



Malawi Fruits

Youth Farming and Entrepreneurship Research Project

Summary

Young people in Malawi struggle with high unemployment rates and difficulty accessing the level of training required by employers. Meanwhile, the Malawian agriculture industry offers high potential for growth and income generation. Despite this opportunity, few young people are taking up farming. Therefore, as part of Malawi Fruits' work with supporting sustainable livelihoods in Northern Malawi, research was undertaken to analyse the opportunities and challenges for young people in Malawi entering into agribusiness enterprises.

During a two-week period in June 2017, interviews were held in Malawi with 9 key individuals with experience related to youth, agriculture and entrepreneurship. In addition, focus groups were held with 8 young agri entrepreneurs and two groups from rural farming cooperatives in Northern Malawi.

This was supplemented by desk based research into other interventions being practiced in other sub-Saharan countries.

The research found that the main challenges and opportunities for young people entering agricultural enterprise development centred around 4 key topics:

- **Attitude and Motivation:** young people are interested in farming but it is often seen as hard, physical work for poor rewards. Despite this there is a great opportunity to engage and motivate youth through diverse, social activities incorporated into farming groups.
- **Finance and Resources:** there is very limited access to affordable start-up capital or investment for young people. There is however, a growing awareness of the need to engage and support young people.
- **Entrepreneur Development:** there is limited access to role models or mentors, particularly for women, combined with minimal education on entrepreneurship and access to information. There is a great opportunity to create development programmes for young entrepreneurs, particularly with exciting and innovative technological advancements
- **Environment and Land:** adverse effects of climate change and limited land access requires farmers and young people to think differently and innovatively about agribusiness development to ensure future success and sustainability

This Report includes ten recommendations for a successful initiative focusing on youth agribusiness development:



Introduction

Malawi Fruits is a Scottish charity established in 2011 with a mission to establish sustainable businesses in Northern Malawi as a means of alleviating poverty. Through Malawi Fruits' interaction with 600 farmers and their communities, and liaison with Malawi Government agencies, a priority of inspiring young people in farming has been identified.



Malawi Fruits' work with young farmers will build on experience gained with working with farmers on a three-year paprika growing project in Northern Malawi. In addition, Malawi Fruits commissioned a research project in June 2017 in order to gain a greater understanding of the realities for inspiring young people in farming. This report is the result of this research and aims to highlight current challenges and opportunities faced by young people and those that support them for becoming successful farmers, with a particular focus on successful entrepreneurship linked to agriculture. In addition, this report highlights other examples of successful youth engagement activities, in Malawi and further afield, in order to draw recommendations for future programmes.

Background

Malawi Fruits is a Scottish Company Limited by Guarantee and is a registered charity. Because the sustainability priorities of the NGO demand a business approach, Malawi Fruits also has a wholly-owned UK trading arm called Malawi Fruits Holdings and a Malawi registered trading company called MF Trading.

Local partners are responsible for the delivery of the various projects with the support, encouragement and financial backing of Malawi Fruits.

Caplor Horizons is a UK based charity that specialises in strengthening organisational effectiveness.

The purpose of this research project was to examine the challenges facing young farmers in Malawi and make recommendations about the best interventions which will enable them to grow their farming businesses. The research also examined the role of entrepreneurship in enabling young farmers to develop their farms and expand into processing and agriculture related businesses.

Context¹

In 2009, the Africa Progress Panel published a report on the role of business in development in Africa. The report highlighted the potential for growth in Africa and the need for this growth to address growing financial, energy and food-related crises. Highly relevant to this research, the 2009 report indicated two major opportunities for growth across Africa: the growing, young labour force and the availability of fertile land.

In Malawi, 20% of the population are aged 15-24 years and the country faces a serious youth unemployment crisis. According to a report of the National Statistical Office and International Labour Organisation, in 2013 only 11.3% of the working population was in formal employment, and the figures for those under 25 are worse. The unemployment rate of youth in Malawi is 18.9 %. With the unemployment rate of young women being 25.0 %, double that of young men at 12.5 %. This has severe impact on personal development and tellingly nearly two thirds of young offenders are unemployed.

