

Beyond the Market Advancing Agricultural Commercialization in Malawi through the **TRADE** Programme

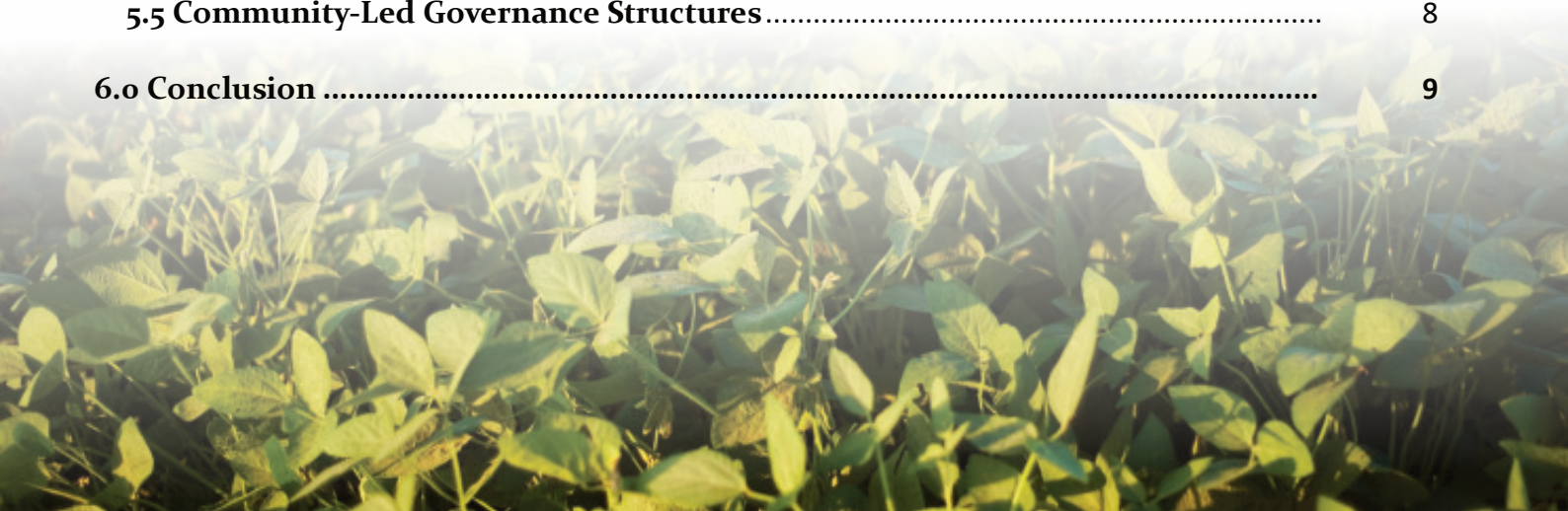


*Transforming Agriculture Through Diversification
& Entrepreneurship (TRADE) Programme*

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1.0 Introduction

Malawi's agricultural sector remains a cornerstone of its socio-economic fabric, employing the majority of the population and contributing substantially to the national gross domestic product (GDP). Despite its significance, the sector continues to grapple with challenges including subsistence-level production, limited market integration, and inadequate infrastructure. In response, the Government of Malawi, in financial partnership with International Fund for Agriculture Development (IFAD) and OPEC fund for International Development (OFID), initiated the Transforming Agriculture through Diversification and Entrepreneurship (TRADE) Programme—a strategic intervention aimed at facilitating rural transformation through structured commercialization and inclusive value chain development. Currently, agriculture still remains the backbone of Malawi's economy, employing over 80% of the population. However, the sector has long been dominated by subsistence farming, limiting its potential to drive inclusive economic growth. Agricultural commercialization that centers at shifting from subsistence to market-oriented production, is now central to Malawi's development agenda, particularly under Malawi Vision 2063 and initiatives like TRADE Programme.

TRADE is a six-year initiative designed to stimulate market-led agricultural development through the following core pillars:

- 🌱 Promotion of targeted commodity value chains, such as groundnuts, soybeans, sunflower, dairy, beef, honey, and Irish potatoes;
- 🌱 Investment in rural infrastructure, encompassing commodity storage facility, feeder roads, bridges, commodity market facilities and potable water systems;
- 🌱 Enhancement of entrepreneurship and market access, particularly for smallholder farmers;
- 🌱 Institutionalization of gender-responsive programming and participatory governance.

Aligned with the aspirations of Malawi 2063 and the National Agriculture Investment Plan (NAIP), TRADE seeks to transform agriculture into a commercially viable and resilient sector.



