

# Malawi Fruits – Strategic Plan



**MalawiFruits**  
*Growing the Future*



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## Executive Summary

Malawi Fruits has only a short history but the charity has achieved a great deal in the last nine years.

The vision is to enable local people to create businesses, especially agri- business, which will impact tens of thousands of people in the North of the country. Providing access to inputs and markets for a cash crop was a good and necessary first step but Malawi needs to have its own agricultural revolution with the introduction of irrigation, mechanisation and agri-processing to add value to the crops that are grown. It is widely recognized that this is the way to provide a sustainable route to improved household incomes. Through improving household incomes there follows an improvement in health and education outcomes as families are enabled to pay school fees and to pay for essential healthcare.

Having developed expertise supporting smallholder farmers to grow cash crops, Malawi Fruits is now providing irrigation services to enable two crops to be grown on the land as well as offering protection from the effects of climate change. In line with Malawian Government policy, Malawi Fruits is also developing small scale agri-processing facilities. It is notable that while Malawi grows a wide variety of crops, many of the processed foods for sale in the country are imported.

While grant support and donations are required to kick-start businesses, there is potential for processing facilities to become independent, sustainable enterprises which develop their own momentum as the business grows. There is recognition that capacity building for both Malawi Fruits and partner organizations will be required to stay ahead of the growth of the work and this is included in this plan.

For too long Malawi has been treated as a passive recipient of aid and the thrust of this plan is to empower the people to farm in a modern way and process their own crops so that the people can be in a position to care for the education and healthcare needs of their families. Believing that this empowerment is the correct model, Malawi Fruits avoids getting directly involved in aid models supporting schools and hospitals but emphasizes economic development as the sustainable way to provide these essential services.

Malawi Fruits is operating in a fast-changing environment so while there are fundamental principles underpinning this plan, it is an agile document which is reviewed annually.



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## History and Background

Malawi Fruits was established in 2011 with a mission to establish sustainable businesses in Northern Malawi as a means of alleviating poverty. There are two major industries in Malawi: agriculture and tourism, and Malawi Fruits has been involved in both of these sectors although agriculture is now the sole focus.

Malawi Fruits is a Scottish Company Limited by Guarantee and is a registered charity, operating in Malawi as MF Foundation. 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 Modern Farming Technologies.

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



## Tourism

Malawi Fruits first project was in partnership with CCAP (Church of Central Africa Presbyterian). The CCAP manages Livingstonia Mission Station which is in an area of outstanding scenery and historical importance and is on the tourist route for adventurous backpackers visiting the country. Working with a local committee, Malawi Fruits established *Livingstonia Lodges*. Three Lodges were constructed (5 rooms, 10 beds along with a supporting kitchen) and opened in 2013 in Livingstonia to supplement the Stone House, an existing bunkhouse provision. This project is managed by a local committee leaving Malawi Fruits free to concentrate on agricultural work.

Future developments could include refurbishment of the Stone House; a campsite with shower and toilet facilities; a television suite and clubhouse in the Stone House basement; a new purpose-built museum; a reception area; a further lodge; a pizza oven; a barbeque site and much more. There is a market for foreign visitors as well as students attending Livingstonia University but no further work will be undertaken by Malawi Fruits and future development is in the hands of the local leadership.



## Agriculture

Agriculture is by far the biggest industry in the rural North with over 80% of Malawians being smallholder farmers. The initial focus for Malawi Fruits has been to support these farmers to grow cash crops alongside their food crops and, wherever possible, to maximise the return for these farmers through securing good markets and adding value through irrigation, processing and marketing.

