

Strategic Review

FEED THE FUTURE

January 21, 2011

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

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



Malawi Faces a Unique Combination of Challenges

A nation of poor farmers

- 80% smallholder farmers
- 60% rely on subsistence agriculture
- 70% of HHs have less than 1Ha of land
- Over 50% of food supply in one crop (maize)
- High population density (533 per km² in 2008)
- High disease burden

The 2004/2005 drought

Malawi's Hunger Season Threatens Millions

The New York Times
Nov 2, 2005

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

Malawi Plays Highly Visible Leadership Role on Food Security



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

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

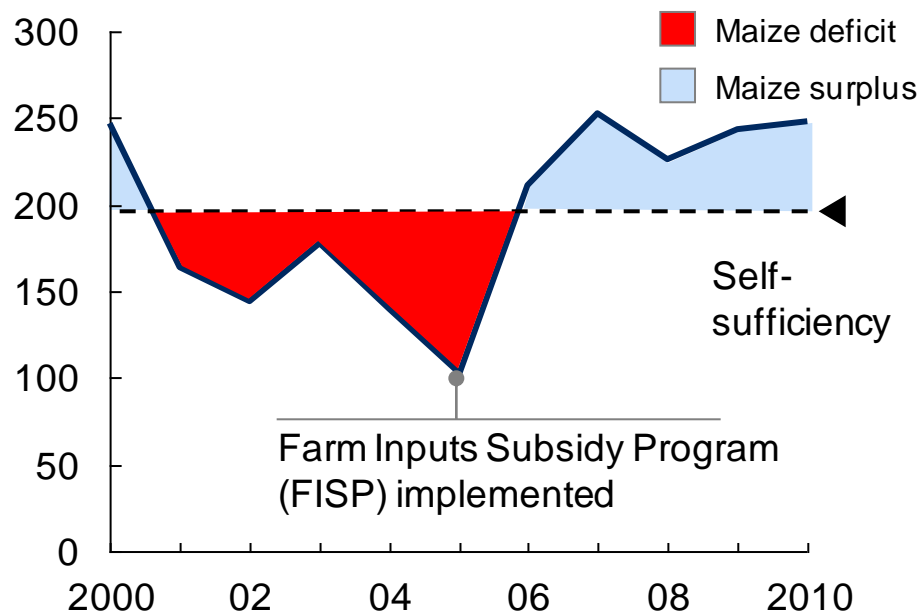
Exceptional Commitment to Agriculture Development = Results

Government commitment

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

Achieved maize self-sufficiency

Per capita maize production, kg, 2000-2010



Reduced poverty

Poverty rate, percent

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

Exceptional Commitment to Reducing Undernutrition = Results

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

Reduced undernutrition

Rate, percent

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

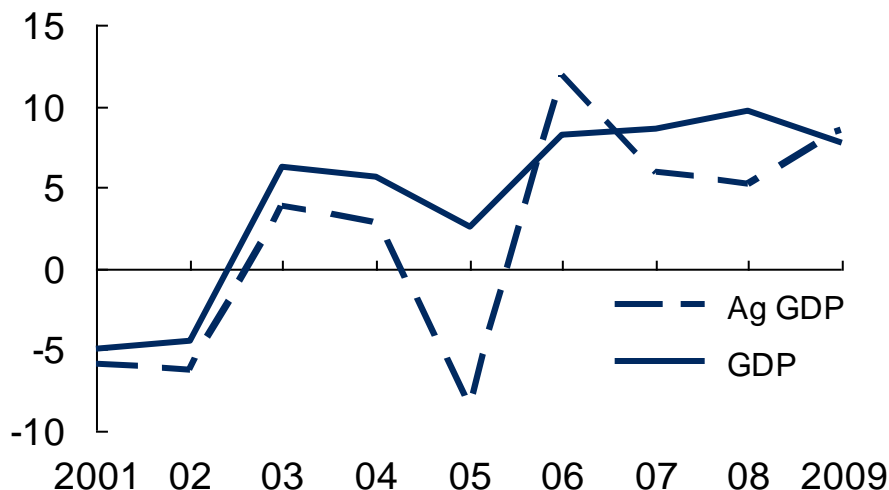
- **Malawi on track to meet MDG 1 nutrition indicator**

