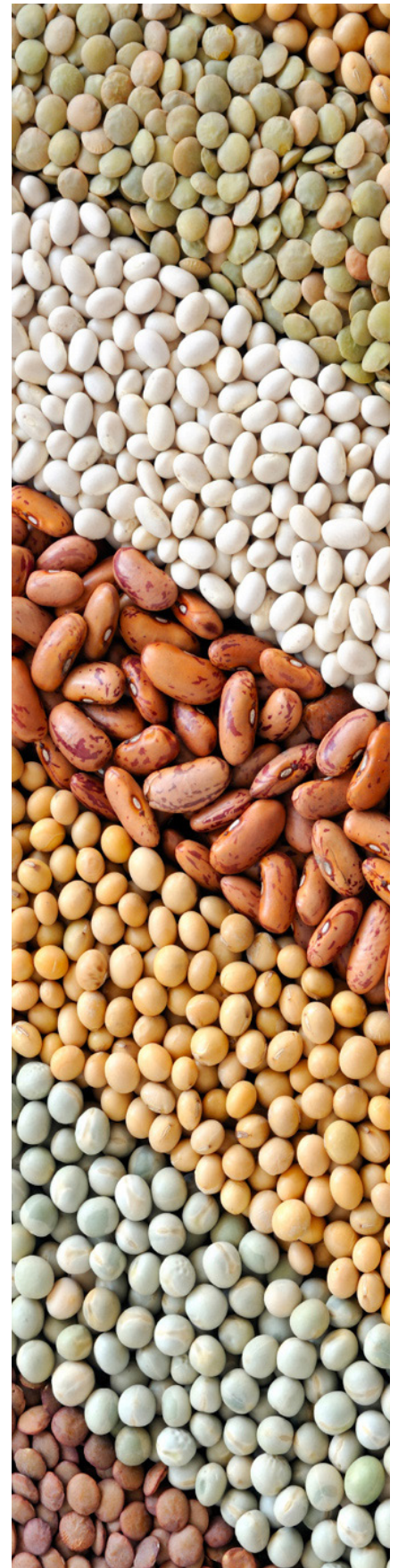
OUR MOTTO

"The Voice of Farmers in Malawi"

OUR CORE VALUES

In pursuit of our vision and execution of our mission, Farmers Union of Malawi shall uphold and espouse the following values:

- Integrity – we abide by ethical and moral standards of fairness and honesty in all our undertakings
- Transparency and accountability—we are committed to openness and timely reporting to our key stakeholders
- Passion for excellence– we are driven by a pursuit for making outstanding, lasting and significant contributions to those we serve
- Innovativeness – we believe in creativity and continuous improvements in the conduct of our business
- Inclusivity – we believe in involving all our members and key stakeholders in planning and executing our activities
- Upholding democratic culture – were are committed to unity in diversity, respecting and upholding diverse opinions
- Collective action – we value teamwork as it makes us work together harmoniously toward common goals



ACKNOWLEDGEMENTS

The Management of FUM wishes to acknowledge the cooperation it received from different stakeholders in the development of its 2017 – 2021 Strategic Plan. FUM is very grateful to all the stakeholders including farmers and members of staff for their valuable input towards the development of this plan. The specific knowledge of those consulted on topical issues was pivotal in ensuring that the Strategic Plan is inclusive, comprehensive and technically sound. In addition, the Board of Directors provided clear guidance on the strategic direction to be undertaken by FUM. All parties consulted were quite generous with their time and provided useful insights that made the development of this Strategic Plan possible. The development of this Strategic Plan has been possible with generous financial support from United States Agency for International Development (USAID) and We Effect.



MESSAGE FROM THE PRESIDENT OF FUM



I am pleased to present the 2017 – 2021 Strategic Plan that will be implemented under the theme “Towards inclusive agricultural transformation in Malawi: Enhancing Farmer’s Incomes through Increasing farmer productivity, food and export diversification and access to structured markets”. The Plan marks an important milestone in consolidating the achievements of Farmers Union of Malawi (FUM), since its establishment, especially the gains of the previous Strategic Plan that ran from 2011 – 2015.

This Strategic Plan is aligned to the Sustainable Development Goals (SDGs) as agreed by member states of the United Nations, the Malawi Growth and Development Strategy (MGDS) II, the Agriculture Sector Wide Approach (ASWAp), National Agricultural Policy (NAP) and the National Export Strategy (NES).

I note with satisfaction that this Strategic Plan has been developed through a highly consultative and participatory process involving a wide range of stakeholders. The comprehensive series of interventions outlined in this Strategic Plan are expected to take farming in Malawi to the next level as FUM strives to become a powerful collective voice of all farmers in the country.

It is pleasing to note the remarkable achievements by FUM in the implementation of the 2011-15 Strategic Plan: formulation and delivery of strategic services to its members including advocacy and lobbying to influence development of broad agricultural policy framework and practices in the relevant sectors (in particular Ministries of Agriculture and Trade and Industry); strengthening of FUM governance structures and systems at national and district level; linking farmers to structured markets; increasing membership of all types of farmers (small, medium and large scale farmers); strengthened collaboration and strategic partnerships and alliances with Government, development partners, private sector and other non-state actors. These efforts have strengthened and increased visibility of FUM.

FUM has opportunity to maximise its vast potential if it rides on the strategic partnerships and alliances it has built, remain focused and relevant to contribute and help shape the inclusive economic growth agenda being pursued by Government supported by its development partners. This strategic plan (2017-2021) will not be successfully implemented without the support of Government, development partners and other non-stake actors.

FUM PRESIDENT
Alfred Kapichira Banda

STATEMENT BY THE CHIEF EXECUTIVE OFFICER



Farmers Union of Malawi, through its Board of Directors, found it necessary to share the Union's strategic policy direction to guide its operations for the next five years (2017–2021). This Strategic Plan focuses on agricultural transformation and inclusive economic growth. Agricultural transformation here refers to attaining labour and land productivity and agricultural diversification (food and export base) market access and incomes. Our 2011-2015 Strategic Plan focussed on providing a strong and effective voice for the Malawian farmers. This included establishing and strengthening membership on the ground, a process that is on-going.

The 2017–2021 Strategic Plan (SP) is anchored upon the gains achieved in the previous strategic plan; and also builds on the strengths of FUM including having a highly skilled and committed work-force, well diversified farmer membership, a well established financial systems, good resource mobilisation capacity and strategies and decentralised structures through the District Farmers' Union.

This Strategic Plan aims to position FUM as a credible player as the country continues to align itself to key policies at global, regional and

national levels that are aimed at transforming the agricultural sector and propel inclusive growth. These include the Sustainable Development Goals, the G7 Alliance on Food Security and Nutrition, the Comprehensive African Agriculture Development Programme (CAADP); FUM is also aware of the trade protocols the country has with the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the Industrialisation Strategy and Road Map for 2015–2063 that offers opportunities for countries such as Malawi to improve market access for their agricultural commodities in areas where they have competitive advantage.

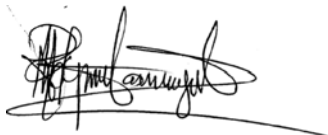
At national level, FUM is a strategic partner in the implementation of the relevant nutrition and agricultural strategies such as the Malawi Growth and Development Strategy (MGDS) II, National Agriculture Policy (NAP), the Agriculture Sector Wide Approach (ASWAp), National Export Strategy (NES), and the Trade, Industry and Private Sector Development Sector Wide Approach (TIP-SWAp). These provide useful platforms and entry points for FUM to contribute and influence the evidence based policy formulation and strategies aimed transforming agriculture and deliver inclusive economic growth. Therefore the Strategic Plan will serve as an instrument for mobilizing resources to facilitate implementation of the priority programmes of the Union.

This Strategic Plan is a pathway to enhance the trust that stakeholders especially the farmers have in the Union. FUM aims to leverage resources and its influence to harness and exploit existing opportunities to achieve increased agricultural productivity and nutrition, market access and incomes for its members. We are aware of the challenges that continue to impede speedy and successful execution of our mandate such as a weak macro-economic environment, climate change (resulting in erratic weather conditions and droughts), high cost of financing /and

limited access to credit by farmers, insecure land tenure, deforestation and land degradation, inconsistent government policies, and weak farmer organisational capacity. In addition, FUM is aware that, in the short to medium term, it needs to consolidate and broaden its membership base for all categories of farmers (small, medium and large-scale), further strengthen presence on the ground and establish a robust monitoring and evaluation system. This Strategic Plan cannot be successfully implemented without strong support and partnership with Government, development partners and other fellow non-state actors. This spirit of engagement is also evident from the manner in which this Strategic Plan was developed where various stakeholders were consulted.

I sincerely hope that this Strategic Plan will go a long way in guiding and ensuring that as FUM, we perform our mandate to the satisfaction of all our stakeholders.

