



GOVERNMENT OF MALAWI INCENTIVES FOR AGRICULTURAL DIVERSIFICATION AND COMMERCIALIZATION

JANUARY, 2024



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DEFINITION OF TERMS

Allowable expenses - A cost that is essential to running a business and can be deducted from your taxable income to reduce your income tax liability

Customs and Excise- Taxes imposed at a rate percent of the Cost, Insurance and Freight value of imported goods. Customs & Excise Taxes comprise the following: Import Duty, Import Excise, Import Value Added Taxes (VAT) and Export duty.

Customs Procedure Code (CPC) - Codes used in the Customs and Excise Tariff book to identify particular tax exemptions of goods.

Domestic Taxes- Taxes collected from income generated within the geographical confines of the country such as Income Tax, Value Added Tax, Excise Tax, Fringe Benefit Tax etc..

Double Taxation Avoidance Agreement- It is an agreement made between countries to determine how tax can be imposed on transactions involving those two countries to avoid overburdening taxpayers.

Export Duty- A tax charged on some exports by customs authority.

Import Duty- A tax charged on imports by customs authority.

Import Excise- A tax on imports of specific goods and services to restrict consumption, protect the domestic industry and lessen the negative externalities.

Tax- An amount of money that a government requires people to pay according to their income, the value of their property, on some imports, on some exports, etc.

Priority Industry Status - A designation given to certain industries by the government to provide them with preferential treatment in terms of access to resources, financial incentives, and other forms of support.

Tax Clearance Certificate- A document issued to taxpayers confirming that their tax affairs are in order at the date of issue of the certificate, in other words, it states that the taxpayer has no tax due.

Tax exemption- This is when certain income, revenue or even taxpayers are excluded from tax for a given period.

Tax-free- Means no tax is charged on goods and services.

Tax incentive- An exclusion, exemption or deduction from taxes owed to the government, which is intended to encourage individuals and businesses to spend money or to save money by reducing the amount of tax that they have to pay

Value Added Tax(VAT)- A general tax on consumption expenditure that is levied on the 'value added' that has been created at various stages in the production and distribution chain.

Zero-rated- Denotes the goods or services that are taxable for VAT but with a tax rate of zero.

LIST OF ABBREVIATIONS

AfCFTA	:	Africa Continental Free Trade Area
AGCOM	:	Agricultural Commercialization
CIF	:	Cost, Insurance, and Freight
CCA	:	Customs Clearing Agents
COMESA	:	Common Market for Eastern and Southern Africa
CONFARM	:	Contract Farming and Export Agriculture Facility
CPC	:	Customs Procedure Code
DA	:	Allowances
EPaC	:	Export Packing Credit Facility
EDF	:	Export Development Fund
EPZ	:	Export Processing Zone
FARMSE	:	The Financial Access for Rural Markets, Smallholders and Enterprise Programme
FinES	:	Financial Inclusion and Entrepreneurship Scaling Project
MAIIC	:	Malawi Agricultural and Industrial Investment Corporation
MCCCI	:	Malawi Confederation of Chamber of Commerce and Industry
MITC	:	Malawi Investment and Trade Centre
MRA	:	Malawi Revenue Authority
MW2063	:	Malawi 2063
NES	:	National Export Strategy
PPF	:	Project Preparation Facility
SADC	:	Southern African Development Community
SMEs	:	Small and Medium-sized Enterprises
VAT	:	Value Added Tax
MDAs	:	Ministries, Departments and Agencies
NPC	:	National Planning Commission
MoTI	:	Ministry of Trade and Industry
MoA	:	Ministry of Agriculture
USAID	:	United States Agency for International Development
PoISAT	:	Policy Support for Agriculture Transformation
TRADE	:	Transforming Agriculture through Diversification and Entrepreneurship Programme
MaFAAS	:	Malawi Forum for Agriculture Advisory Services

FOREWORD

The Malawi 2063 (MW2063) and its First Ten-Year Implementation Plan (MIP-1) identifies agriculture productivity and commercialization as one of the key pillars for transforming the economy to achieve lower middle-income status by 2030.

The Ministry of Agriculture is mandated to steer the transformation of the sector from its current state, characterized by subsistence farming, low production and productivity, over reliant on rainfall, vulnerability to climate and weather shocks, limited diversification, and access to markets among other challenges.