Malawi Indicators for Future Success

Macroeconomic indicators

Malawi GDP growth 2001-2009

Source:
World Bank



Other indicators

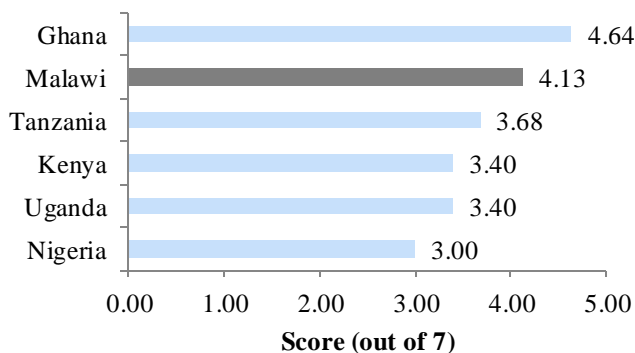
Strong macroeconomic fundamentals—including low inflation and improved debt levels—have resulted in strong economic growth

Governance indicators

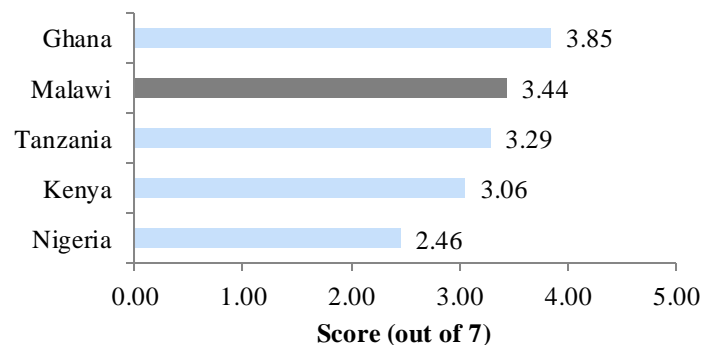
Performance on selected indicators

Source:
Freedom House 2010

Rule of Law



Anticorruption



Risks to Food Security in Malawi

Risks

Contributing factors

Poor nutritional options and behaviors

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

Under developed markets

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

Low agricultural productivity

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

High population density and growth

- Population density is expected to increase to an estimated 1,250 – 1,650 people per km² in 2040 (population itself is expected to triple by 2040) putting further pressure on available resources

Our FTF Strategy Addresses Risks to Food Security

Proposed USAID FTF strategic focus areas

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

**GHI addresses
population density and
growth**

Aligned to Government Priorities and Donor Activities

Fully aligned with GoM priorities

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



Coordinated with other donors

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

Integrated Across US Government Activities

Complementary USAID Investments and History of Coordination

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

Whole of Government Effort

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

Fact Based and Focused Strategic Choices

1

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



Improved nutritional behaviors

2

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



High potential value chains

3

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



Policy engagement

USAID/Malawi Nutrition Strategy is Designed to Leverage Impact

LEVERAGE:

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



IMPACT:

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

Agriculture and Nutrition: Mutual Reinforcement for Impact

National-level efforts

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

Community-based efforts

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

**Jointly implemented
through FtF and GHI**



3-Step Process for Identifying High Impact Value Chains

1

Is there a clear business case?

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

2

Will it provide broad income, gender and nutrition impact ?

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

3





Opportunities for innovation and leveraging resources?