The formal employment sector was only able to create about 30,000 jobs per year (2013) against 300, 000 (educated and semi-educated) new entrants into the job market. This is a clear indication that the formal sector is failing to absorb all the employable youth, hence the need to create other avenues through the non-formal sector.

Agriculture is by far the biggest industry in Malawi with over 80% of the population being smallholder farmers. Agriculture remains the most important employer in the country and many youth, especially young women, take up the only work available to them, given their low skills base, in basic elementary occupations, including as domestic workers. Despite nearly one-half (45%) of young people working as skilled agricultural or fishery workers, agriculture is not seen as an attractive field by current students: less than 1% indicated agriculture as their preferred field of study.



¹ http://youthpolicy.org/national/Malawi_2013_National_Youth_Policy.pdf
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_228279.pdf

Methodology

During a two-week period in June 2017, various interviews and focus groups were held in Malawi with those with experience related to youth, agriculture and entrepreneurship.

Conversations were held with:

- Austin Ngwira, the Clinton Development Initiative
- John Sprowson, the Four Seasons
- Jim Goodman, Horizon Farming Limited
- Hastings Manase and Eric Chilembwe, Bunda Agricultural College
- Staff Team Members, the Self-Help Foundation
- Eight young farming entrepreneurs
- Two groups of rural farming cooperatives in Northern Malawi
- Esther Mweso, United Purpose
- Ezekiel Phiri, CUMO Micro Finance



In addition, desk based research was undertaken into interventions being practiced in other sub-Saharan countries.

Findings

Top 10 Recommendations for youth agribusiness development

As a result of the research around youth agriculture and entrepreneurship, this report has drawn together a list of top ten recommendations for any project or initiative aiming to work in this area. With the overall message of Think Big, Start Small, the recommendations have been organised according to the letters: START SMALL

Scan the horizon: Search out and network with others who are developing new opportunities for young farmers. Any new initiative must harness the latest developments in areas such as drought resistant crop development and ensure that it fits into the bigger picture of development in agriculture in Africa.

Think long-term: finding and developing entrepreneurs is a long process. In the UK and America, the length of training on incubator or start up programmes varies from 1 month to 2 years, but often includes longer-term mentoring and 'alumni' connections. Having a clear long-term vision for an agribusiness entrepreneur development programme and a strong exit plan for those who have been involved, will aid the success of a programme and the sustainability of the agribusinesses supported.

Aid Network Creation: The creation and facilitation of both virtual and physical networks amongst young people is key to successful youth agribusiness development programmes. Young people can share stories and be inspired by others' success as well as access support and markets. Linking farming groups to other groups, for example church groups, either in Malawi or internationally, provides an external interest and bond that will provide extra motivation for the young people.

Recognise Social Importance: the research highlighted that young people require a different model to the traditional farming cooperatives and groups in order to improve motivation. Building groups around a combination of farming, sport and social activities is a way to ensure increased engagement and enthusiasm from young people

Train and develop entrepreneurial mindsets: Using a model such as InCUBE8 or CUMO that covers a diverse and inspiring range of subjects and capabilities, would provide a strong starting point. Inspiring individuals to think differently and creatively about business and agriculture is as important as training on financial, marketing and agricultural topics. In training programmes, there should be a focus on developing entrepreneurial mind-sets, which means changing attitudes. Providing specific training around marketing and accessing markets can have a powerful impact on the success of small businesses.

Support Women: Despite a majority of farmers often being women, it is clear that the number of young women accessing entrepreneurship initiatives is significantly lower than the number of men. Therefore, any programme hoping to inspire and enable entrepreneurs

should ensure that young women are supported to access training and start-up businesses. Additional research into the barriers and drivers for young women in business would be needed to increase the uptake of opportunities by women.