In light of this, the Ministry of Agriculture in collaboration with relevant MDAs is implementing several initiatives aimed at enhancing production and productivity. One of the key initiative is the development of the booklet for Malawi Government Incentives for Agriculture Productivity and Commercialization. In the verdant fields of opportunity that define our nation's agricultural landscape, a new era of growth and prosperity is being sown. This booklet serves as a beacon, guiding investors through the fertile grounds of government incentives designed to cultivate success and yield abundant returns across various agro-enterprises.

The government, recognizing the pivotal role of agriculture in our economy and society, has extended a hand to those willing to invest in this vital sector. Through a series of strategic incentives, it has laid the foundation for a more robust agricultural future.

A cornerstone of this initiative is the provision of tax reliefs. These incentives are not mere deductions but powerful tools to enhance profitability and ensure long-term sustainability. By reducing the fiscal burden, investors can reinvest in their operations, drive innovation, and foster a cycle of growth that benefits all.

In an increasingly interconnected world, our nation has secured advantageous positions within regional trade blocks. Investors in our agricultural sector enjoy preferential access to burgeoning markets, where demand for quality produce is on the rise. This strategic positioning opens doors to new markets, ensuring that our produce is not only favored but sought after.

Financial institutions have tailored products specifically for agripreneurs, offering terms that recognize the unique challenges and timelines of agricultural ventures. These products provide the liquidity needed to nurture agricultural ventures from inception all the way to the market, ensuring that financial constraints do not impede growth.

Beyond traditional banking solutions, public sector financing and grants stand as a testament to our commitment to agriculture. These opportunities offer more than capital; they provide a network of support that includes expertise, resources, and a shared vision for success.

As you turn the pages of this booklet, let each chapter serve as a stepping stone towards realizing your agricultural aspirations. The incentives detailed herein are more than policies; they are invitations to join hands with a government that believes in the power of agriculture and its people.

Together, we can transform our nation's agricultural sector into a beacon of innovation and prosperity. Let this book be your guide to the opportunities that await under the nurturing hands of a supportive government.



Hon. Sam Dalitso Kawale, M.P.

Minister of Agriculture

PREFACE

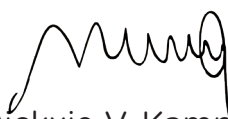
The Government of Malawi Incentives for Agriculture Diversification and Commercialization booklet aims to raise awareness on tax incentives and financing opportunities available in the agriculture sector aimed at empowering farmers, agribusinesses, and stakeholders across the agricultural value chain for enhanced agriculture diversification and commercialization.

The booklet builds on the Malawi Tax Incentives (MRA, 2022) policy document which outlines key fiscal incentives open to investors, including agriculture entrepreneurs to enable them to expand their operations and benefit from their businesses. The Ministry of Agriculture has therefore, extracted key tax incentives from the policy document for the sector through a comprehensive and collaborative process involving key MDAs and stakeholders in the sector.

The main objective of the booklet is to contribute to enhanced agriculture productivity and commercialization through stimulation of private sector investments, enhanced market information and market access, increased export base and overall contribution to agriculture sectoral growth.

The Ministry of Agriculture plans to translate the booklet to local languages and therefore appeal to all stakeholders to work together in advancing efforts of disseminating the booklet to the public most importantly to smallholder farmers in rural areas.

The Ministry of Agriculture sincerely appreciates Departments in the Ministry of Agriculture (MoA), Ministry of Trade and Industry (MOTI), Malawi Revenue Authority (MRA), National Planning Commission (NPC), Malawi Investment and Trade Centre (MITC), Commercial Banks and other stakeholders who actively participated in consultations, shared their experiences, and provided invaluable input that shaped the content of this booklet. In addition, the Foundation for a Smoke -Free World and the United States Agency for International Development (USAID) for their financial support through the technical support from Policy Support for Agriculture Transformation (POLSAT) project. Your dedication to the advancement of agriculture is commendable.