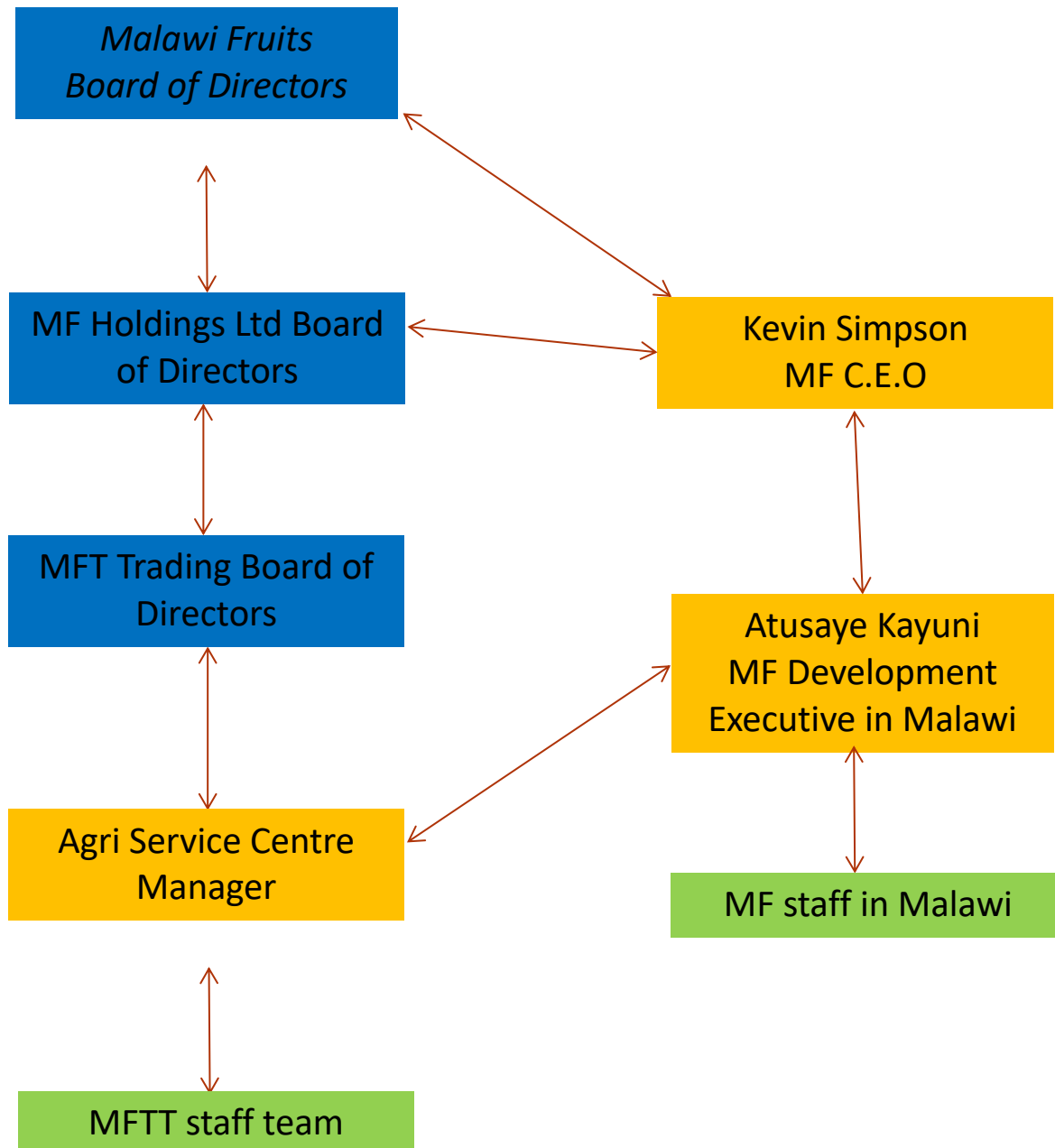


So, the strategy for work with farmers is fourfold:

1. Support farmers to grow cash crops and connect them to a reliable market. This improves (or provides for the first time) a household income and all the evidence shows that this will then be spent on home improvements; further business investment; school fees; and healthcare.
2. Where irrigation can be provided, then two crops can be grown which doubles the household income. Irrigation also provides resilience in the face of the effects of climate change and if some irrigated land can be provided for food growing then there is a significant contribution to ongoing food security.
3. Where crop processing facilities can be provided locally, there is potential to further lift farmer incomes as well as local benefits in terms of the acquisition of new skills and some direct jobs in the factory. Local processing facilities are aimed at the home market but make a significant contribution where the goods produced are replacing imports.
4. Inspiring young people to see farming as a viable career choice is important for Malawi. The population has grown by one third in a decade which means many more mouths to feed, yet young people are refusing to take up traditional farming because it is hard work for no reward. Addressing this issue is closely tied to the provision of irrigation and mechanisation.