Manage expectations: Finding entrepreneurs means visiting communities to spread the message as well as to sensitise both the youth and their communities. It is important to be explicit about not operating on handouts. The process should be self-driven, therefore focusing on working with those that return and not worrying about those that drop out. Expect a 20% success rate – the others will follow once they have seen success.

Access and harness diverse resources: it is clear that access to small, manageable start-up finance is vital for igniting young enterprises and is often a restricting factor for young people thinking of entering agribusiness. The provision of such loans would have a huge impact on the number of young people able to consider start up enterprises. In addition, harnessing modern technology – particularly through irrigation and internet access – will ensure that farming is seen as a more attractive and profitable career choice for young people. The potential lying in technology to facilitate programmes of this kind is huge. One such area of impact that could significantly improve the effectiveness of initiatives is using technology to disseminate knowledge and resources. Enabling remote and rural access to learning as well as connecting young people from across Malawi, and further afield, to share successes and information, would motivate and inspire.

Learn from and link with others: Youth employment and agriculture are key areas of development across Africa, with many different organisations developing programmes and approaches. Prioritising communication with others working in similar areas would enable pooling of resources as well as access to additional opportunities such as training and learning.

Link with markets: Providing access to markets and creating value addition opportunities will have a significant impact on the success of any programme focussing on youth business development. Facilitating young people to process their products through access to machines and services and then connecting them to reliable, fair and steady markets is a key element to ensuring increased income generation and a more sustainable livelihood.

Challenges and Opportunities

From the research, there emerged several major challenges and trends that act as barriers for young people to get into agricultural business-related activities. These also present a series of opportunities for development:

- **Attitude and Motivation**

Farming in Malawi, and more generally across the world, is often seen as hard work for low rewards. The young farmers taking part in the focus group session spoke of the *“primitive methods and tools”* contributing to the perception of farming as *“tiresome and hard work”*. Despite this perception, it is recognised that there is a large appetite among young people for agribusiness development. For example, many reported that similar projects had found a *“lot of engagement and interest from young people”* and that they *“show huge potential as they assimilate things very quickly”* due to their higher literacy levels.

This was seconded by professors at the agricultural college who stated that *“young people are expressing excitement over high value crops”*

Another interviewee added that *“young people are interested in farming – they want to start up farming but don’t know how and don’t have enough capital.”*

This motivation and interest in farming could be further heightened through the incorporation of social activities and sport to bring youth together and to drive their entrance into agriculture. Many spoke of how previous projects had *“developed clubs around sport and dance as well as farming”* as these *“bind teams together”* and provide more incentive to young people. The inclusion of social activities is important as it provides an *“entry point away from everyday life”*.

An example of incentivising young people to take up

farming was given where young people were encouraged to raise money by farming for a specific thing – such as buying football shirts – and this was facilitated by offering to match the money they raised.



- **Finance and Resources**

A significant challenge faced by those wishing to enter into business development in the agriculture sector was access to finance and investment. Those interviewed identified that there is often a *“lack of affordable finances”* and *“no resources to start”* new projects. Therefore, there is a *“need for start-up grants”* and micro finance loans to be made available to facilitate and incentivise young people starting up their own agri-business initiatives. Indeed, the 2009 Africa Progress Panel Report highlights that access to finance is a significant challenge in encouraging business development across Africa, stating that *“there is a need to expand micro-credit”*

In addition to finance, technology is playing a huge role in a large number of the initiatives and individual actions witnessed as part of the research for this report. Audio-visual materials loaded onto an encased touchscreen computer, powered by solar, was one innovative project aiming to get information on diverse crops out to rural farmers. Many of the young people who took part in the focus groups reported using technology to further their own business development: be it teaching themselves via YouTube or selling through WhatsApp and Facebook. One individual stated that *“technology is advancing every day, you cannot run away from it”*.