Dickxie V. Kampani
Secretary for Agriculture

1.0 INTRODUCTION

Malawi 2063 Agenda (MW2063) identifies agricultural productivity and commercialization as one of the three pillars required to propel the country into a lower middle-income economy by the year 2030. Furthermore, the vision calls for a robust agriculture diversification into the production of higher-value crops, livestock and fisheries with niche products largely destined for the export market. To realise this, the Government of Malawi (GoM) has put in place several policies and incentives to boost Agricultural growth. GoM developed and published two key policy documents in this regard namely; i) the Domestic Revenue Mobilization Strategy 2021 - 2026 (GoM, 2021) and; ii) Malawi Tax Incentives (MRA, 2022). These two documents outline key fiscal incentives open to investors, including agriculture entrepreneurs to enable them to expand their operations and benefit from their businesses. These documents are relatively new, and have not been adequately disseminated and shared with all stakeholders of the agricultural sector. It is in this regard that the Ministry of Agriculture has extracted key tax incentives for the sector from the Malawi Tax Incentives book.

The Ministry is therefore pleased to present this booklet on general and specific tax incentives under Customs and Excise and Domestic Taxes for the agriculture sector in light of the existing knowledge gap that exists among potential local and foreign investors.

Additionally, the booklet has also highlighted key financing opportunities provided by the Government of Malawi that are available to the sector. These include financing opportunities provided through various projects and programmes operated by the Malawi Government. Also included are funding opportunities with commercial banks in Malawi.

2.0 TAX INCENTIVES AVAILABLE FOR THE AGRICULTURE SECTOR

The Government provides both general and industry or sector-specific incentives to encourage investment, create employment, generate foreign exchange etc. The tax incentives are provided for in the tax laws (Taxation Act, VAT Act, Customs and Excise Tariff Order under various Customs Procedure Codes (CPCs), the Eighth Schedule, Priority Industry regulations, etc.). These tax incentives can only be accessed by a registered person or entity e.g. cooperatives, farm organisations etc.

2.1 TYPES OF TAX INCENTIVES

2.1.1 GENERAL TAX INCENTIVES

The Government offers general incentives which apply to any taxpayer upon the importation of a product (in the case of Customs and Excise) and are accessible by every taxpayer operating as a 'business person' or business entity in the country (in the case of Domestic Taxes).

2.1.1.1 Customs and Excise

1. Import duty, Excise duty and import VAT exemption on importation of most machinery¹
2. Import duty exemption while VAT remains payable at 16.5% on importation of specific types of machinery
3. Import duty and import VAT exemption on importation of special purpose motor vehicles e.g. concrete mixer lorry, mobile drilling vehicles, etc
4. Solar products are import duty free and VAT is zero-rated. Examples of such solar products include solar batteries and solar energy lamps

2.1.1.2 Domestic Taxes

1. Losses are carried forward up to 6 years; assessed loss is carried forward from the year in which they were incurred
2. Initial and annual allowances at various rates granted besides or in addition to the depreciation (annual) allowances
3. Annual allowance of 2.5% on commercial buildings with a construction cost of MK100 million or above
4. 50% allowance of social contributions paid directly into the building of a public hospital or school, or the sponsoring of youth sporting development activities.

¹ Tax Incentives in Malawi Handbook Vol.2

To benefit from the general tax incentives, the taxpayer indicates on the tax return a claim for the tax allowance.

2.1.2 SPECIFIC TAX INCENTIVES

The following are some of the specific tax incentives available for operators in the agricultural value chains;

ID	Sub-Sector	Incentives	Period	Eligibility
a	Animal Breeding	<ol style="list-style-type: none"> 1. Import duty and VAT free on importation of livestock meant for breeding such as live bovine animals, live swine, sheep, poultry and goats 	Indefinite	<ol style="list-style-type: none"> 1. Prior recognition (permit) from the Ministry responsible for Agriculture 2. Import licence from Ministry responsible for Trade and Industry 3. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA
b	Poultry Farming	<ol style="list-style-type: none"> 1. Duty free and VAT free importation of machines for cleaning, sorting or grading eggs 2. Duty free and VAT free importation of machinery for preparing animal feeding stuffs and poultry incubators <p><i>N.B. Poultry feed is duty free and Import VAT is charged at a rate of 0%</i></p>		<ol style="list-style-type: none"> 1. Prior recognition (permit) from the Ministry of Agriculture 2. Import licence from the Ministry responsible for Trade and Industry 3. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA

ID	Sub-Sector	Incentives	Period	Eligibility
c	Fishing Industry (CPC 477)	<ol style="list-style-type: none"> 1. Free import duty, import excise and import VAT on importation of machinery, plant, laboratory equipment and materials, aerators, pumps, blowers, diamond mesh, nets, measuring equipment, separators, specialized tanks and diffusers, boat engines and trawlers for deep sea fishing 2. Import duty free for fishing vessels, factory ships and other vessels for processing or preserving fishery products but VAT is payable at 16.5 percent <p><i>N.B. Fish feed is duty free and Import VAT is charged at a rate of 0%</i></p>		<ol style="list-style-type: none"> 1. A letter of recommendation from the Department of Fisheries 2. A valid Tax Clearance Certificate 3. Application to the Commissioner General

ID	Sub-Sector	Incentives	Period	Eligibility
d	Horticulture Production (CPC 448)	Import Duty, Import Excise and Import VAT free on the following Seeds, Cuttings, Seed Netting Greenhouse Structure, Climate Control Equipment, One Generator Set, Water Pump or Borehole, Flower Power Lights, Pump, Electrical		<ol style="list-style-type: none"> 1. Goods intended for export only 2. Import licence issued by the Minister of Trade 3. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA Application to the Commissioner General
		Engines, Diesel Engine for Irrigation with Tubing, PVC Piping, Valves, Sprinkler Irrigation System, Irrigation Filters/ Nozzles, Pressure Regulators, New Refrigerated Trucks per five years, Cold Rooms, Strapping Materials and Clips, Metal Wires, Strings Elastic Bands, Processing Equipment, Bag Strikers, Laboratory Equipment, Chemical and Reagents, Soil Testing Kits, Moisture Testers, Graders, Chemicals Rose Cutter, Spray Equipment and Sealing Equipment, Fumigation Equipment		

ID	Sub-Sector	Incentives	Period	Eligibility
e	Horticultural Enterprises (CPC 438)	10% import duty, import excise free and VAT charged at 16.5% for one goods carrying motor vehicle of Tariff Heading 87.04, in every five years	Every 5 years	<ol style="list-style-type: none"> 1. The horticulture enterprise must be engaged in the production of horticultural produce intended for export approved by the Minister 2. The vehicle must be direct use for the production of horticultural produce intended for export 3. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA
f	Irrigation (CPC 446)	Import duty, import excise and import VAT free on PVC pipes, asbestos pipes/ rubber seals, galvanized pipes, elbow, sprinklers, rainers, control valves, solvent cement, diesel engine ranging from 12KW to 17KW with tubes, pressure gauges and nozzles		<ol style="list-style-type: none"> 1. Direct use in irrigation 2. Must be a farming entity (register farming enterprise or farmer club) 3. Prior recognition (permit) from the Ministry of Agriculture 4. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA

ID	Sub-Sector	Incentives	Period	Eligibility
g	Other Agriculture goods	<ol style="list-style-type: none"> 1. Import duty-free and Import VAT free importation of agricultural goods: fertilizers, pesticides, herbicides 2. Import duty-free and Import VAT free importation of agricultural equipment: ploughs, harrows, scarifiers, cultivators, weeders, manure spreaders and fertilizer distributors, and milking machinery 		<ol style="list-style-type: none"> 1. Must be engaged in agriculture production 2. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA 3. Registration with the Pesticides Control Board of Malawi

ID	Sub-Sector	Incentives	Period	Eligibility
h	Priority Industry Status²	<ol style="list-style-type: none"> 1. 0% corporate income tax for a period not exceeding 10 years 2. Exemption of duty on importation of capital goods and building materials as may be described under the Taxation (Priority Industries) Regulation, 2013 		<ol style="list-style-type: none"> 1. Must invest a minimum of \$500,000 or its Kwacha equivalent in plant and machinery for 100% Malawian shareholding 2. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA 3. \$5 million or its Kwacha equivalent in plant and machinery for any other shareholding 4. 35% value addition from agro-processing 5. MITC Certificate
i	Exports Processing Zone (CPC 475)	<ol style="list-style-type: none"> 1. Exemption of import duty and import excise while import VAT is zero rated on capital machinery, equipment, and raw materials directly used in the production of goods for export 2. 0% Corporate Income Tax 	Licence is valid for 2 years	<ol style="list-style-type: none"> 1. Investors should be issued with an Export Enterprise Certificate from the Ministry responsible for Trade and Industry