CHIEF EXECUTIVE OFFICER (CEO)
Prince Kapondamgaga



EXECUTIVE SUMMARY

The combination of resource endowments and the nature of binding constraints in Malawi, suggest restrained expectations for the character of a future growth path. Economic output is constrained by a number of factors: a lack of energy, poor education and skills, a lack of competitively-priced finance, high trading costs and low competitiveness, and a weak and unpredictable policy environment for business and investment. This presents limits as to the type of structurally transformative path that might be possible for Malawi. The imperative in Malawi is to expand agricultural output, to diversify economic activities (especially away from tobacco), produce more for export markets, build skills levels, raise economic efficiency and, increase competitiveness.

Obviously Government will need strategic partnerships in order to effectively deal with some of these limitations if it is to indeed achieve structural transformation. A five year Strategic Plan for FUM is aimed at guiding the union's work over the next five years (2017-2021). The plan is part of efforts by the Union to ensure continued delivery of prioritised and expanded services to its members so that we are well positioned and aligned to national, regional and global policy imperatives. The Plan reflects the Union's commitment to respond decisively to the increasing need to add value to efforts of its members in a rapidly changing and dynamic landscape.

In order to effectively contribute towards agricultural transformation that achieves inclusive economic growth, FUM's 2017-2021 Strategic Plan points that the institution should invest in the following specific Key Strategic Areas(KSA) with some of the accompanying outcomes:

An external consultant was recruited to independently carry out an evaluation of the 2011–2015 Strategic Plan, as well as undertake an environmental scan to guide the development of the 2017–2021 Strategic Plan. The process was participatory and consultative in order to ensure ownership of the results, but also to benefit from a diversity of inputs and insights into what FUM's strategic contribution towards achieving agricultural transformation and inclusive economic growth should be.

FUM has achieved remarkable growth over the past five years. Most notable achievements include: the strengthening of its governance structures at all levels, diversifying and expansion of its membership base (small, medium and large-scale producers) , improving its visibility at both district and national level, recruiting and retaining highly skilled staff, developing strong financial and administrative management systems, strengthening partnership with government and other non-state actors and, broadening and retaining donor confidence and support. The numbers and diversity of our membership (farmers) has provided a useful constituency which has strengthened our lobbying position. Our well qualified and trained human capital has enabled our capacity to effectively engage Government and contribute to the formulation of evidence based policies. The 2017-2021 Strategic Plan will build from these achievements and further maximise our potential.

KSA1 Contribute to improved evidence- based and predictable agricultural policy environment.

- (i) FUM capacity to engage Government,

donors and other non-state actors in policy processes and advocacy is strengthened

- (ii) Partnerships with Non State Actors for effective policy dialogue strengthened

KSA2 Access to agribusiness and marketing services by FUM paid-up members increased

- (i) FUM members' position to access farm business, agribusiness and marketing services through development and scale-up of farmer organisations improved
- (ii) Organizational and technical capacity of farmer organisations strengthened

KSA3 Climate smart agricultural practices enhanced

- (i) Sustainable use and management of land and water resources enhanced
- (ii) Resilience of farmers to climate change related shocks increased

KSA4 Women and youth economically and socially empowered

- (i) Access to and control over productive resources and income by women and young farmers increased
- (ii) Access to and consumption of diverse and quality foods by women and children increased

KSA5 FUM institutional capacity strengthened

- (i) Organizational and technical capacity of DFUs strengthened
- (ii) Capacity of FUM governance and management structures strengthened
- (iii) Capacity of FUM in programme development, implementation and accountability for results improved
- (iv) Improved financial sustainability of FUM

Investing in the above will unlock the potential within the agricultural sector and contribute towards agricultural transformation.

1. RATIONALE FOR THE STRATEGIC PLAN

Sub-Saharan Africa's slow rate of productivity growth and structural transformation partly reflects slow productivity convergence both at sector and at firm level. The available evidence suggests that a number of factors are responsible, and that while every country has its particularities, there are common threads that characterize most experiences. They have roots in Africa's geography and its distinctive history, including the legacy of its colonial period on state formation and market structure, as well as on the highly uneven distribution of human capital among its population. These factors have contributed to a political economy that has sustained a poor and high-cost business climate which has both constrained the productivity of individual firms and slowed productivity convergence (Gelb et al. 2014, emphasis added).

This general characterisation fits Malawi – a colonial legacy, a neo-patrimonial state, low productivity and investment across the economy, large economic and market participation disparities in the population, low availability of skilled labour, and high trading costs. However, because of the low economic base there is potential for growth on the back of recent increases in average per capita GDP (period between 2004 and 2011).

Agriculture is important for: food security (maize) and livelihood for 80% of population; GDP (30% contribution); exports (75% of total); raw materials for industrial processing. Agricultural productivity, however, is constrained by 1) a subsistence focus rather than commercial orientation, within the production sector and in policy thinking; 2) low agricultural productivity below potential for most of the cash and food crops due to poor technology; 3) weak producer linkages to markets and export supply chains; and 4) lack of evidence-based policy formulation which is also characterised by inconsistencies and reversals—therefore scaring potential investors in the sector.

Dependence on primary production makes the economy vulnerable to external shocks (terms of

trade and natural disasters). And in turn, these bring the risk of macro-economic instability and threaten people's resilience to the impact of climatic change and to food and other entitlements.

Malawi has limited options and growth will need to build on what exists-agriculture. However, there is a need to invest in transformation this agricultural sector –mainly to achieve land and labour productivity and to diversify the food and export base. Given the very low levels on productivity in smallholder agriculture – between 60-70% below potential and therefore low base, the scope for growth in this sector is considerable. Increased agriculture output for organised supply chains would feed growth in domestic agro-processing for local and export markets. In turn, this would support an expansion in trade and business services.

Manufacturing in a landlocked country should benefit from natural advantages. The share of manufacturing in Malawi's GDP over the last ten years or so has been consistently below 10%. Malawi has been unable to expand its manufacturing base, possibly because of an exchange rate overvaluation over a long period of time prior to 2012, persistently high trading costs, and a limited internal market. There is potential for more agro-processing for domestic and regional markets – as identified in the National Export Strategy and the 2014 Industrial Strategy. The combined share of employment in manufacturing, mining, utilities, and construction is less than 10% of the total labour force (2010). This suggests considerable scope for further growth and economic transformation – expanding employment through diversification and value addition in agricultural supply chains, and especially for export markets.

The Farmers' Union of Malawi (FUM) 2017-2021 Strategic Plan (SP) has been developed following expiry of the 2011–2015 SP. The Plan is necessary to guide the activities of the Union over the next five years as it seeks to contribute to Malawi Government's growth and development

agenda, which identifies agricultural transformation as being of prime importance to spur inclusive economic growth and reduce poverty. The Plan, which is aligned, among other things, to the Sustainable Development Goals (SDGs), Malawi Growth and Development Strategy (MGDS) II, National Agriculture Policy (NAP), and National Export Strategy (NES), will also serve as an instrument for mobilizing resources to facilitate implementation of the priority programmes of the Union. The SP is complemented by a Programme Plan that sets out key activities and associated budget to be implemented over the next five years.



1.1 STRATEGIC PLANNING PROCESS

The Strategic Plan of the Union was developed in a highly participatory manner to ensure relevance and ownership of the results. It entailed carrying out an evaluation of the outcomes of the 2011–2015 Strategic Plan, to provide a firm basis for coming up with a strategic response to the issues identified. The evaluation process included consultations with a cross section of groups and individual stakeholders of the Union to obtain their inputs on what they saw as the challenges and achievements of the previous Strategic Plan and key strategic areas that should be the focus of attention over the next five years (see Appendix 1 for list of people/institutions consulted). It also included literature review to appreciate general trends and topical issues in the field of agriculture, especially the role that farmer organisations such as FUM ought to play (see Appendix 2 for list of documents reviewed).