2.0 Agricultural Commercialisation in Malawi

There have been several flagship donor-funded projects in Malawi, linking smallholder farmers to markets through various arrangements. Projects have been supporting cooperatives with matching grants, infrastructure, and market access. Commercialization has encouraged diversification beyond maize, with increased production of soya, groundnuts, dairy, and horticulture. The government has introduced tax incentives, export financing, and trade facilitation measures to support agripreneurs. Impact has been there, as commercialization has improved household incomes and created non-farm employment, especially for women and youth who are in registered and vibrant cooperatives. Some cooperatives are trying their best to engage with formal markets, processors, and exporters, enhancing value chains and food systems resilience. Mechanization, digital platforms, and climate-smart practices are gaining traction, though unevenly. However, there are some constraints that are still hindering commodity commercialization in Malawi. Some of these challenges are:

- 🎯 Limited access to Finance: Despite having projects that have been trying to enhance access to rural finance, many smallholders struggle to access affordable credit.
- 🎯 Limited access to production inputs such as seeds
- 🎯 Infrastructure Gaps: Poor rural roads, irrigation systems, and storage facilities hinder market access and reduce competitiveness.
- 🎯 Climate Vulnerability: Reliance on rain-fed agriculture and recurrent shocks (e.g., cyclones, droughts) threaten productivity.
- 🎯 Gender and Inclusion Barriers: Women and marginalized groups often face systemic barriers to land, finance, and decision-making



3.0 TRADE Programme Strategic Dimensions to Enhance Commodity Commercialisation




TRADE Programme implementation approach is largely depending on effective and efficient involvement of various stakeholders namely: Development partners, District councils, NGOs, Private sector, FBOs and Value chain actors. The arrangement is helping the Programme to achieve the following strategic dimensions:

3.1 Localized Value Chain Development

The programme applies a district-specific commodity targeting approach, allowing for geographic specialization, improved efficiency, and tailored service delivery. This strategy strengthens agricultural clusters and unlocks economies of scale in production, aggregation, and marketing.

3.2 Infrastructure as an Enabler of Market Access

TRADE's infrastructure investments play a catalytic role in reducing transport costs, minimizing post-harvest losses, and improving rural accessibility to markets. Key infrastructure assets include:

-  Feeder roads and bridges, which connect production zones to market centers;
-  Storage and handling facilities, which mitigate spoilage and strengthen farmers' negotiating power;
-  Irrigation and livestock water points, which enhance productivity and diversify income streams.

3.3 Market System Strengthening

TRADE advances commercialization by facilitating farmer engagement with structured markets through:

- 🎯 Partnerships with private sector players;
- 🎯 Establishment of contractual linkages with processors and aggregators.

Nonetheless, systemic constraints persist, including regulatory fragmentation, high transaction costs, and limited institutional capacity within farmer cooperatives.

3.4 Leveraging Digital Public Infrastructure (DPI)

The integration of Digital Public Infrastructure presents a transformative opportunity to scale TRADE's impact. Key applications include:

- 🎯 Deployment of e-extension platforms to enhance service outreach;
- 🎯 Implementation of market information systems to promote price transparency and informed decision-making;

These digital innovations offer prospects for improved accountability, efficiency, and scalability in commercialization efforts.

3.5 Promoting Gender Equity and Inclusive Development

TRADE incorporates tools such as the Gender Action and Learning System (GALS) to mainstream gender and inclusion throughout programme implementation. Specific strategies encompass:

- 🎯 Capacity-building for youth and women-led producer organizations;
- 🎯 Assurance of equal access to productive assets, financial services, and training
- 🎯 Integration of women, youth and Person with disability (PWD) in leadership positions within FBOs
- 🎯 Integration of gender indicators within monitoring and evaluation frameworks.
- 🎯 Women and youth Specific grants
- 🎯 Youth incubation

This intentional focus on inclusion is critical to preventing the exacerbation of existing inequalities through market-based interventions.





4.0 TRADE's Proposal to Address Policy Incoherencies that Hinder Market Coordination

TRADE Programme is aware that there are situations where different policies across the agriculture sector hinder market coordination, leading to inefficiencies in commodity commercialisation among smallholder farmer. Strategically, TRADE programme plans to address policy incoherencies through the following mechanisms:

4.1 Policy Harmonization and Alignment

- 🎯 Review and align sectoral policies (e.g. agriculture, trade, transport, finance) to ensure they support rather than contradict commercialization goals.
- 🎯 Integrate TRADE's objectives into national frameworks like the National Trade Policy, National Export Strategy (NES), and National Industrial Policy (NIP).
- 🎯 Promote coherence between food security policies and export promotion strategies to avoid conflicting incentives.