¹ Admission into the Priority Industry is subject to assessment by the Priority Industry Committee

ID	Sub-Sector	Incentives	Period	Eligibility
j	Industrial Rebate Scheme	1. Import duty and import excise free (but VAT payable at 16.5%) for specified raw materials in the manufacturing industries listed in PART I of taxation act 2006	1. Local manufacturing and small-Scale manufacturing for a maximum period of 10 years	1. The manufacturing entity should be registered as an operator under the Industrial Rebate Scheme 2. An industry must be on the approved priority list of the industries under the Rebate Scheme

ID	Sub-Sector	Incentives	Period	Eligibility
		<p>2. Import duty, import excise and import VAT-free for raw materials in the manufacturing industries listed in PART II of Appendix A of the Eighth Schedule (taxation Act 2006)</p>	<p>2. Export Market Manufacturing for a maximum of 50 years</p>	<p>3. The raw materials must be on the gazetted list</p> <p>4. A taxpayer must have a safe rebate store with a provision for a custom's lock</p> <p>Small Scale Manufacturing</p> <p>1. Annual turnover not exceeding K50 million</p> <p>2. Demonstrate a manufacturing process with a value addition of at least 5%</p> <p>Essential Produce Manufacturing e.g. fertilizer manufacturing:</p> <p>Demonstrate a manufacturing process with a value addition of at least 5%</p> <p>Local Market Manufacturing i.e. manufacturers of goods for the local market:</p> <p>Demonstrate a manufacturing process with a value addition of at least 10%</p> <p>Export Market Manufacturing:</p> <p>Demonstrate a manufacturing process with a value addition of at least 35%</p>

ID	Sub-Sector	Incentives	Period	Eligibility
k	Export Allowance	<ol style="list-style-type: none"> 1. 30% on non-traditional processed exports 2. 10% on traditional unprocessed exports 		Exporters of both traditional and non-traditional exports
l	Exports	VAT is charged at 0% on exports		<ol style="list-style-type: none"> 1. Any taxpayer engaged in the export of Malawi-produced goods indicated by proof of export 2. A business person or business entity must be registered for VAT 3. Valid Tax Clearance Certificate or Withholding Tax Exemption Certificate from MRA
m	International Transport Allowance	25% of the international transport cost		<ol style="list-style-type: none"> 1. Exporting entities, also have their own transportation costs 2. Submission of tax returns

ID	Sub-Sector	Incentives	Period	Eligibility
n	<p>Capital Allowances (Investment, Initial and Annual)</p> <p>N.B. No Investment Allowance can be claimed when Initial allowance has been claimed</p> <p>Please refer to the Malawi Tax Incentives Handbook</p>	<ol style="list-style-type: none"> 5% annual or 10% initial allowances on staff housing in the agriculture sector is claimable, industrial building 40% investment allowance on used plant and machinery 100% Investment allowance on new and unused plant and machinery 10% Initial or 5% annual allowance on-farm improvements 33.3% initial or 10% Annual allowance on farm fencing 20% annual allowance on combined harvesters (self-propelled) 	<ol style="list-style-type: none"> Annual allowance - at the end of each year for the lifespan of the capital asset Initial allowance - once in the first of use of the capital allowance Investment allowance is given in the first year only 	<ol style="list-style-type: none"> Manufacturers or agro-processors Large tobacco, tea, sugar & cocoa farmers Submission of tax returns
o	Allowable expenses	<ol style="list-style-type: none"> Full cost of the construction of dams, dykes and land preparation Pre-business expenses of up to 18 months 		<ol style="list-style-type: none"> Must be a manufacturer Growers of tea, tobacco, sugar, coffee or such crop as the Minister responsible for Agriculture may approve, at a plantation level Submission of a tax return

ID	Sub-Sector	Incentives	Period	Eligibility
p	Value Added Tax exemption on government-funded Projects	For big projects i.e. construction, energy generation		<ol style="list-style-type: none"> 1. Exemption from Ministry responsible for Finance 2. Proof of a signed agreement between the government and the beneficiary 3. Application to the Commissioner General office. 4. Issuance of an exemption certificate (ST14)