## Malawi Fruits governance

Being a registered charity, Malawi Fruits is not permitted to trade as part of the delivery of services so, in 2017, a trading company was established in the UK (Malawi Fruits Holdings Ltd) and this company, in turn, owns a trading company in Malawi (Modern Farming Technologies Trading). MFT trading then has a majority stake in the Chigomezgo Vegetable Oil Company in Malawi. The diagram shows the structure including key staff.



## Current work

There are seven areas of work at present:

- The Tapukwa Project, funded by the Scottish Government through their Climate Justice Innovation Fund. Tapukwa is one of 11 irrigation schemes which we have identified are in need of refurbishment. However, the aim is to do much more than just refurbish the irrigation infrastructure – the project also includes a micro-hydro scheme to provide electricity and to provide a safe water supply to the households. The work is progressing well and will be completed by February 2020.
- At Kakloha an oil processing plant is being developed in partnership with an existing Farmers' Co-operative. In January 2020 we received funding from the German Aid Fund (GIZ) and new equipment has been ordered with a view to the factory being up and running by the middle of the year.
- Malawi Fruits has identified youth farming as a specific priority. Through funding from the Scottish Government, the *Inspiring Young Farmers* project runs from 2017 to 2020. There are 400 young farmers in the project which ends in March 2020, with some of these young people now being incorporated into other Malawi Fruits programmes.
- Malawi Fruits has been chosen by the Church of Scotland Guild as a Special Project and this partnership runs from May 2018 to April 2021. Again, this focusses on youth farming but works through existing Church youth groups.
- MFT, the Malawi trading arm, is well established and has won support from the Malawi Innovation Challenge Fund to provide solar powered irrigation pumps to farmers. This work is delivered by MFT's Agri Service Centre in Rumphi. This is essentially a facilities management service which feeds into all the other projects as well as providing services to other NGOs and businesses in the longer term.
- With support from the Guernsey Overseas Aid Committee, Malawi Fruits (through MFT) is supplying polytunnels to women farmers on a Rent-to-own model. By the end of 2020, 60 large polytunnels will be deployed with 200 women growers.
- In December 2019, Malawi Fruits was awarded a Scottish Government grant under their *Climate Justice Innovation Programme*. The project will run for two years and will work with women to reduce post-harvest losses in polytunnel farming. As part of this project, a solar-powered Chilled Produce Store will be established in Mzuzu, to extend the life of produce after harvesting and provide a wholesale outlet for fruit and vegetables.

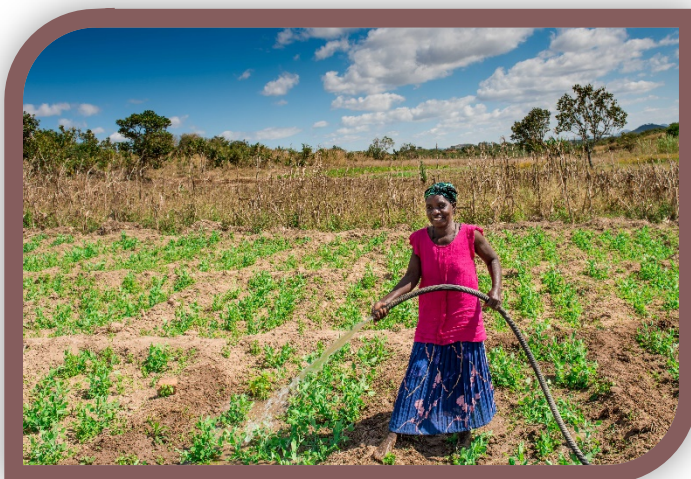
## Irrigation

As the youth farming work grows through the Guild and *Inspiring Young Farmers* projects, the aim is to have increasing numbers of young people growing cash crops on irrigated land. There are young farmers at Tapukwa who benefit from the refurbished irrigation scheme there and the main focus is now on supplying *Futurepumps* to provide small-scale irrigation in other areas. *Futurepump* is an innovative solar-powered irrigation pump which can provide water for 0.4Ha of land and these work well for young farmers. In 2019, Malawi Fruits deployed 186 *Futurepumps* on a rent-to-own model and expect to deploy another 200 in 2020.