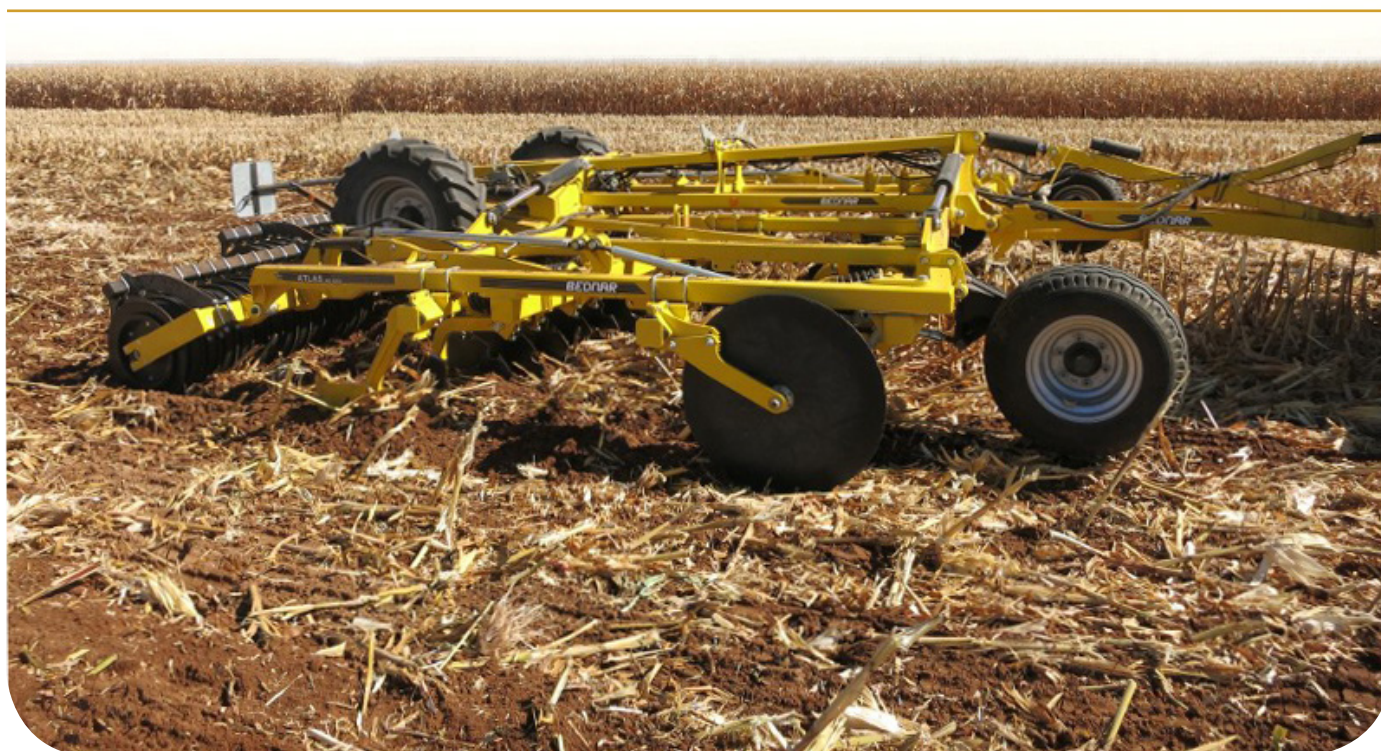
The following major steps were involved in the preparation of the Strategic Plan:

(i) An evaluation was undertaken that sought

to establish achievements of the 2011–2015 Strategic Plan and to identify the key challenges and opportunities in the operating environment of the Union in general and those in the agriculture sector in particular, including those related to systemic challenges to do with the Union's internal working arrangements. This culminated into the preparation of an Evaluation Report and Position Paper.

(ii) Highlights of the Evaluation Report and Position Paper were presented to key stakeholders that were mobilised to validate issues emanating from the two documents and also to generate further inputs that could inform the development of the FUM Strategic Plan for 2017–2021.

(iii) The FUM Strategic Plan for 2017–2021 was presented to the Board of Directors of FUM for validation and approval.



2. ORIGIN, MANDATE AND INSTITUTIONAL SET-UP OF FUM

2.1 ORIGIN

FUM is an umbrella body of farmers’ organizations in Malawi established in 2003 under the Trustees Incorporation Act. The overall objective of FUM is to have a union of farmers in Malawi with a powerful collective voice that safeguards the interests of all farmers through advocacy, farmer organisation, and agribusiness & market development, contributing towards a conducive agricultural operating environment for improved agricultural productivity, market access and increased farm income.

Since its establishment, FUM has steadily increased its outreach and recognition within the country’s agriculture sector. FUM development focus has been guided by strategic plans, and the last one (2011-2015) expired in December 2015. It is noted that the just ended Strategic Plan has enabled the organization to substantially become more relevant to its broadened membership and the sector at large.

2.2 MANDATE

The Union derives its mandate from its Constitution, which sets out the following objectives:

- (i) To promote and safeguard the interests of the Union in Malawi;
- (ii) To facilitate the building of capacity of the membership of the Union;
- (iii) To facilitate production and marketing of products for the membership of the Union;
- (iv) To promote linkages and networking of members of the Union;
- (v) To promote and develop sustainable economic and financial development of the membership of the Union;
- (vi) To promote access to resources and

services by the members of the Union;

- (vii) To mediate in disputes between members of the Union or those involving other organisations.
- (viii) To play an advisory role in contractual agreements involving members of the Union and other organisations; and
- (ix) To do such other things as may be deemed necessary, incidental, expedient or Conducive to the attainment of the Objectives of the Union.

2.3 INSTITUTIONAL SET UP

The executive powers of the Union are vested in its Council, which is its highest policy making organ. The Council comprises Chairpersons of District Farmers’ Unions, Chairpersons of Commodity Associations or Farmer Cooperatives, three representatives of Corporate Members or their Associations, two representatives of affiliate members, and Chairperson of Agribusiness Chamber of Commerce. From the Council is derived the Board of Directors, which oversees the work of the Union. The Board of Directors is composed of the elected FUM President, three directors representing District Farmers’ Unions based on regional representation, two directors representing commodity associations (one representing crops and the other livestock, one of whom shall be the Vice President), one director representing corporate members, and one director representing the Agribusiness Chamber of Commerce.

The Union and Council are supported by a Chief Executive Officer who serves as Secretary to the Board. He is in turn supported by directorates that are organised along the three key pillars on which the business of the Union hinges. These are: policy and research; agri-business and marketing; and institutional and capacity building. The Union also has cross cutting directorates of programmes and finance and administration.

3. POLICY CONTEXT

3.1 SUSTAINABLE DEVELOPMENT GOALS

On September 25th 2015, countries adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years. For the goals to be reached there is an expectation that governments, the private sector, and civil society will join hands to do everything necessary to achieve the 17 Sustainable Development Goals. FUM is best placed to contribute towards achievement of goals related to complete eradication of poverty (Goal # 1), zero hunger (Goal #2), gender equality (Goal # 5), and climate action (Goal # 7).

3.2 THE GROUP OF SEVEN (G7 ALLIANCE)

The Group of Seven (G7), also known as the G7 Alliance, is an informal bloc of industrialized democracies - the United States, Canada, France, Germany, Italy, Japan, and the United Kingdom - that meets annually to discuss issues such as global economic governance, international security, and energy policy. The Alliance has a component that focuses on Food Security and Nutrition. Although, it is seen as excluding emerging economies, its members wield considerable power in world economic affairs and are sympathetic to the cause of developing countries that are seeking market access in G7 countries. FUM stands to benefit in dealing with these countries directly, as the bloc has no organised secretariat or a formal charter.

3.3 AFRICAN AND REGIONAL POLICY IMPERATIVES

At a continental level, the African Union (AU) has developed the Comprehensive African Agriculture Development Programme (CAADP), which is Africa's policy framework for agricultural

transformation, wealth creation, food security and nutrition, economic growth and prosperity for all. There are also efforts being made by the Common Market for Eastern and Southern Africa (COMESA), as well as the Southern African Development Community (SADC) to promote regional integration, with issues of increasing market access for private sector players taking centre stage. These efforts are contained in trade and agriculture protocols, as well as in such documents as the SADC Industrialisation Strategy and Road Map for 2015 – 2063.

FUM is already participating in forums related to CAADP and is poised to contribute significantly over the next five years to efforts to raise the profile of farming in all AU member states, especially in Malawi.

3.4 VISION 2020

The aspiration of Malawians as espoused in the Vision 2020 document is that "By the Year 2020, Malawi as a God fearing nation will be secure, democratically mature, environmentally sustainable, self-reliant with equal opportunities for and active participation by all, having social services, vibrant cultural and religious values and being a technologically driven middle income country". In terms of agriculture, the aspirations of Malawians are "to have adequate and safe food at all times of the year to meet their nutritional requirements". Although, the achievement of the aspirations set out in Malawi's Vision 2020 seem a long way off, they help to focus the work of organisations such as FUM to ensure that they contribute towards their achievement.

3.5 MALAWI GROWTH AND DEVELOPMENT STRATEGY (MGDS) II

This Strategic Plan has been aligned to the Malawi Growth and Development Strategy (MGDS) II

(2011-2016) that identifies Agriculture as one of the key Priority Areas of Malawi's economy. MGDS II is in turn aligned to Malawi's Vision 2020. The MGDS recognises agriculture as key to food security, economic growth and wealth creation. It also recognises the challenges negatively impacting the sector which include over dependence on rain-fed farming, low absorption of improved technologies, weak private sector participation, and lack of investment in mechanisation. The FUM SP for 2017–2021 has developed strategies that are expected to address the challenges highlighted in the MGDS. As MGDS II comes to an end, the Government has embarked on a process of developing a new overarching development strategy for the country. FUM is expected to ensure alignment of its activities to the country's strategy once it is finalised.

3.6 NATIONAL AGRICULTURAL POLICY (NAP)

The Government is in the process of developing a National Agricultural Policy (NAP) for the period 2016–2020. The NAP is intended to provide a comprehensive framework to guide activities in the agriculture sector. The aim of the policy is to ensure sustainable agricultural production, increased mechanization, increased area under irrigation, increased agro-processing and value addition, enhanced risk management, strengthened marketing systems, accelerated export growth, and improved food security and nutrition. The NAP is aligned to Malawi's Vision 2020 and the second Malawi Growth and Development Strategy (MGDS II) 2011-2016. It is envisaged that once finalized, the NAP will inform the agricultural content of the next MGDS, which is currently under review. The NAP also builds upon the existing Agriculture Sector Wide Approach (ASWAp) investment plan and will provide the policy foundation for the development of the next ASWAp. The policy has also been developed in alignment with the National

Export Strategy for Malawi, which provides a road map for accelerating agricultural export growth in the country.