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

High-impact value chains

1 Strongest Business Cases in Legumes and Dairy

 Low
 High

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

2 Broad Impact

Nutrition

Legumes

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

Gender

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

Spill-over effects

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

Dairy

- High protein source
 - Potential target for vitamin fortification
 - Commonly consumed food
 - Source for therapeutic foods for vulnerable populations
-
- 45% of MBG committee members are women
 - Dairy programs are achieving gender equality in division of labor and distribution of assets
-
- Creates additional demand sink for legumes as animal feed
 - Develops national animal health capacity

3 Innovation and Leverage

New models

Legumes

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

Leverage

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

New partners

- New relationships with CG centers
- New private sector aggregators

Dairy

- Financial sector innovator – livestock insurance, access to credit
- Leverage investments from FICA, EU and JICA
- Leverage USDA expertise
- Private sector investors in breeding operations

Geographic Focus to Maximize Impact

Great need

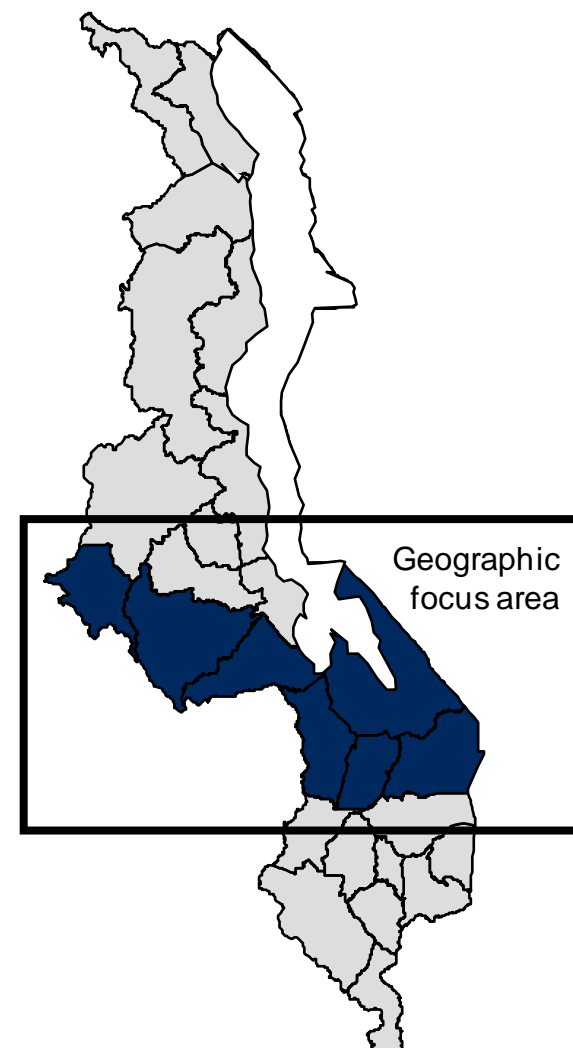
- Builds on numerous health programs
 - Area of highest disease burden
 - Highest rates of undernutrition (15-20+% underweight) and poverty (41-51%)
- Supports GoM crop diversification (e.g., potential replacement for tobacco)