Source: Malawi Tax Incentives Handbook

2.2 ACCESSIBILITY OF TAX INCENTIVES

2.2.1 GENERAL REQUIREMENTS TO ACCESS TAX INCENTIVES

Tax incentives are provided for in the tax laws; however, for the applicant to qualify for these incentives they must meet the following requirements;

1. Should be a registered person or entity e.g. cooperatives, farm organisations etc
2. The business's level of value addition should meet MRA's specified threshold
3. A specified level of investment
4. Employment created by the business
5. The ability to generate forex etc

2.2.2 STEPS TO ACCESS CUSTOMS GENERAL TAX INCENTIVES

1. The taxpayer must understand the requirements for qualification under the incentive
2. The taxpayer must submit an application to MRA together with supporting documents
3. MRA assesses the application and approves or rejects it based on provisions in the regulations
4. If approved, taxpayer submits a customs declaration through Customs agents and the consignment undergoes the clearance process

2.2.3 STEPS TO ACCESS GENERAL DOMESTIC TAX INCENTIVES

1. The person should register with MRA
2. The taxpayer must understand the requirements for qualification under the incentive
3. The taxpayer claims the incentive, e.g., loss carry forward, capital allowance etc. on his or her tax return

Unlike specific incentives which only require a one-off process of application and licensing, general incentives require the taxpayer to apply every time there is a consignment imported into the country.

2.2.4 CONDITIONS TO ACCESS SPECIFIC TAX INCENTIVES

These are incentives which are applicable to a specific sector. The purpose of the tax incentives is to promote growth, increase output, earning and saving foreign exchange and expanding employment opportunities. The following conditions must be met to obtain the particular tax incentives;

1. The taxpayer must understand the requirements for qualification under the incentive. Information is available on MRA website, MITC, customs clearing agents and Tax Consultants
2. The taxpayer submits an application to MRA for registration under the incentive
3. The Advisory Committee assesses and recommends to the Commissioner General for registration of the applicant
4. The taxpayer is registered or licensed under the incentive and enjoys duty-free importation of goods on the gazetted list or lower rates of tax under the incentive

A taxpayer who has been refused consideration for specific tax incentives or is aggrieved with the decision of the Commissioner General may appeal using the procedures provided for in the various legislations.

3.0 PREFERENTIAL TREATMENT UNDER REGIONAL TRADE BLOCKS

Imports and/or exports originating from the Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA) member states are subject to preferential treatment based on a set of criteria used to determine whether or not goods that are traded between member states qualify as originating goods.

The COMESA Certificate of Origin can be accessed from the Malawi Confederation of Chamber of Commerce and Industry (MCCCI). While the SADC certificate of origin in Malawi is issued by MRA's customs stations i.e. Blantyre Port, Lilongwe Port and Mzuzu Port. For the exports to qualify for either a SADC or COMESA Certificate of Origin, they must be:

1. Consigned directly from a member state to a consignee in another member state
2. The cost, insurance and freight (CIF) value of those materials does not exceed 60% of the total cost of the materials used in the production of the goods
3. The value added resulting from the process of production accounts for at least 35% of the ex-factory cost of the goods
4. The goods are classified or become classifiable under a tariff heading other than the tariff heading under which they were imported

This section presents some of the incentives under preferential trade agreements:

3.1 COMESA SIMPLIFIED TRADE REGIME

The Simplified Trade Regime (STR) is a trade arrangement which allows cross-border traders in the COMESA region to enjoy duty-free status when they import goods originating from member states and the goods should be on the agreed upon common list of products. STR is designed for small consignments that have a value of \$2,000 or less. The list of eligible products includes some agricultural products, live animals, food products, furniture, stationery and other assorted items. Therefore, traders in Malawi enjoy duty-free status on such goods originating from Zambia and Zimbabwe. Currently, discussions are ongoing to have this kind of arrangement with the Republic of Mozambique and the United Republic of Tanzania. Similarly, negotiations are underway on goods that should be tax exempt under Africa Continental Free Trade Area (AfCFTA).

For more details regarding STR please contact the Department of Trade in the Ministry of Trade and Industry.

3.2 DOUBLE TAXATION AVOIDANCE AGREEMENTS

Investors are established in a country with which Malawi has signed a Double Taxation Avoidance (DTA) Agreement. Such foreign tax payable to that other country or territory (i.e. that has an active DTA with Malawi) in respect of any foreign income is to be allowed as a credit against tax chargeable in terms of this Act (Taxation Act) in respect of such foreign income.