This rapid spread and advancement of technology offers a number of opportunities, for example, the facilitation of a network of young people sharing ideas and successes online would enable them to see what others are doing. Plus, technology can enable greater dissemination of knowledge, as seen with the rural access to audio-visual material.

Technology is not only a powerful tool for enabling youth agri-business and development, it also acts as an incentive and attraction for young people, enticing them to become engaged in projects and programmes.

- ***Entrepreneur Development***

Finding effective ways to identify and develop young people with an entrepreneurial mindset is a topic debated across the globe. There are a vast array of start-up incubators and mentorship programmes across Europe and North America with many similar programmes beginning to be set up across Africa. However, in Malawi, there remains a lack of network development among young people to enable both sharing of ideas as well as mentor and encouragement opportunities.

Furthermore, in difficult economic times, young people can understandably be risk adverse and currently, with *“no role models of young people in business doing well”*, there is a *“lack of inspiration”* for potential young entrepreneurs.

This lack of support was further emphasised for women. One of the female young farmers pointed out that *“culturally women have to spend more time at home.”*. This makes access to training and education support even harder.

There is a gap in business education for young people, resulting in a lack of appreciation for finding, accessing and maximising markets, attracting customers and selling strategically.



Furthermore, access to information and education around possible business development opportunities is often in short supply – particularly in rural areas where access to technology is difficult. This restricts the dissemination of information and inspiration and support for those young people thinking about starting up a new enterprise or growing new cash crops.

Furthermore, it is evident from research that this drive and development of entrepreneurial thinking is further hindered by an education system that trains people *“to look for employment rather than create their own business”*. Findings from the Africa Progress Panel report suggest that significant investment into vocation and entrepreneurial skills development is key to maximising the potential of the growing young workforce in Africa.

There exists a clear demand and market for programmes and training which focus on developing entrepreneurial mindsets. In Europe, the OECD recognised that:

“The knowledge required to be an entrepreneur is not only related to professional practice in running a business, but also to skills and attitudes, and to metaqualities (for example to reflect on self-knowledge).”

This approach to training and developing entrepreneurs should be imbedded in programmes in Malawi and across Africa.

- **Environment and Land:**

Environmental issues were the final theme highlighted as a challenge faced by young people wishing to enter into agri-business development. Firstly, access to sustainable land for growing crops was hard to come by due to *“population pressure”*. This was particularly acute in urban areas. In more rural areas, land access was not often seen as a problem, but access to roads and markets became more difficult. Secondly, once the land had been secured the adverse *“effects of climate change”* can negatively impact crop and business development – especially in the early, often fragile stages of a new enterprise. These barriers can be off-putting for potential entrepreneurs who might perceive the risks as being too great to invest in a new venture.

The reliance on rain-fed subsistence agriculture is limiting to agribusiness development. Therefore, productivity levels and viable business opportunities would be greatly increased through improved access to irrigation and inputs.

“Necessity is the mother of invention”, therefore these additional pressures of land access and climate change could provide additional innovative developments and creation. This was witnessed during this research: for example, one of the young entrepreneurs was running a successful potato growing business despite having no access to farming land by growing potatoes in sacks in her garden.



Examples of existing youth farming and entrepreneurship initiatives

A number of examples of inspiring projects taking place around Malawi and other parts of Africa were discovered during this research. Some highlights have been captured below in order to showcase how others are developing similar ideas and implementing them. More information on each of the projects can be found in Annex 1.

In Malawi, there have been a number of initiatives which have focused on building business knowledge through training in young people. Most notably, the InCUBE8 is a holistic 10-week business incubator programme aimed at 18-35 year olds, building in elements of peer-to-peer collaboration, mentoring as well as seed capital and networking opportunities.

In other parts of sub-Saharan Africa there have been a number of services and business development programmes that aim to provide business advice to young people wishing to start up their own enterprises. These range from other young successful entrepreneurs offering mentoring and advice to more established development programmes that include a youth development aspect such as Cocoa Life in Ghana.