Biggest opportunity

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

Built on other investments

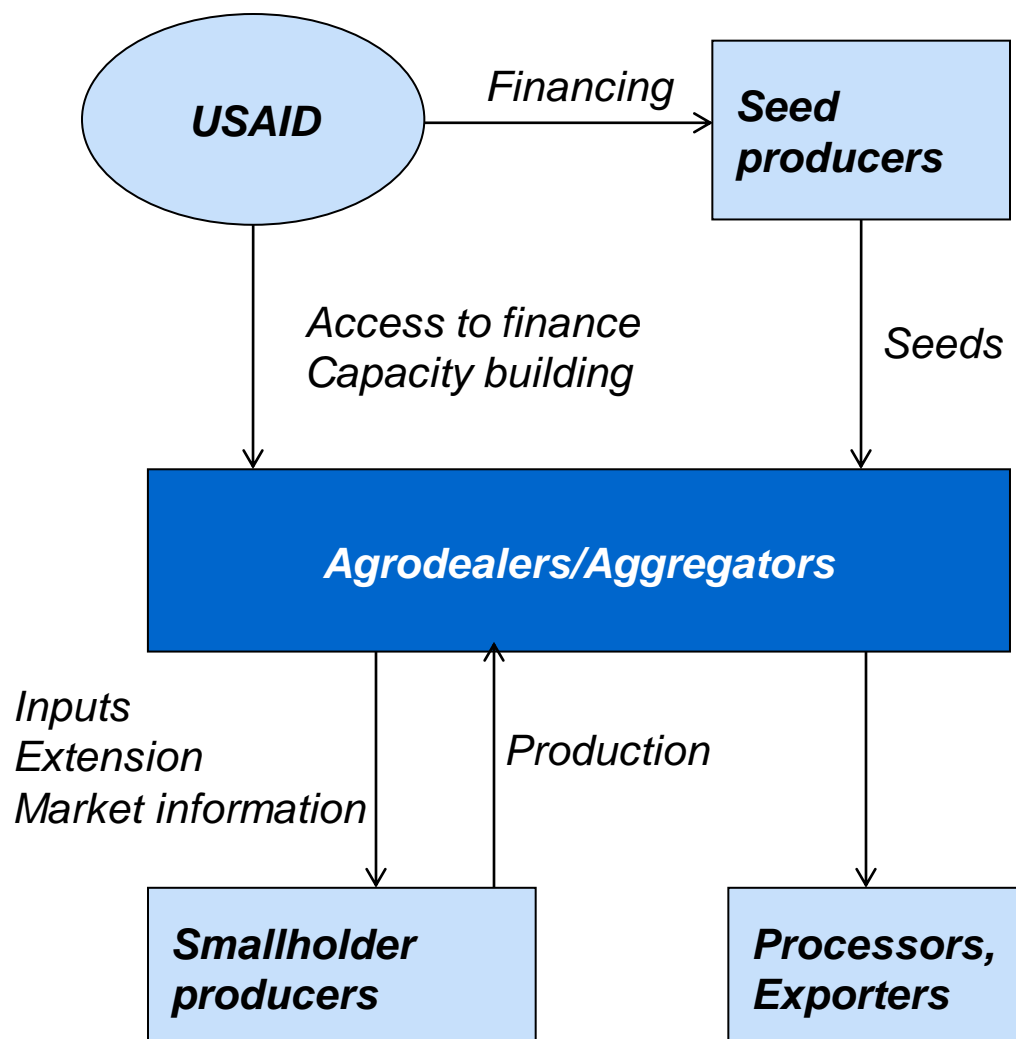
- Area of recently ended I-LIFE Title-II program (e.g., farmers groups, small scale irrigation, care groups, VSL groups)
- Planned investments of other actors
 - MCC multi-donor NRM program
 - Planned NASFAM expansion
 - Greenbelt Initiative



FTF Focus in Legumes

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

Change Agent and Technical Approach



A sustainable model

Benefit to change agent (aggregators)