3.7 AGRICULTURE SECTOR WIDE APPROACH (ASWAP)

ASWAp was formulated as a means for attaining agricultural growth and poverty mitigation goals of the MGDS which targets agriculture as a key driver of economic growth and national wealth creation. It operates within the Malawi Growth and Development Strategy (MGDS II) in the areas of agriculture, food security, water development and disaster risk reduction. The programme has been implemented since 2011, and the first phase was expected to end in 2015. The main objectives of the ASWAp are to increase agricultural productivity, improve food security, diversify food production for improved nutrition, and enhance agricultural incomes for the rural poor. In the absence of a National Agricultural Policy (NAP), the ASWAp served both as an Investment Plan and as a policy guide. In an attempt to improve policy harmonization and coherence, some of the main on-going sub-sectoral programmes were linked to ASWAp. Among them are the Farm Input Subsidy Programme (FISP), which is implemented under the ASWAp focus area 1, and the Green Belt Initiative (GBI), which is implemented under focus area 4. These two programmes account for 70 percent of the total ASWAp budget. As the first phase of ASWAp is being reviewed, FUM should use its influence to ensure that equity in resource allocation and development of sub-sectors and sectoral priorities is achieved.



4. SITUATION ANALYSIS

4.1 MACRO-ECONOMIC ENVIRONMENT

The macro-economic environment in Malawi remains quite challenging as inflation is high at about 25%, amidst a worsening balance of payments as imports continue to exceed exports. Government's budget deficit has widened, inducing borrowing from the local market, resulting in crowding out of the private sector. The high cost of finance with lending rates in the commercial and micro finance institutions as high as 34% and 45% respectively making it difficult for farmers and agro traders to borrow for business. The exchange rate has continued to depreciate with the local currency (Malawi Kwacha) continuing to lose value against the major trading currencies such as USD, EURO and GBP. Since the cash gate, looting of public resources, all donors suspended channelling of funds through government systems. The International Monetary Fund declared off-track its Extended Credit Facility (ECF), further eroding confidence in the economy. However, the situation has begun to improve as the IMF Programme is back on track, which is expected to trigger renewed confidence in the economy.

4.2 SOCIAL CONTEXT

4.2.1 HIV AND AIDS SITUATION

AIDS affects agricultural productivity by reducing labour quality and quantity due to illness and death of economically active adults, and absenteeism from work to care for the sick or attend funerals. It also erodes skilled work force in the sector. Malawi's HIV prevalence continues to be one of the highest in the world, with 10.3% of the population living with HIV. An estimated 1,000,000 Malawians were living with HIV in 2013 and 48,000 died from HIV-related illnesses in the same year. The Malawian HIV epidemic plays a critical role in the country's low life expectancy of just 54.8 years, and aggravates the country's food insecurity situation. However, over the last decade, impressive efforts to reduce the HIV epidemic have been made at both national and local levels. New infections have dramatically

declined from 98,000 in 2005 to 34,000 in 2013. Malawi has also witnessed a 67% reduction in children acquiring HIV, the largest country decline across sub-Saharan Africa. About 51% of People Living with HIV and AIDS were on antiretroviral treatment in 2013.

4.2.2 WOMEN AND YOUTH

Although women provide 70% of the agricultural labour in Malawi and therefore an important player for any efforts to achieve agricultural transformation, they continue to be side-lined and have limited access to crucial agricultural inputs (in organic fertiliser and quality seeds), credit as they usually do not have required collateral. This also limits their control and capacity from making key decisions on the use of land. Malawi has a youthful demographic structure and therefore means that the youth are another important player in the agriculture sector and economy as a whole. Yet the youth continue to be marginalised in terms of their involvement in key decisions and have very limited access to finance and other key agricultural inputs including land.

4.3 FOOD SITUATION

Majority of Malawians live in rural areas (85%); engage in subsistence farming, growing mostly maize (food crop) and tobacco (cash crop) on small plots 0.23ha. Smallholder agriculture is mostly rain-fed and therefore susceptible to climate shocks (droughts). Despite some gains in levels of maize (over 60% of national calorie consumption and 97% of smallholder farmers grow the crop) production due to the FISP, case load of vulnerable people needing food aid has recently been on the increase due to climate shocks (drought) following El Nino; 1.3 million in 2014/15; 2.8 million in 2015/16 and about 5million in 2016/17. Malawi remains one of the few countries with highest rate of malnutrition, with stunting averaging 42%. About 23 percent of all child mortality cases are associated with under-nutrition.

4.4 FARM INPUT SUBSIDY PROGRAMME (FISP)

Since the 2005/06 agriculture season, the Government of Malawi has made the FISP its flagship for achieving food security. On average 1.5 million smallholder households have been targeted to benefit from affordable fertiliser and quality seeds (maize and legumes) through this programme. The 2014/15 FISP Evaluation Report indicates that the cost of FISP was 41% of the MoAIWD budget, and continued to account for around 10% of the national budget, a situation that has not changed since 2012/13 (DfID, 2015). From the evaluation of the programme, indications are that:

- (i) Unlike in the previous years, beneficiary targeting had improved in favour of the poor; in particular, female headed households received more coupons than male headed households;
- (ii) Reduced levels of bribes reported and it was mainly chiefs and members of the Village Development Committees (VDC) that demanded bribes from beneficiaries;
- (iii) The majority of beneficiaries obtained the inputs that they wanted, with exceptional cases of legume seed that was due to shortage of supply, and a vast majority of coupons were reported to have been used on beneficiaries' own crops.

The evaluation reports highlighted the following as areas that need to be strengthened in order to maximise efficiency and value for money of the FISP:

- (i) Tightening targeting to ensure that most of the deserving farmers are being reached and also reduce incidences of patronage especially by chiefs;

- (ii) Improve timeliness in the distribution of inputs in order to increase input use efficiency and value for money of the programme;
- (iii) FISP should be implemented alongside tangible investments in irrigation in order to cushion production against climate shocks—therefore good balancing of scarce resources between these interventions is required. Susceptibility of rain-fed agriculture to climate shocks (drought and floods) means that productivity and production gains made under FISP can be easily wiped-out and the country can quickly slide back to food insecurity.
- (iv) Increased maize production due to FISP has not translated into low consumer prices on the market. A number of reasons have been suggested including poor agricultural statistics and therefore inability to estimate true volume of surplus maize on the already thin market; and, the unpredictable market and pricing policies which have encouraged speculative hoarding tactics by the big private traders. As a result maize price volatility in Malawi remains one of the highest in the region even during the period of the FISP.

In 2015/16 Government made some reforms to the FISP; allowed private trader retailing of fertiliser (about 20% of the total) and increased farmer contribution to fertiliser and seeds to 21% from below 5% in previous years. Private sector retailing will help reduce unnecessary transaction costs borne by government and therefore contribute towards sustainability.

FUM and the Malawi Police Services (community policing) with funding from the UK Government (DFID) has actively monitored implementation of the FISP, promoting transparency and accountability.

Being an umbrella body of all farmers in Malawi, FUM's involvement in FISP and its contribution to the overall agricultural policy formulation is of strategic importance. In addition, FUM and other non-state actors in agriculture have a strategic role of helping to interpret and implement government policies on the ground. FUM being a farmer organisation, whose members have business interests, adopts a partnership approach when engaging with government.

4.5 MARKETING AND PRICING POLICIES

Government, in pursuance of the structural adjustment programme, liberalised the agricultural input and output markets in 1987. Government no longer intervenes on the market or set prices for most of the crops with exception of maize, tobacco and cotton. For maize, government still sets minimum prices and sometimes impose export bans in reaction to food crisis situations in the country, while for tobacco and cotton, minimum price interventions have been applied in order to protect the interest of the farmers and to support the infant domestic industry (for cotton-David Whitehead).

4.6 AGRI-BUSINESS DEVELOPMENT

Agribusiness involves the supply of inputs, services to farming/agri-businesses, trading produce, storing and transporting, processing and retailing farm produce. The draft National Agriculture Policy outlines the following agribusiness related policy statements:

- (i) Promote the development of efficient and inclusive agricultural value chains;

- (ii) Facilitate the creation of new structured markets, especially in oilseeds, sugarcane, coffee, livestock, and fisheries products;
- (iii) Facilitate ADMARC reforms to improve market efficiency and profitability to the benefit of farmers;
- (iv) Promote agricultural value addition and agro-processing;
- (v) Promote the growth and competitiveness of agricultural commodity exchanges to enhance agricultural market efficiency;
- (vi) Strengthen and harmonize agricultural market information systems;
- (vii) Ensure that agricultural market and trade policies and regulations are transparent and evidence-based;
- (viii) Promote access to financial services and agricultural credit, particularly for producers and small and medium agro-processors, including women and youth;
- (ix) Support improvements in quality standards and grading systems for all agricultural commodities;
- (x) Promote regional and global exports of value-added agricultural commodities.