4.2 Multi-Stakeholder Coordination Platforms

- 🎯 Establish or strengthen commodity platforms to oversee policy alignment and resolve policy issues.
- 🎯 Facilitate Producer Public Private Partnership (4Ps) dialogues to ensure that market actors, including farmer organizations and agribusinesses, inform policy decisions
- 🎯 Engage local councils and district planning committees to ensure decentralized policies reflect national commercialization priorities.

4.3 Evidence-Based Policy Reform

- 🎯 Conduct diagnostic studies to identify bottlenecks in trade and market coordination (e.g. licensing, standards, taxation).
- 🎯 Use data from TRADE's implementation to inform adaptive policy reforms and promote learning loops.
- 🎯 Leverage tools like the Trade Policy Frameworks for Developing Countries to guide best practices in coherence and implementation.

4.4 Digital Integration for Transparency

- 🎯 Use Digital Public Infrastructure (DPI) to harmonize data systems across agencies (e.g. farmer registries, market prices, trade flows).
- 🎯 Promote interoperability between platforms by using existing digital platforms to reduce fragmentation and improve coordination.

4.5 Capacity Building for Policy Actors

- 🎯 Facilitating training of policymakers and technical staff on coherence principles, trade facilitation, and inclusive market systems.
- 🎯 Support stakeholder engagement to foster accountability and policy literacy.



Youth participation in promoting modern technologies

- Youth are key drivers in promoting modern technologies, as they are often eager to experiment with new innovations and tend to grasp and adopt complex technologies more quickly and effectively.



5.0 Mechanisms to Ensure Sustainability and Local Ownership beyond the TRADE Programme's Lifespan

Sustainability beyond the TRADE Programme's tenure is anchored on several key mechanisms

5.1 Institutional Integration

- 🎯 Promote frequent meetings between stakeholders in the value chain with most smallholder farmers frequent in such meetings. This creates trust between stakeholders and farmers leaders.
- 🎯 Embed TRADE's approaches into existing government structures (e.g. Ministry of Agriculture, Trade, and Local Government).
- 🎯 Align with national development plans and sector strategies to ensure continuity post-programme.
- 🎯 Support the mainstreaming of commercialization principles into district-level planning and budgeting.
- 🎯 Support stakeholders identify policy holding institutions of their value chains i.e. the honey value chain does not know which government department is responsible for promoting its policies.

5.2 Capacity Strengthening

- 🎯 Build technical and managerial capacity of local institutions, farmer organizations, and cooperatives.
- 🎯 Train extension agents and district staff to sustain market systems and digital tools introduced by TRADE.

- Promote peer learning and mentorship models to reduce dependency on external consultants.

5.3 Co-Financing and Resource Mobilization

- Encourage cost-sharing arrangements with local governments, private sector, and farmer groups.
- Facilitate access to matching grants, revolving funds, or blended finance to sustain infrastructure and services.
- Support local investment planning to prioritize commercialization in district development agendas.

5.4 Policy and Regulatory Reform

- Advocate for long-term enabling policies (e.g. cooperative laws, trade facilitation).
- Support local by-laws and ordinances that reinforce commercialization and inclusive market access.
- Promote evidence-based policy feedback loops using TRADE's monitoring data.

5.5 Community-Led Governance Structures

- Strengthen commodity platforms, producer groups, and market committees to manage local systems.
- Institutionalize Producer Public Private Partnership (4Ps) dialogues mechanisms at district and national levels.
- Foster inclusive leadership, especially youth and women, to ensure equitable representation.

These measures aim to institutionalize TRADE's achievements and foster autonomous continuation of commercialization initiatives.





6.0 Conclusion

Agricultural commercialization in Malawi is no longer a distant aspiration. It is a growing reality with transformative potential. Yet, its success hinges on inclusive policies, resilient systems, and strategic investments that empower smallholders as entrepreneurs, not just producers. The TRADE Programme represents a paradigm shift in Malawi's approach to agricultural commercialization. By holistically addressing infrastructural deficits, market inefficiencies, and systemic exclusion, TRADE lays the foundation for a more productive, inclusive, and sustainable agricultural sector. Sustainability beyond the TRADE Programme's tenure is anchored on several key mechanisms namely: Strengthening of district-level institutions, including local councils and farmer organizations; Embedding of TRADE methodologies within commodity platforms to promote continuity; Promotion of financial sustainability models, such as Village Savings and Loan Associations (VSLAs) and blended finance instruments; Facilitation of knowledge transfer and peer learning through documentation of best practices and scalable innovations. As Malawi aspires to fulfill the vision articulated in Malawi 2063, initiatives such as TRADE will remain pivotal in steering agriculture beyond subsistence—toward a commercially vibrant future.



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