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

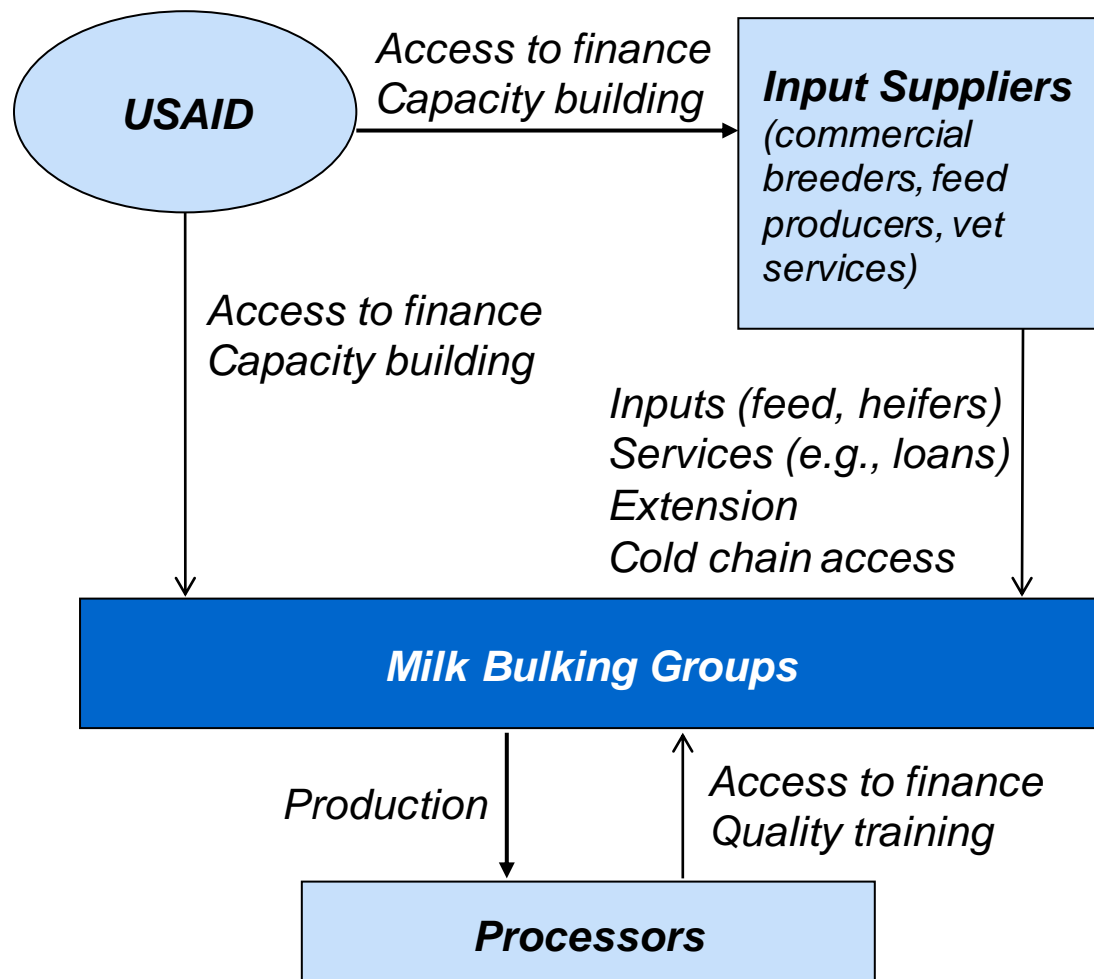
Benefit to smallholders

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

FTF Focus in Dairy

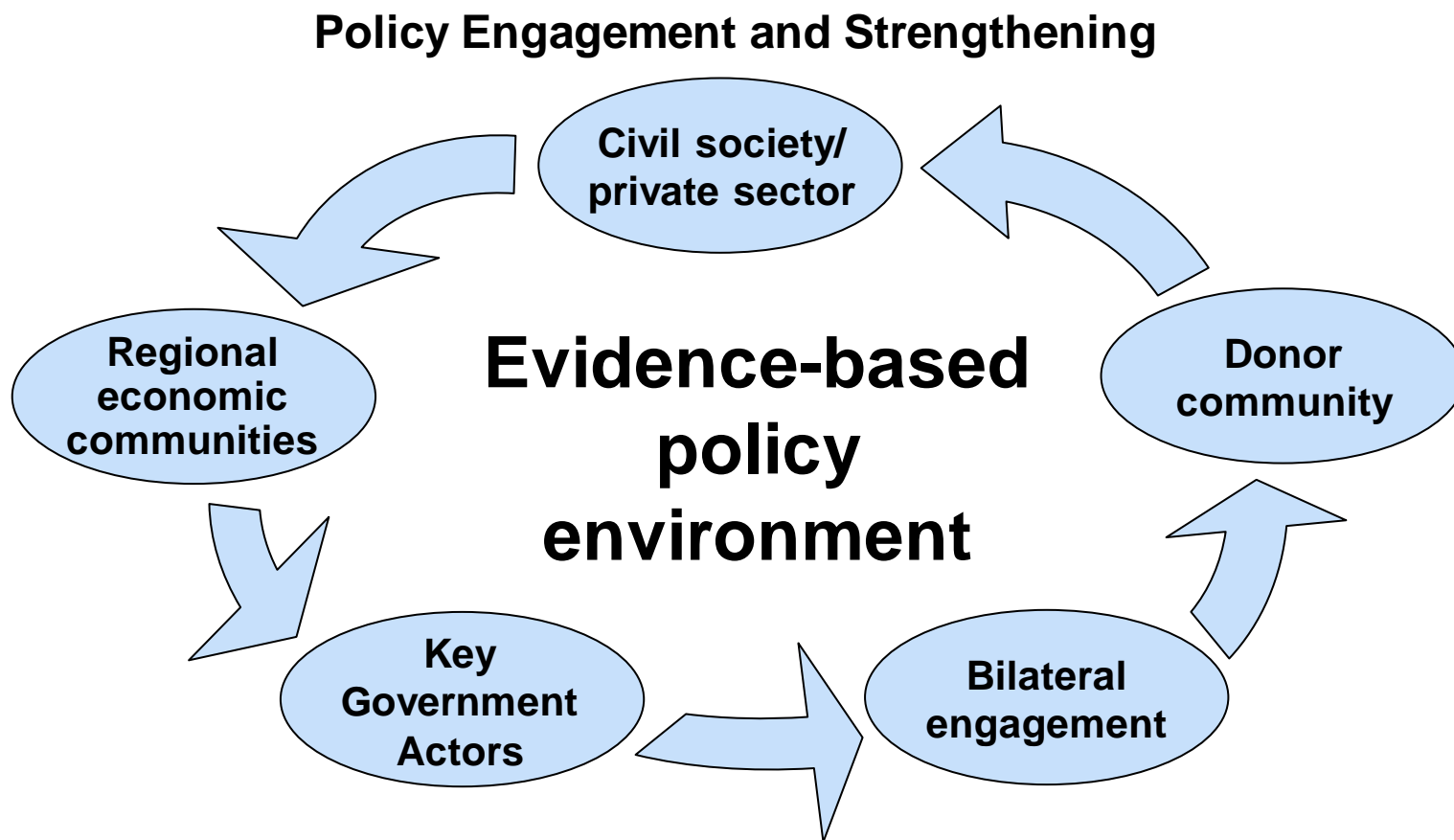
Primary constraints identified	FTF focus	Linked to other efforts
<ul style="list-style-type: none"> ▪ Availability of dairy cows 	<ul style="list-style-type: none"> ▪ Expand breeding programs—continued gender equitable distribution of productive assets 	<ul style="list-style-type: none"> ▪ Expand herd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

Technical Approach and Change Agents



Benefits to smallholders



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



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

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

Policy Strengthening

 Funded by FtF
 Funded by DG office

Activity Focus	FtF interventions	Potential partners
Build private sector, civil society capacity	<ul style="list-style-type: none"> Build capacity to assess policy impacts, develop policy agendas, and influence government—focus on elevating women in policy dialogue 	<ul style="list-style-type: none"> Farmer based organizations (e.g., NASFAM, Farmers' Union) Grain Traders and Processors Association
Increase regional integration	<ul style="list-style-type: none"> Increase Malawi's presence in regional economic communities and other regional bodies 	<ul style="list-style-type: none"> Southern African Trade Hub USAID/East Africa, Southern Africa COMESA/ACTESA
Strengthen donor coordination	<ul style="list-style-type: none"> Continue to strengthen donor coordination mechanisms Develop donor alignment on priority areas for engagement 	<ul style="list-style-type: none"> Donor coordination mechanisms <ul style="list-style-type: none"> – DCAFS – ASWAp-SP – Ministry of Agriculture
Continue bilateral engagement	<ul style="list-style-type: none"> Align USG policy engagement around FTF strategy 	<ul style="list-style-type: none"> State Department MCC USDA
Develop government capacity	<ul style="list-style-type: none"> Engage in on-going policy dialogue and capacity building with key government officials and agencies to increase evidence-based policymaking 	<ul style="list-style-type: none"> Parliament Ministries of Agriculture, Industry and Trade and Development Planning and Cooperation

Impact of Flat-Line or Expanded Budget Scenarios

Flat-line FY10 budget

From...