Annex 1: Examples of existing youth farming and entrepreneurship initiatives

In Malawi

- InCUBE8 – youth entrepreneurship programme ²

“InCUBE8 is a business incubator/accelerator founded in early 2016 with the aim of confronting the growing problem of youth unemployment and startup failure by creating an ecosystem where innovative entrepreneurs can be nurtured and grow into the next generation of successful business leaders.”



Focusing on people aged 18-35 with a startup of 0-3 years old from any sector, the programme selects the top 8 applicants based on their *“innovativeness, scalability and impact on the market and the community around them”*.

Over a 10-week period, the selected members from the start-up receive mentoring, business development training, admin and funding support as part of the ‘8 Principles of InCUBE8’, a research based approach to successful, holistic incubation:

1. Peer to Peer Collaboration
2. Mentoring

² <http://www.incube8mw.com/index.html#thec>
<https://incubateafrica.net/2017/03/08/incube8-malawi-launches-a-youth-entrepreneurship-programme-and-a-co-working-space/>
<https://vc4a.com/blog/2017/03/16/incube8s-program-supports-growing-startup-ecosystem-in-malawi/>

3. Start-up Toolkit
4. Networking
5. Entrepreneurial Ecosystem
6. Seed Capital
7. The Young Entrepreneur of the Year Award
8. Alumni Reciprocation

The programme aims to harness mentorship and experience from an array of successful business men and women in various sectors as well as establishing a co-working and business development centre accessible to participants.

Throughout the 10 weeks, the participant will have weekly online tasks and workshops, breakfast meets ups, cocktail gatherings, as well as access to entrepreneurship conferences.

The yearly 'Young Entrepreneur of the Year' award event aims to recognise, celebrate, promote and reward outstanding efforts and achievements of young Malawian entrepreneurs.

In addition to the programme, InCUBE8 is aiming to tackle the root cause of youth unemployment with secondary and high school entrepreneurship clubs in order to instil the ideas, tools and excitement towards entrepreneurship as a viable career path outside traditional employment options.

- The Clinton Foundation – Youth Economic Empowerment Programme

During the research for this report, Mr Austin Ngwira, the Director of Community Impact for the Clinton Development Initiative Malawi, was able to give some insights from the learning they had gained during the formation stage of a new initiative based around economic empowerment for young people.

They have found:

1. High engagement and interest from young people
2. A high need to add capacity to the young people, including training around governance systems, leadership development, financial management and agronomy
3. The high level of literacy amongst young people present high potential
4. The best process for finding the young people with the desired mindset was self-selection: accepting that 20% will complete the entire programme, especially in the initial phases of a programme. However, uptake and completion will increase once other see success.



- CUMO – Entrepreneurship training for small holder famers

CUMO is a micro-finance and loan organisation that has been working to develop entrepreneurship. For example, a recent project with Malawi Mangoes on entrepreneurship training for their out grower, small-holder farmers. This training is formed of 4 key elements:

1. Understanding what business is all about, including market saturation, how to determine profitable businesses and management of finance
2. Marketing and market access
3. Climate change issues
4. HIV and Aids training

Following training, farmers were able to generate more profit (25% increase) which led to a growth in business and in loans being accessed (up 55%) and 5 times more sales.

A key element of CUMO's success is their flexible business and training model which is completely mobile through the use of tablet technology and allows them to access rural communities very easily.

In Sub-Saharan Africa

- Kenya Youth Development Initiatives

During the research, it was acknowledged that Kenya had many examples of successful youth entrepreneurship development programmes and support for young entrepreneurs. An example of this was recently captured in this national newspaper article:

<http://www.nation.co.ke/business/seedsofgold/campus-side-hustles/2301238-3963626-ji8w1jz/index.html>. This featured business development initiatives such as **Dairy Cloud**

which offers advisory services on dairy matters through the media to reach as many farmers as possible as well as mentoring young people, targeting learning institutes and existing youth groups with “dairypreneurial skills”. In addition, recognising the importance of quality inputs, the organisation supports farmers to access inputs and services to scale up management and production.