MFT holds a grant from the Malawi Innovation Challenge Fund (MICF) and this has helped to establish an arm of the business

which supplies *Futurepumps* and other small-scale irrigation equipment to farmers in an affordable way. Farmers don't have the cash to buy such equipment so the Service Centre supplies pumps and allow the farmers to pay over three or four years as they benefit from the sales of additional crops produced on the irrigated land. Support from the Guild and Rotary Clubs in Scotland means that pumps will be supplied anyway but funding from MICF has enabled this to go to scale, irrigating substantially more land, and so having a huge social impact.

Malawi Fruits provides farmer training which, coupled with irrigation and polytunnels, represents a green revolution in Malawi..





### Oil processing plant

Malawi Fruits has been working with the Chigomezgo Farmers' Co-operative to develop a business plan for this initiative. The work is focused on an existing, disused small factory at Kakloha and funds have now been received to get the factory re-established. As well as money, there is a need to address the management failings which resulted in the dilapidation of the factory and Malawi Fruit's Executive Director in Malawi has been working closely with the Co-operative to address these issues and build capacity.



The vision for the Oil Plant is that farmers will grow sunflower on irrigated land and then supply crops to the factory all year round. The farmers will be able to choose to receive payment in cash or in processed oil which they can then sell for a higher return. In this way, the farmers benefit from the value added in the supply chain and, for youth farmers in particular, they develop an understanding of agri-business.

An important step on the journey is to change the governance of the factory from a co-operative to a limited company. The existing farmers' co-operative do not have the skills at present to run the business so a company is being created with the farmers owning 49% of shares initially and MFT Trading owning the remainder. As the farmers grow and develop more shares will be transferred to them until they own it themselves and have the skills to enable the business to thrive.

## Inspiring young farmers

Through Malawi Fruit's interaction with farmers and their communities, and liaison with Malawi Government agencies, a priority of inspiring young people in farming has been identified.

The Malawi Growth and Development Strategy (MGDS II, 2011-2016), identifies nine key priority areas and youth development and empowerment is one of them, along with agriculture and food security as a prerequisite for economic growth.

20% of the population are aged 15-24 years and there is a great need to create decent youth employment through Agriculture. For this to happen, some key issues need to be addressed:

- A lack of access to productive inputs, finance and reliable markets which is one of the major challenges being faced by most young producers already in agriculture.
- Land ownership
- The effects of climate change and inconsistent rains which make farming a precarious business.
- The back-breaking work of ploughing and harrowing the soil which is exhausting for low rewards, with the main tool being a hand hoe.
- The concern of young people that they will be exploited by traders who will buy their crops at low prices and make large profits at their expense by processing the crops and selling a higher value product.
- Use of child labour.

Malawi Fruits is working with Centre for Youth and Development and the project builds on the experience Malawi Fruits gained through the paprika project; has irrigated land and access to mechanisation as key components; and will have connections to crop processing when the oil factory is ready. In this way, it will build on all the work of Malawi Fruits to date.



## Polytunnels for women

Malawi Fruits has sought to address the problem of land ownership in the North of Malawi. In general terms, land is under the control of men and while women are welcome (expected!) to work in the fields, they rarely have control of any income which is derived from that.

During 2018, Malawi Fruits carried out extensive research into the potential of supplying polytunnels to women farmers on a rent-to-own basis. The rationale behind this is:

- Women don't have land rights for farm land but often there is unused land adjacent to the family home.
- A greenhouse can occupy that land and crops can be grown in sacks.
- A small group of women (3 or 4) working together, can manage the polytunnel alongside their household and childcare responsibilities.
- Waste water from the house can be used in the polytunnel.
- The polytunnel allows crops to be grown throughout the year, giving a steady income.
- Working with a partner, Kwithu Kitchens, Malawi Fruits can ensure a market for tomatoes grown in this way.

Support has been gained from the Guernsey Overseas Aid Committee and the Scottish Government and 60 polytunnels will be deployed by the end of 2020.. Lessons will be learned from this first phase and other funding applications are being made to expand the programme.



## The Agri Service Centre

Malawi has faced many challenges in trying to modernise farming. Through the work with smallholder farmers, Malawi Fruits has identified the following issues which need to be addressed:

1. Mechanisation is required to produce efficiency, reduce child labour and encourage young people to farm.
2. Irrigation needs to be provided in a way which is sustainable: it needs to have low running costs and be well maintained.
3. A reliable, year-round supply of raw materials grown in the correct varieties to the required quality standard is required for crop processing facilities. Irrigation addresses this challenge.
4. Processing facilities need to be properly-equipped and efficiently run and meet all the relevant food safety standards.
5. There needs to be a marketing operation covering branding, packaging, transport and sourcing the markets themselves.