5. STRATEGIC FRAMEWORK

5.1 INTRODUCTION

The consultations and the literature review have shown that there are weaknesses and threats that FUM should address moving forward, whilst building on its strengths. There are also opportunities that it should exploit as it seeks to fulfil its mandate in the agriculture sector. The strategic direction set out in this section therefore is FUM's response to the key challenges and issues that require adequate attention over the Strategic Plan (SP) life span in a focused and action oriented manner. The strategic direction outlines the priorities of FUM, Strategic Areas, outcomes and outputs.

In setting the strategic direction, FUM has prioritised to focus on some of the key issues that will contribute significantly to the agricultural transformation and inclusive economic growth.

5.2 KEY STRATEGIC AREA OUTCOMES AND OUTPUTS

5.2.1 OVERARCHING GOAL

The overarching goal of FUM over the next five years is to contribute towards agricultural transformation to achieve inclusive economic growth.

5.2.2 KEY STRATEGIC AREAS (KSA)

To align and effectively contribute to this overarching Goal, FUM will therefore focus and invest in the following Key Strategic Areas for the next five years:

- KSA1.** Contribute to improved evidence-based and predictable agricultural policy environment
- KSA2.** Access to agribusiness and marketing services by FUM paid-up members increased
- KSA3.** Climate smart agricultural practices enhanced
- KSA4.** Women and youth economically and socially empowered
- KSA5.** FUM institutional capacity strengthened

Investing in the above will ensure FUM members become actively involved in agriculture transformation and inclusive economic growth agenda being pursued by government. The Strategic Areas, their outcomes and attendant outputs, are set below.

STRATEGIC AREA #1:

CONTRIBUTE TO IMPROVED EVIDENCE-BASED AND PREDICTABLE AGRICULTURAL POLICY ENVIRONMENT

Rationale: Government's agricultural policies have usually not been evidenced-based and no wonder there have been a lot of inconsistencies and reversals in the implementation of agriculture policies over the years. Unpredictable policies and the export bans have usually been blamed for scaring away potential investors in this sector.

Traders and producers complain that government and its parastatals, ADMARC and NFRA, do not timely share vital information regarding the maize market. Government is the major buyer of maize, especially for the Strategic Grain Reserve (SGR) and commercial maize (ADMARC). Sharing real time information is vital in guiding production and business decisions by the producers and the traders. Transparency on the market and policy predictability is crucial in order to attract investments.

Leveraging on its good working relationship with the Ministries of Agriculture and Trade and Industry, FUM will increase its lobbying and advocacy to push for more evidenced-based agricultural policies, implemented with consistency and more predictability in order to give confidence and

attract credible investors in the agricultural sector.

There are a number of areas FUM needs to prioritise as it supports policy formulation and these are: land reforms and productivity, commercialized agriculture, improved agriculture support services (input & output markets (Cooperative Act, Regulatory Goods Act, Trade Policy), access to finance, research, extension, seed systems, irrigation), improved FUM organizational capacity for research and advocacy, taxation, ICT, national budget – allocation and expenditures, Agriculture & Trade Policies, Fiscal and Monetary policy, SPS, NTBA, and Core Functional Analysis of the Ministry of Agriculture, Irrigation and Water Development.

To achieve this, FUM will need to first strengthen its own research capacity, invest in staff to sharpen skills in policy analysis, advocacy and lobbying and also strengthen links with other research institutions such as IFPRI, CGIAR and public universities (Lilongwe University for Agriculture and Natural Resources and Chancellor College) to generate more credible data. The outcomes and key outputs pertaining to Strategic Area # 1 are presented in Table 1.



Table 1: Outcomes, Outputs and Assumptions related to Key Strategic Area # 1

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
1.0 Contribute to improved evidence-based and predictable agricultural policy environment	No. of agricultural policies that are evidenced based and consistently implemented.	Government commitment to inclusive and consistent policy formulation and implementation process
1.1 FUM capacity to engage Government, donors and other non-state actors in policy processes and advocacy is strengthened	Broadened membership base of FUM FUM representation and influence in strategic policy forums FUM staff and FUM leadership conversant with agriculture related policies, policy formulation and influencing Strong policy research and advocacy unit	
1.1.1 Knowledge and skills of FUM staff and leadership to effectively engage Government, donors and other non-state actors in policy processes and advocacy strengthened	No. of FUM staff and FUM leadership trained on policy processes and advocacy No. of FUM commissioned studies that translate into policy briefs on key identified policy issues (e.g. agriculture trade, land, export processing zones, agriculture laws, taxation) No. of strategic policy engagements by FUM staff and FUM leadership at local and international forums	
1.1.2 Capacity of DFU leaders to advocate on agriculture development issues developed and strengthened	No. of DFU members trained on policy advocacy No. of policy issues channelled to appropriate authorities by DFUs	
1.1.3 DFU participation at District level policy forums (Area Stakeholder Panels, District Stakeholder Panels) strengthened	No. of policy forums conducted at district levels No. of DFU members attending district level policy forums	
1.1.4 DFU representation in the district council and area level development structures formalised	No. of DFUs having a seat on relevant district council structures such as DEC, AEC	
1.1.5 FUM membership communication and/or consultation system improved	No. of communication channels developed – electronic, print, face to face No. of FUM members accessing information through the communication system	
1.2 Partnerships with Non State Actors for effective policy dialogue strengthened	Number of joint effective policy dialogues	
1.2.1 Knowledge and skills of FUM and NSA to generate evidence for policy engagement increased	Number of NSAs trained in evidence generation for policy engagement	
1.2.2 Knowledge and skills of FUM and NSA to effectively engage in policy dialogue enhanced	Number of NSAs trained in policy advocacy Number of policy engagement forums organised by FUM and NSA No. of high level policy forums attended by FUM and other NSA	
1.2.3 Ability of FUM and NSA consensus building on key policy issues for advocacy enhanced	Number of key policy issues for advocacy jointly identified	

STRATEGIC AREA #2:

ACCESS TO AGRIBUSINESS AND MARKETING SERVICES BY FUM PAID-UP MEMBERS INCREASED

Rationale: Investing in agricultural commercialization and promotion of competitive structured markets are some of the key interventions that need to be prioritised in order to achieve agricultural transformation-increased land and labour productivity and diversifying the food and export base. For commercialisation to be realised, government will need to invest and facilitate the following: formulate policies and promote stable macro-economic environment to attract investments in the sector; financial lending institutions to provide competitively priced credit/loans; facilitate establishment of structured markets; and, facilitate development of farmer organisations.

Capacity of FUM paid-up membership that is equipped and can be trusted to take advantage of available services such as affordable credit facilities; access to lucrative structured markets; take advantage of extension and other modern technologies; is critical to the overall performance of the farmers in this sector.

To achieve this FUM will among other things focus on development of farmer organisations; ensure farmers embrace collecting marketing strategies (bulking of commodities) to reduce transaction costs and operate at economies of scale; promote value adding to ensure farmers become credible players in the value chain; advocate and lobby on establishment of competitive structured markets and also, invest in warehouses to reduce costs of participating in the structured markets—such as exchange commodity platform; In line with the National Export Strategy, there is a need to support farmers with services that will enable them to respond effectively to growing demand for export

of certain types of agricultural products (e.g. soya, groundnuts, pigeon peas, sugar). In this regard, there is a need for the creation of Rural Farmer Service Centres closer to areas of farming activity that can act as a hub for processing, trading and provision of basic business services.

Also, to promote commercialisation, FUM will strengthen involvement and participation of the medium and large scale farmers who are currently not being prioritised and supported.

Farmer involvement can also be strengthened with increased use digital financing such as use of mobile phones, including smart phones and internet access. A number of E-services platforms in areas of E-extension, payment systems, market information systems, GIS mapping/crop monitoring, input supply control, quality control (e.g. genuine seeds) have been developed within the region. These developments have the potential to support major gains in efficiency within the Malawi agriculture sector but implementation is done piecemeal.

Commercialisation will only be a dream in this country without secure land tenure systems and making available land for big investments. This will need to embrace smallholders who might be the owners of land through anchor farming models, contract farming and contract marketing arrangements. FUM will advocate and lobby for relevant policies to promote secure environment for investment by both foreign and local investors.