Expanded Budget

To...

Scope

- Core FTF investments (7 districts)

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

Budget

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

Impact

- Nutrition - TBD
- 278,000 lifted from poverty

- Nutrition - TBD
- 654,000 lifted from poverty

A Comprehensive and Coordinated Approach

NOT EXHAUSTIVE

USAID	USG Partners	Development Partners
<p>Feed the Future (Ag. DA)</p> <ul style="list-style-type: none"> ▪ High potential value chains ▪ Land productivity ▪ Policy engagement <p>Private Sector</p> <ul style="list-style-type: none"> ▪ Financial inclusion <p>Health</p> <ul style="list-style-type: none"> ▪ Maternal and child health ▪ Nutrition ▪ Family planning ▪ Infectious diseases <p>Democracy and Governance</p> <ul style="list-style-type: none"> ▪ Legislative strengthening <p>Environment</p> <ul style="list-style-type: none"> ▪ Biodiversity ▪ Adaptation/Landscapes <p>Education</p> <ul style="list-style-type: none"> ▪ Higher Education Development (HED) for addressing Agro-ecosystems 	<p>Department of State</p> <ul style="list-style-type: none"> ▪ Diplomacy <p>MCC</p> <ul style="list-style-type: none"> ▪ Electric supply ▪ Watershed management <p>USDA</p> <ul style="list-style-type: none"> ▪ Aflatoxin reduction ▪ School feeding programs <p>Peace Corps</p> <ul style="list-style-type: none"> ▪ Health, business, environment <p>African Development Foundation</p> <ul style="list-style-type: none"> ▪ Farmers groups, dairy 	<p>Irish Aid</p> <ul style="list-style-type: none"> ▪ Nutrition, seeds, agro-processing <p>EU</p> <ul style="list-style-type: none"> ▪ Irrigation, diversification <p>World Bank</p> <ul style="list-style-type: none"> ▪ Irrigation and land management <p>JICA</p> <ul style="list-style-type: none"> ▪ Irrigation and land management, livestock <p>Norway</p> <ul style="list-style-type: none"> ▪ Climate change, gender <p>DFID</p> <ul style="list-style-type: none"> ▪ Climate change, seeds <p>AfDB</p> <ul style="list-style-type: none"> ▪ Irrigation, rural infrastructure, institutional development <p>Implementing Partners</p> <ul style="list-style-type: none"> ▪ NGOs, INGOs, Civil Society, Private Sector

Projected Impact

	Focus areas	Goal level indicators (for selected target region)
Geography	1. Southern central region and northern part of southern region (7 districts – population of 4.6 million in 2010; 5.3 M 2015)	<div>Poverty</div> <ul style="list-style-type: none"> ➤ By 2015, lift 278,000 people from poverty <ul style="list-style-type: none"> – From 2 million out of a population of 4.6 million in 2010 – To 2.1 million out of an estimated future population of 5.3 million – From 45% to 39% prevalence
Value chains	1. Ground nuts 2. Soybeans 3. Pigeon peas 4. Dairy	
Interventions	Integrated \$15M/year intervention <ul style="list-style-type: none"> ▪ Nutrition behavior change ▪ Market linkages and seed supply for legumes ▪ Increasing dairy supply ▪ Improved land productivity ▪ Policy engagement 	<div>Nutrition</div> <ul style="list-style-type: none"> ➤ By 2015, reduce number of under-weight children <5 by...[UNDER DISCUSSION]
		Cost per person out of poverty: \$54/yr, \$270 over life of program



Thank you