4.0 PUBLIC SECTOR FINANCING OPPORTUNITIES FOR THE AGRI-PRENEUERS

In the quest to address the challenges that farmers face when accessing credit and financial support, the Government of Malawi in partnership with the private sector and development partners has come up with several initiatives to ease the situation. Financing opportunities in the agriculture sector range from grants to concessionary loans as highlighted below;

4.1 EXPORT DEVELOPMENT FUND (EDF)

EDF is a development finance institution wholly owned by the Reserve Bank of Malawi. Established in 2012, the institution was formed to support the implementation of the first National Export Strategy (NES) through its emphasis on financing the expansion of production of oil seeds and other cash crops to promote their value addition and eventually enhance exports.

EDF has five Focus areas, out of which two are related to the agriculture sector and these two are:

1. Agriculture and Agro-processing: Though not exhaustive, this covers soybeans, cotton, macadamia nuts, pigeon peas, ground nuts, rice and sunflower, fish and aquaculture products, coffee, tea, and honey.
2. Export Manufacturing: EDF prepares and arranges financing for agro-processing and light manufacturing industries for different value chains.

There are a number of financing products that EDF offers under Agriculture; key ones being:

4.1.1 CONSTRUCTION AND EXPORT MANUFACTURING GUARANTEE & RE-FINANCING (CONEM) FACILITY

1. The facility was conceptualized to bridge the financing gap faced by agro-processing businesses, as well as manufacturing industries to increase their processing capacities.
2. The facility is structured as a dual tranche facility:
 - Tranche 1: The Original Facility (OF): The construction firm or bank funds the construction and installation phase of the manufacturing facilities backed by EDF's "Contingent Guarantee"
 - Tranche 2: Refinancing or Relay Facility (RF): Upon

completion and certification by an acceptable registered independent engineer, EDF refinances the original Facility while supporting the operations of the completed facilities

3. The original facility is repaid with proceeds of the Relay Facility
4. The guarantee expires on payment of the Original Facility
5. The Relay Facility is repaid with proceeds generated by the project

4.1.2 CONTRACT FARMING AND EXPORT AGRICULTURE FACILITY (CONFARM)

1. The facility aims at assisting farmers with active farms to engage in contract farming with off-takers (manufacturers or direct exports of commodities) for the country to achieve full export potential from the agriculture sector
2. The facility intervenes in the agricultural sector in the following ways:
 - Procurement of farm machinery and implements to facilitate the production, processing and transportation of farm produce
 - Working capital finance to contract farmers for the purchase of agriculture inputs
 - Construction of production support infrastructure such as irrigation and warehousing infrastructure
 - Provision of guarantees to commercial banks (including relay facility) and input suppliers involved in providing loans or credit to contract farmers

4.1.3 EXPORT PACKING CREDIT FACILITY (EPaC)

1. The facility supports entities in export value chains. Activities supported include the following:
 - Procurement of raw materials/ intermediate goods and/ or other inputs
 - Manufacturing process or other forms of transformation of Malawian goods and/or services
 - Wages and salaries for production staff
 - Direct costs including transportation/ shipping/ handling/ insurance etc
 - Packaging and/or branding

2. The facility is available as:
 - Direct advance to the borrower
 - Line of credit (LC) to intermediary financial institutions, or
 - Refinancing of export finance facilities already extended by financial institutions.
3. Repayment is from proceeds from export sales contract

4.1.4 PROJECT PREPARATION FACILITY (PPF)

1. The facility aims at developing and getting projects to bankability and ultimately, financial close
2. It provides support and finance to undertake activities such as:
 - Bankable feasibility studies such as Environmental and Social Impact Assessment studies (ESIA), Commercial Feasibility studies etc
 - Plant and Engineering Designs
 - Inbound Supply Chain Design
 - Commercial Feasibility studies
 - Financial Model audit
 - Procurement of Project management consultants
 - Procurement of Legal and Transaction advisors
 - Capital Raising

4.1.5 EDF INCUBATION PROGRAM

1. Under this arrangement, EDF also provides training and coaching for business start-ups.
2. The incubation program also provides twinning and match-making services to SMEs. The program also provides supply chain financing to SMEs.