Another example is ***Ukulima Frontline*** which empowers smallholder farmers through “*providing advisory services, innovative practices and access to fair markets*”. The organisation links farmers with extension experts; provides training opportunities; offers capacity building; and provides specific marketing training.

These initiatives and others have been supported by Egerton Agricultural Universities, with funding from the Master Card Foundation to provide scholarships in agri-business enterprise development.

- Ghana ³

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https://www.cocoalife.org/~media/CocoaLife/en/download/article/Cocoa_Life_2016_Progress_in_Numbers_Infographic.pdf

https://www.cocoalife.org/~media/cocoalife/Files/pdf/Library/Cocoa%20Life%20Progress%20Report?_ga=2.185865001.1633362298.1501521701-1442544086.1501521701

VSO in Ghana has had a long history of developing youth programmes focussing on enterprise, livelihoods and agriculture. One such example is the Cocoa Life project, a partnership of many organisations started in 2012. Cocoa Life links cocoa farming with community development focused on 5 key areas of: farming, community, youth, livelihoods and



environment. One of the challenges identified with cocoa farming was the fact that the next generation of cocoa farmers is pursuing other careers and migrating to cities to seek greater income combined with the fact that many farmers had a limited knowledge of good agricultural practices and resources to improve business. Therefore, the programme aims to *“empower cocoa farmers on a large scale, training farmers to adopt better practices, and building thriving communities to inspire the next generation.”*

In order to facilitate youth involvement and secure a next generation of youth farmers, the project makes cocoa farming an attractive and viable profession by creating jobs at village level and providing training for these positions. Training includes leadership development, financial literacy and business principles. Cocoa life created 13 youth groups which developed cocoa nurseries in their communities. Some members of these youth groups go on to join cocoa farming societies and become independent cocoa farmers.

The holistic approach to cocoa farming enabled farmers to increase incomes 3-fold between 2009 and 2014 due to increased yield. By 2016, the programme had trained more than 6,400 young people on cocoa related enterprises and created opportunities for them to work in nurseries in their local communities.

Currently, initiatives are being explored in empowering young people and women through non-traditional agricultural development and value addition by promoting agri-based value chain for income generation – the focus is on engaging youth in mushroom farming, grass cutter farming, fish farming, piggery, snail and vegetable farming as these do not take much time to realise impact.

- Nigeria – ENABLE

“ENABLE Youth” (Empowering Novel Agri-Business-Led Employment for Youth) is a programme for young African people (18-35 years old) wanting to start a business in the agricultural sector, born out of the Dakar High Level Conference on Agricultural Transformation in Africa and which enjoys the support of the International Institute of Tropical Agriculture. It works to promote, enhance, and modernize agricultural

entrepreneurship in Africa. In order to do this, the Bank offers its support in capacity strengthening, promoting professionals working in agriculture, and financing projects of young people in the sector.

“ENABLE Youth” is working to help launch 300,000 agribusinesses and create 8 million jobs in some 30 African countries over the next five years. It is counting on young people to develop Africa’s agricultural future, an African agriculture that relies on innovation, technologies, and modernization of techniques and practices, as well as on the development of the value chain in the sector.

The research from the pilot highlights that with greater access to the right skills, improved access to credit, and an enabling environment, young African men and women can become the proud owners of profitable agribusiness enterprises.

The pilot programme in 2016 featured a 2 day Youth Programme Design Workshop which consisted of discussions and presentations on agribusiness value chains, business incubation and training platforms, innovative and affordable financing mechanisms, marketing, and impact assessment. In addition, young “agripreneurs” shared the inspiring stories of how they set up their agribusinesses, described some of the challenges they faced and gave clues to their success stories.