The major outcomes and outputs related to Strategic Area# 2 are presented in Table 2



Table 2: Outcomes, Outputs, and Assumptions related to Key Strategic Area # 2

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
2.0 Access to agribusiness and marketing services by FUM paid-up members increased	No. of FUM members paid-up by type accessing key services to support businesses operation sustainably	Favourable macroeconomic environment
2.1 FUM members' position to access farm business, agribusiness and marketing services through development and scale-up of farmer organisations improved	No. of new farmer organisations established No. of farmers registered in farmer organisations	
2.1.1 FUM members' access to competitively priced-finance enhanced	No. of FO members accessing agricultural and business loans Volume of agriculture loan portfolio by type of farmer No of FUM members trained in financial literacy	
2.1.2 Rural Farmers Services Centres established and functional	No. of service centres constructed No. of service centres functional No. and type of services offered by service centres Quality of services offered by service centres	
2.1.3 Access to ICT based market information and services by FO members and other stakeholders increased	No. of FO members accessing market information through ICT system Quality of market information received through ICT system	
2.1.4 Organised farmers trading through structured markets increased	No. of FUM farmers by type trading through the commodity exchange platforms No of FUM commodity groups/coops engaged in collective marketing Volume of trade by FUM members through structured markets No. of FUM farmers engaged in contract farming/IPS for tobacco No of FUM members engaged in anchor farming model	
2.1.5 Maize market and Strategic Grain Reserve governance improved	% increase in humanitarian and Admarc commercial maize purchased through the commodity exchange Number of inclusive forums for information sharing on maize market and SGR governance	

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
2.2 Organizational and technical capacity of farmer organizations enterprises strengthened	<p>Number of farmer organizations with strong governance and business management capacity</p> <p>Volume and value of business by farmer organizations enterprises</p> <p>Number of agriculture farmer organizations adopting modern technology</p> <p>Number of farmer organizations with diversified commodity and income base</p>	<p>Favourable rainfall weather</p> <p>Favourable macroeconomic environment</p>
2.2.1 Governance and business management systems of farmer organisations strengthened	<p>Number of farmer organisations conducting governance and management meetings regularly</p> <p>Number of farmer organisations commissioning independent annual financial audits</p> <p>Number of farmer organisations with strategic and business operational plans</p> <p>Number of farmer organisations enterprise business/strategic partnerships</p>	
2.2.2 Production and productivity by farmer organisations members increased	Yield and volumes of targeted commodities	
2.2.3 Agribusiness advisory services delivered to FOs improved	<p>Frequency of Extension Worker contacts with FOs</p> <p>Extension agent/farmer organisations member ratio</p> <p>Number and type of member services offered to farmer organisations members</p> <p>No. of FO members participating in agricultural extension and agribusiness activities</p>	
2.2.4 Land tenure of FO members secured	<p>No. of farmers with leased (registered, certified and titled) land</p> <p>Ha of leased land per FO</p>	
2.2.5 Irrigated crop land by FUM members increased	<p>FUM strategy paper for promoting irrigation produced</p> <p>No. of FO members involved in irrigation farming</p> <p>Ha of irrigated land by medium and large scale farmers</p> <p>No and type of crops grown by medium and large scale farmers participating in irrigation</p> <p>Volume of irrigated crops produced by medium and large scale farmers</p> <p>Value of irrigated crops realised</p>	

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
2.2.6 Adoption of improved farm inputs by FUM members increased	<p>No. of FO members using improved crop seeds, improved livestock breeds and fish stocks</p> <p>Number of FUM members using fertiliser</p> <p>Volume of improved seeds used by FUM members</p>	
2.2.7 FO members' access to farm machinery increased	<p>No. of FO members owning cultivation and processing machinery (ox-drawn & tractor implements, agro-processing machines)</p> <p>No. of FOs acquiring (purchased or hired) farm machinery for use by their members</p>	
2.3 FO members' capacity to add value to farm produce increased	<p>Volume of agro-processed products per FO</p> <p>Market value of FOs' agro-processed products</p>	
2.3.1 Commodities with market potential for viable value addition identified	No. of commodities targeted for intervention	
2.3.2 Technical and business capacity for farmers engaged in value addition strengthened	<p>No. of farmer organisations involved in value addition</p> <p>Skills and knowledge level of farmers in value addition</p> <p>Number and type of improved technology adopted for value addition</p>	
2.3.3 Market linkages for farmer agro-processed products developed and strengthened	Number of buyers of farmer agro-processed products	

STRATEGIC AREA #3:

STRATEGIC AREA NO. THREE: CLIMATE SMART AGRICULTURAL PRACTICES ENHANCED

Rationale: Increasing climate variability and change, rapid deforestation and land degradation (soil erosion and soil mining) is negatively impacting on agricultural productivity and production. The large majority of the population (85%) lives in rural areas and is reliant on rain-fed agriculture for their livelihood. This makes the population and the economy very susceptible to these variable weather patterns and climate change.

Frequency of changes in weather in recent years has resulted into dry spells, droughts, floods, shorter seasons, or hailstorms. These have further led to poor crop yields and loss of livelihoods and lives. Farmers who depend on rain-fed farming are the worst affected. Irrigation farmers have equally been affected by inadequate water due to siltation of rivers and dried up water reservoirs. Wanton cutting of trees, poor agricultural practices as well as pressure on land due to human settlements are some of the factors causing land degradation. Over-reliance on rain-fed agriculture and resulting vulnerability is an annual cycle of food insecurity and humanitarian crises. Over recent years there has been an increasing trend in the number of food insecure people (from an annual average of 350,000 over 2007-2011 to more than 2.8 million in 2016).

The economic costs of climate variability and extremes in Malawi have been estimated in excess

of two per cent of GDP each year on average and much higher in extreme years. The 2015 floods alone caused damage and loss estimated at US\$335 million (5 per cent of GDP) and periodic droughts have had similar impacts historically. These shocks particularly affect the poorest and most vulnerable people. Future climate change will exacerbate these costs and create new risks, with the future economic costs being estimated as an additional two per cent of GDP by 2030 and rising thereafter.

It is well known that sustainable agricultural practices can contribute to both mitigation of climate change and enhancement of resilience of farming systems to its effects. During the course of implementation of this SP, FUM will facilitate climate change adaptation and mitigation among its members through promotion of sustainable agriculture such as conservation agriculture (CA), use of drought tolerant crops and varieties, soil and water conservation, irrigation and water harvesting techniques, promotion of agro-forestry, afforestation (including community woodlots), sustainable utilization of forestry and forestry products. Promotion of both crop macro (Government led) and micro-weather insurance will also be an area that needs to be promoted and emphasised

The major outcomes and outputs related to Strategic Area #3 are presented in Table 3



Table 3: Outcomes, Outputs, and Assumptions pertaining to Key Strategic Area #3

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
2.0 Climate smart agricultural practices enhanced	Sustained agriculture growth (annual agricultural growth rate) % increased in household asset base of FUM members (asset base index)	Farmers are receptive to appropriate technologies
2.1 Resilience of farmers to climate change related shocks increased	Number of hectares of land under modern technologies that enhance resilience to climate shocks (irrigation, conservation agriculture, drought tolerant varieties/crops) No. of FUM members adopted diversified farming as a climate change adaptation measure Number of FUM members with sustained food availability all year round	
2.1.1 FUM climate change adaptation and mitigation strategy developed	Climate change adaptation and mitigation strategy developed	
2.1.2 Climate change adaptation and mitigation measures implemented	Climate Change adaptation and mitigation strategies and interventions adopted at all levels	
2.1.3 Adoption of climate smart agriculture increased	No. of FUM members trained in Climate Smart Agriculture No. of FUM members trained in Good Agricultural Practices No. of FUM members adopting diversified and integrated farming systems as a Climate Change adaptation measure No. of FUM members using drought tolerant crops and varieties No. of FUM members adopting Good Agricultural Practices Quality of produce sold by FUM FO members	
2.2 Sustainable use and management of land and water resources enhanced	% increase in catchment and river bank management	
2.2.1 Investment in irrigation and water harvesting technologies increased	% increase in irrigation investment in the national budget % increase in water harvesting investment in the national budget Number of water harvesting infrastructure	
2.2.2 Soil and water conservation practices adopted by FO members	No. of FUM members trained on soil and water conservation No. of farmers in FOs adopting soil and water conservation measures	

STRATEGIC AREA #4:

WOMEN AND YOUTH ECONOMICALLY AND SOCIALLY EMPOWERED

Rationale: FUM has made tremendous strides in addressing the issues related to gender inequality. It has developed a Gender Equality and HIV/AIDS Policy, and established a Gender Coordination Unit to be a focal point for its gender mainstreaming activities.

It has also undertaken several activities aimed at empowering both men and women to understand their roles as they relate to farming and its outcomes. Notwithstanding the progress that FUM has made in relation to the gender agenda, challenges still remain. Stakeholder consultations undertaken when developing the Gender and HIV/AIDS Policy indicate that there is limited knowledge and understanding of the gender concept; stereotyped gender attitudes that reinforce the customary practices that deem women as inferior to men despite the contribution they make towards agricultural development; high illiteracy rates among both female and male farmers; limited participation of women farmers in governance and management structures, limited access to and control of agricultural resources, markets, information, improved technology and benefits, limited legal services that would enable farmers preserve their rights. There is also awareness of the

devastating impact of AIDS related diseases and deaths on the farming community. A number of strategies will be implemented to ensure sustained productivity among farmers, in a manner that ensures women empowerment.

In line with the National Youth Policy of 2013, FUM recognises that the youth are energetic, adventurous, industrious, strong, healthy, and willing to learn. Although, they are an important human resource, their full potential is under-realized, under-utilized, and sometimes misdirected. Often youth are left out of policy formulation processes and have limited access to finance. This is the case even for university agricultural graduates who could have been encouraged to take up farming as a career or business. It is now widely accepted that the well-being and contributions of young women and men are a major determinant of the current and future development of any nation. It is also acknowledged that most of the youth live in the rural areas where FUM can harness and tap on their latent energy. To this end, FUM has developed interventions that will maximise the involvement of the youth.