In the rural North, these are all major challenges. Experience shows that servicing and maintenance of irrigation schemes and factories is hopelessly inadequate. Provision of mechanisation requires a level of co-operation and organisation which is sadly absent.

Malawi Fruits is addressing these challenges by building up an Agri-Service Centre.



The range of services provided by the Agri Service Centre is growing all the time and include:

- a. **Farmer training** – covering crop husbandry; composting; fish farming training; irrigation management training; “My farm is a business” training & vision building; child labour awareness training; health & hygiene training.
- b. **Farm inputs** – access to good quality seed & other inputs and loans where appropriate. Bulk buying ensures best prices for all farm inputs.
- c. **Irrigation maintenance** – the Agri Service Centre will maintain aspects of irrigation schemes including solar equipment.



- d. **Processing factory maintenance** – trained service engineers will maintain all equipment.
- e. **Mechanisation** – tractor & plough and rotovators are available to all irrigation schemes and larger projects from the Agri Service Centre
- f. **Transport** – provision of transport for inputs to farms and for crops to market
- g. **Development and on-going running of the Chilled Produce Store** This will be running by August 2020.

Although currently a “hybrid” company, relying to some extent on grants, the Service Centre is viewed as a social enterprise and will generate income to help sustain the Centre in the long term.

The Service Centre is the Hub which provides the range of services needed to sustain all the other work.



The Service Centre is expected to grow substantially in 2020 and the Guild and MICF funding are a major part of this. Offering Futurepumps and polytunnels on an affordable basis is very attractive to farmers and the plan is that over 800 pumps will be deployed over the next three years, irrigating at least 150Ha of land. 60 polytunnels will be deployed by the end of 2020 and, funding permitting, more will be added in future years.



## Malawi Fruits Growth and Capacity Building

Malawi Fruits was established in 2011 and is building in experience, credibility and capacity. Important steps have been:

- The employment of an Executive Director in the UK (0.4 FTE from January 2016 and full time from December 2018)
- The opening of a Malawi office in Mzuzu
- The employment of a full-time Development Executive in Malawi from July 2015.
- The appointment of an experienced Chairman
- The appointment of a voluntary Agricultural Consultant
- The creation of trading companies in the UK and in Malawi to allow for trading operations alongside charitable operations
- The creation of the Agri Service Centre at Rumphu.
- Grants received from the Scottish Government for *Inspiring Young Farmers*, the Tapukwa irrigation refurbishment and, now, the Chilled Produce Store.
- Donations and grant received to re-open the sunflower oil factory
- The partnership with the Church of Scotland Guild
- Grants from MICF and GOAC

As the charity grows, the Trustees recognize the need to give close attention to ensuring that governance and management capacity keeps pace. Regular skills audits of the Board; training for staff and Board members; and appropriate recruitment of additional trustees are all kept under review (with three new Trustees appointed in 2018 and one in 2019). Policy review and development and systematic monitoring and evaluation of all the work complete the picture as the charity prepares for substantial growth over the next few years.

## Financial summary and funding options

The charity has ambitious plans involving substantial investment over a period of years. It is not a Business Plan which would be implemented simply by the free market: a standard entrepreneur would not choose to invest in irrigation in such a remote and difficult situation; for processing, one would locate a factory nearer to the cities, to the markets and to experienced labour. So, this plan calls for a social enterprise approach where profits are all reinvested and where decisions about location and the organization of the company are made in the light of sound business principles and development aims. For this reason, grant support from trusts and foundations will be required to build the foundations of the business. In the longer term, however, some elements of the business will be self-sustaining and generating profits for the benefit of the community.

## 2020 and beyond

The purpose of this Strategic Plan is to map the way towards establishing substantial sustainable businesses which will impact the lives of tens of thousands of people. It is not the desire of the Directors of Malawi Fruits to build an empire: success is where Malawian partners are empowered and enabled to create and run businesses whether these are their own smallholder farms or larger processing factories. Beyond 2020, profits will be generated from some of these enterprises which will enable expansion into further agri-processing.

## MFT Business Overview