The outcomes and outputs for the Strategic Area # 4 are presented in Table 4

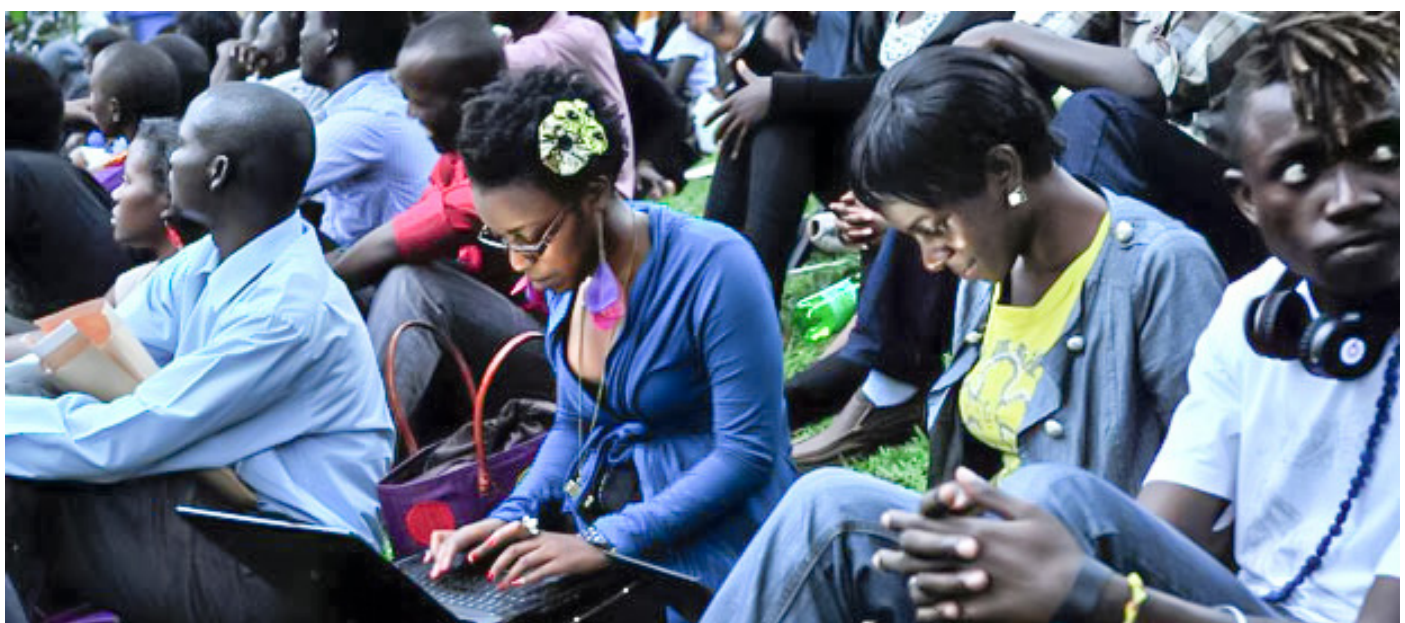


Table 4: Outcomes, Outputs, and Assumptions pertaining to Key Strategic Area #4

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
2.0 Women and youth economically and socially empowered	% increase in asset base for women and youths (asset base index) No. of women and young farmers in leadership positions	Favourable macroeconomic environment
2.1 Access to and control over productive resources and income by women and young farmers increased	% of women and young farmers accessing productive resources and assets % of women farmers with control over productive resources and assets % of women and young farmers making decisions over use of income	Willingness and ability of FO members to challenge the status quo
2.1.1 Access to finance and inputs for women and young farmers improved	No. of women and young farmers in FUM FOs accessing loans % increase of loan acquired by women and young farmers	
2.1.2 Women and young farmers with secure land tenure increased	No. of farmers trained in land property rights % increase of women farmers in FUM owning title to land	
2.1.3 Access to modern labour saving farming technologies by women and young farmers enhanced	No. of women and youth in FUM FOs using modern labour saving farming technologies	
2.1.4 Women's visibility in key decision making structures	% of women in FUM management, governance and other leadership structures	
2.1.5 Functional literacy for women and men improved	Number of women and men participating in functional literacy programmes	
2.2 Access to and consumption of diverse and quality foods by women, men and children increased	Women's Dietary Diversity: Mean number of food groups consumed by women of reproductive age Prevalence of children 6-23 months receiving a minimum acceptable diet (%)	
2.2.1 Women participation in nutrition programmes increased	No. of women trained in community nutrition and dietary diversity	
2.2.2 HIV and AIDS impact mitigation enhanced	Number of farming families with nutrition gardens Number of farmers trained in HIV and AIDS mainstreaming	

STRATEGIC AREA #5:

FUM INSTITUTIONAL CAPACITY STRENGTHENED

Rationale: FUM recognises the need and importance of further strengthening its institutional capacity to enable it effectively facilitate implementation of this strategic plan. This entails continued capacity building of FUM structures and systems at all levels including the FUM Council, FUM Board, District Farmers Unions, and FUM Management and Staff. DFUs are the primary conduit enabling FUM to provide farmers with tangible services. Work over the past years have shown that DFUs have the potential to provide important services to farmers, however a substantial proportion of DFUs still require further development in the areas of governance, business and management to build and manage successful businesses that would upgrade the operations of the DFUs.

DFUs require to engage highly professional staff with requisite skills and competencies to effectively provide the necessary managerial and technical support. Some of the critical areas that require support include DFU institutional assessment and subsequent development of strategic and business plans to guide the DFUs in their medium to long-term business operations towards sustainability. FUM also needs to further facilitate establishment and development of DFU offices in districts where farmers do not have an operational base.

FUM will also endeavour to strengthen its accountability systems to ensure that FUM operations integrate learning and invest in continual improvement in its delivery of services.

The Union will therefore strengthen its Monitoring and Evaluation System and improve on its current Organisational Assessment and Results Assessment Processes that it has been implementing during the last Strategic Plan period to ensure that results from these assessment feed influence service delivery. The Union will strive to be inclusive in its delivery mechanism and invest in levers of change at the DFU level in order to achieve greater results

that demonstrate value for money. Investment in information, communication and technology will be key to achieving collective action in the Union and take advantage of existing and potential business opportunities. FUM will build on its current Communication Platform to disseminate technical and business information to the Union's membership and invest in other mobile and electronic business solutions that can reduce transaction costs for members such as use of VISA cards, e-wallet, mobile money and e-extension.

In order for FUM to function independently and champion its members' agenda it needs to attain some level of financial sustainability at least in the medium to long term. To achieve this, FUM will need to prioritise diversifying its sources of funding beyond donor financing as is currently the case in a bid to ensure FUM's ability to control its own future where donor contributions proportional to the FUM budget reduce over time. FUM will therefore strive to mobilise own financial resources through development of sustainable business ventures as a service sector to its members. This will ensure that services provided to FUM members are sustainable in the long-term.

FUM will work to improve its financial accountability and management to ensure prudence in financial management in order to achieve high efficiency in resource use and utilize donor financing to kick start strategic business operations of the Union based on sustainable business principles. Strategic business partnerships with public and private sector will be strengthened in order to achieve scale of impact of FUM's work. The Union will work to build self reliance at District Farmers Union level through broadening its membership base to include smallholder, medium and large scale farmers and support collective action and development of member services that are based on local resource mobilisation from the membership. The outcomes and outputs for the Strategic Area 5 are presented in Table 5 below.

Table 5: Outcomes, Outputs, and Assumptions pertaining to Key Strategic Area #5

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
5 FUM institutional capacity strengthened	Quality of services delivered to its members	Willingness of members to accept increased subscription fees No political influence in the governance and management of the Union
5.1 Organizational and technical capacity of DFUs strengthened	% of DFUs with capacity to offer quality services to their FOs or members	
5.1.1 DFUs established and functional in targeted districts	No. of new DFUs established No. of DFUs with optimal staff compliment	
5.1.2 DFU leadership and management trained in governance and management	No. of DFU leaders and staff trained Number of DFUs trained in study circle approach Number of study circle groups mobilised and trained	
5.1.3 DFU operating systems developed and functional	No. of DFUs with functional operating systems	
5.1.4 DFU infrastructure developed and functional	No. of DFUs with optimal capital assets and supplies. No. of DFUs with produce aggregation centres or warehousing facilities used by their members No. of DFUs with a functional Farmer Service Centre	
5.2 Capacity of FUM governance and management structures and systems strengthened	Evidence of constitutionally mandated meetings Existence of strategic and operational plans Evidence of constitutionally mandated leaders at all levels Evidence of independent audit Existence of comprehensive organisational policies and Board Charter	
Capacity of FUM Board, staff, DFU leaders strengthened	No. of capacity building sessions on various aspects of governance and management conducted for Board of Directors, Management, and DFUs leaders Number of constitutionally mandated meetings	
5.2.2 FUM Head Office infrastructure developed and functional	FUM Head Office multi-purpose office complex built for sustainability	

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
5.2.3 FUM financial and administration systems enhanced	<p>FUM Master Budget</p> <p>Staff development strategy</p> <p>Quarterly reports for FUM Board</p> <p>Number of financial accounting and management trainings for staff</p> <p>Organisational audit report</p> <p>Financial reviews</p>	
5.2.4 FUM information, Communication and technology capacity enhanced	<p>Communication strategy and policy guidelines</p> <p>Number and type of partnerships</p> <p>Number of farmers benefiting from E-extension, VISA, and mobile payment solutions</p>	
5.2.5 Corporate Social Responsibility Policy developed and implemented	<p>Corporate social responsibility policy in place</p> <p>No. of FUM staff, Board members and DFU leaders oriented to corporate social responsibility policy</p> <p>No. of projects implemented by FUM as its corporate social responsibility</p>	
5.3 Capacity of FUM in programme development, implementation and accountability for results improved	<p>Programme development, implementation, monitoring and evaluation strategy</p> <p>Agricultural cooperative development strategy</p>	
5.3.1 Staff capabilities developed and aligned with programme development priorities	<p>Number of staff trained in programme development</p> <p>Number of staff trained in cooperative development</p> <p>Number of project proposals developed and funded</p>	
5.3.2 Programme delivery through study circle approach enhanced	<p>Number and type of study materials developed</p> <p>Number of staff trained in study circle approach</p>	
5.3.3 FUM monitoring and evaluation systems and framework enhanced	<p>Existence of FUM M&E framework</p> <p>Annual work plans and reports</p> <p>Organisational assessments</p> <p>Results assessments</p> <p>Mid-term/End term evaluation</p> <p>No. of relevant M&E reports generated (baseline survey report, programme reports, evaluation reports, and other assessment reports)</p> <p>Availability of a functional institutional database</p> <p>Number of staff trained in M&E</p>	

STRATEGIC AREA/OUTCOMES/OUTPUTS	INDICATORS	ASSUMPTIONS
Outcome 5.4: Improved financial sustainability of FUM	<p>Increase in FUM's own financing as % of FUM's institutional budget</p> <p>% increase in core staff financed by FUM's own resources</p> <p>% increase in FUM's funds financing recurring costs and core FUM activities</p> <p>Reduced contributions to start up and support costs for a DFU office</p>	
5.4.1 Financial portfolio for FUM increased and diversified	<p>% increase in revenue and asset base</p> <p>% increase in internally generated revenue</p> <p>Number of strategic business partnerships with private sector</p> <p>Volume and value of FUM assets</p> <p>Number of donors supporting FUM</p>	
5.4.2 Strategic and business partnerships with private sector, multilateral and bilateral development partners and government	<p>No. of formalised partnership arrangements with other institutions</p> <p>List of benefits accrued from partnership arrangements</p>	
5.4.3 FUM income diversified	<p>No. of FUM's internal sources of revenue</p> <p>Size of total annual grants</p> <p>Amount of revenue generated from FUM's internal sources (membership fees, hiring out of assets, levies)</p> <p>No. of business and project proposals funded</p>	
5.4.4 Capacity of DFUs to generate own resources enhanced	<p>Increase in DFUs own income to support core staff and core programmes</p>	
5.4.5 Capacity of FUM in programme coordination and cost effective resources management	<p>Number of services outsourced</p> <p>Volume of resources saved through cost effective resource management</p> <p>Delivery mechanism that reflects efficiency</p> <p>Deliberate systems and policies that guide prudent resource management (stores and inventory management, printing, need based procurement, fleet management/fuel/vehicle tracking/phone/ internet)</p>	

6. KEY SUCCESS FACTORS

Factors considered key to the successful implementation of the SP are set out below.

- (i) Sustained commitment to respect agreed policy positions by Government.
- (ii) Increased acceptance of the role of FUM by all key stakeholders.
- (iii) Collaboration and forming strategic alliances with key stakeholders on matters of mutual concern.
- (iv) Sustained donor commitment for the life of this Strategic Plan.
- (v) Adequate resources to implement priority activities as set out in this Strategic Plan.
- (vi) Retention of key and competent staff

7. IMPLEMENTATION, MONITORING & EVALUATION

7.1 IMPLEMENTATION

To facilitate implementation of the Strategic Plan, a number of activities will be undertaken to raise its visibility, which will include an official launch and development of a clear communication strategy for the plan.

The Executive Management Team through the directorates shall take a lead in implementation of the strategies outlined in this Strategic Plan. Each Directorate is expected to develop annual work plans to facilitate implementation of the Strategic Plan with reference to the Programme Plan. The Annual Work plans shall form the basis for development of FUM's Annual Budgets.

A financing strategy for the Strategic Plan has been developed clearly indicating the annual financial requirements and financing arrangements.

7.2 MONITORING AND EVALUATION

The Programme Plan and Logical Framework Analysis that have been developed to roll out this SP will provide a framework for planning, monitoring and evaluation. FUM with the leadership of the Board and the Executive Management Team will be carrying out annual strategic planning and review meetings.

On a monthly basis, Directorate Heads shall submit Reports to the Chief Executive Officer for discussion at Executive Management meetings. The Chief Executive Officer shall prepare a consolidated Quarterly Report for submission to the Board of Directors outlining progress on implementation of the Strategic Plan.

Implementation of the Strategic Plan will be subjected to mid-term and end of term evaluation to be undertaken by an independent evaluator.



8. SWOT ANALYSIS

A SWOT analysis was conducted in order to understand the strengths, weaknesses, opportunities and threats that FUM has and could have a significant bearing to its performance in undertaking this SP. The SWOT analysis is based on the evaluation of the 2011–2015 Strategic Plan and analysis of the current situation that FUM finds itself in.

8.1. STRENGTHS

- (i) Skilled and committed staff with effective Board oversight that is able to take the organization forward on its development patch.
- (ii) FUM has a large and diverse membership.
- (iii) FUM's basic structure of DFUs and member FO network operating in every district in Malawi, has the potential to play a major role in agricultural development both in terms of service delivery as well as positively influencing policy and regulatory environment.
- (iv) Financial systems are of high standard.
- (v) FUM has high levels of GoM and donor confidence.
- (vi) FUM has proven resource mobilization capacity.

8.2. WEAKNESSES

- (i) FUM's Monitoring and Evaluation systems require upgrading.
- (ii) The organization is highly donor dependant.
- (iii) FUM's system of charging membership fees/services levies is weak.

- (iv) DFUs structures require major strengthening in terms of leadership development and ability to facilitate tangible delivery of member services.
- (v) Major demand from small-scale farmers for tangible agribusiness services to be provided through FUM structures (DFUs and FOs) is not being met.

8.3. OPPORTUNITIES

- (i) FUM has good GoM support as the umbrella body representing farmers in the country. This is confirmed by FUM roles/recognition in the G7 Alliance on Food and Nutrition Security, technical working groups and sector working groups under ASWAp.
- (ii) Trade and ASWAP structures provide opportunities for improved policy and regulatory environment.
- (iii) Donor appreciation of FUM's role in supporting agricultural development in the country.
- (iv) There is growing demand/investment by the private sector in crops/commodities like soya, groundnuts, pigeon peas, sugar, dairy.
- (v) Some donors (e.g. USAID through their Feed the Future program), are targeting crops like groundnuts and soybeans, which creates opportunities for the development of specific commodity development plans.
- (vi) There is GoM and donor support for diversification from tobacco and linked to this support for commercial

farming development.

- (vii) There is increased donor interest to use non-state structures for agricultural development program implementation.
- (viii) Increased access of mobile phone/smart phones/internet provides potential for E-services development (marketing, E-extension, payment systems, crop monitoring, etc.).
- (ix) Based on lessons learned from the past 5 years, there is major scope for DFU development in the following areas: (a)DFU leadership development; (b) Recognition that different farmer categories require specific services; (c) Marketing and Warehouse Receipt System (WRS) access/input supply/access to finance/productivity training; (d) Demand driven cooperative development; (e)Targeted projects; and (f) Implementation of projects at district level.
- (x) The land act provides opportunities for (emergent commercial) farmers to secure land tenure, acquire land on title deed and unlock access to finance.
- (xi) The establishment of rural agricultural service centres (based on the successful Zambia ASC model), can improve private sector service delivery to rural farmers also creating core income for FUM.
- (xii) At District level, FUM structures (DFUs) have the potential to advocate for improved local policy issues.
- (xiii) FUM can facilitate the development of policies, legislation and regulatory development for market led agricultural development.

- (xiv) There is potential for women to have increased participation in agricultural programmes and to gain increased access and control of agricultural incomes.

8.4. THREATS

- (i) Farmers (apart from tobacco farmers), are generally not able to access credit, making it difficult for them to increase productivity.
- (ii) Climate change, de-forestation and land degradation are a major threat to the country's development and ability to reduce poverty levels.
- (iii) A number of GoM policies (e.g. export restrictions) are disruptive to Malawi's agricultural development.
- (iv) The current business development operating environment in the country is not conducive for investment.
- (v) Many of FUM's FO members lack capacity in leadership, organisational development, marketing, and entrepreneurship development as well as cooperative development, which makes it difficult to provide relevant services to their farmers.
- (vi) In search of funding, FUM, just like most non-state actors (farmer organisations and civil society) in Malawi, may wonder away from its core mandate.





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