4.1.6 APPLICATION CHECKLIST

1. Formal and signed application Letter for the facility incorporating details not least the funding or unfunded requirements of the business, use of funds, repayment source and the repayment period.

2. Completion and submission of Know Your Customer (KYC) and Anti Money Laundering (AML) information
3. Copy of the business registration certificate
4. Memorandum and Articles of Association (MEMARTS)
5. Board resolution recommending the client to borrow
6. Company business profile detailing organization structure, nature of the business and operational model, key products and services, vision and goals etc
7. CVs and profiles of key management members and board of directors
8. Copies of IDs of the board of directors and key management members
9. Business plan
10. Copies of contracts with off-takers
11. Trading and export licenses
12. Tax certificate
13. Copy of feasibility studies (technical feasibility, operational feasibility, market feasibility and financial feasibility) for new projects
14. Copy of an approved Environmental and Social Impact Assessment (ESIA) report or Environmental and Social Management Plan (ESMP) for the project (new projects)
15. Copies of loan agreements with other financial institutions or individuals
16. Audited financial statements for the past 3 years and the latest available management accounts
17. Aged analysis of debtors and creditors
18. Bank statements for the immediate past 6 months
19. Financial projections covering the period of the facilities (income statement, balance sheet & cash flows) in Excel format with assumptions underpinning the projections
20. Copies of title property documents being pledged as collateral
21. Other special licenses and other industry-specific regulatory documents

For more information, please contact EDF through the following address:

First Floor, Public Service Pension Fund Building

Presidential way drive,

P.O Box 30063, Lilongwe 3

Tel : +265 992 859 129/ +265 882 415 633

E-mail: mancom@edf.mw/edf@edf.mw

4.2 MALAWI AGRICULTURAL AND INDUSTRIAL INVESTMENT COOPERATION (MAIIC)

Background:

MAIIC is a development financing institution that promotes private sector-led economic development in Malawi by providing financing solutions to support commercially viable investments in the public and private sectors of the economy to consolidate and promote accelerated economic growth.

This is done through mobilizing finance, skills, and technology for sustainable wealth creation by incorporating inclusiveness, integrity, professionalism and transparency with the vision to be the leading enabler of high-impact economic development in Malawi.

4.2.1 PRODUCTS AND TARGET SECTORS

MAIIC's role in the market is to provide long-term financing to businesses. This can be done through the provision of debt, equity and guarantees.

MAIIC's mandate spans across all sectors of the economy including agriculture and agro-processing, manufacturing, tourism, energy, ICT and infrastructure development. MAIIC has also been heavily involved in the establishment of mega-farms championed by both the public and private sector players.

4.2.1.1 MAIIC Target market

MAIIC provides financing solutions to limited liability companies, sole proprietorships, co-operatives and other legally registered businesses. In the agriculture sector, MAIIC's offering includes but is not limited to the following;

1. Expansion of Irrigation
2. Agricultural co-operatives
3. Dairy farming
4. Expansion of meat and poultry products
5. Expansion of crops for export and domestic consumption
6. Mechanization
7. Storage facilities
8. Agricultural processing
9. Fisheries/aquaculture
10. Establishment of mega-farms

4.2.1.2 Requirements

1. Copy of contract with off-taker
2. Assignment of contract proceeds
3. Application letter with clear purpose, amount and tenor
4. Evidence of business ownership (Certificate of Incorporation)
5. Borrowing, powers and board resolution – if it's a limited company
6. Nature of liabilities with other financiers
7. Credit reference bureau report
8. Latest audited Accounts
9. If audited accounts are outdated, they should be supported with the latest management accounts.
10. Business Profile
11. Cash flow projections, debtors list, creditors list
12. Export licence
13. Tax clearance certificate

Visit our social media pages;

1. Facebook - <https://web.facebook.com/maiicmw>,
2. Instagram- https://www.instagram.com/maiic_mw/,
3. LinkedIn - <https://www.linkedin.com/company/maiic-mw/>,
4. Twitter - <https://twitter.com/maiic307>

For more information, please contact MAIIC through the following;

Address : Gowa House

African Unity Avenue, City Centre,

P.O Box 307, Lilongwe 3

Tel : +265 1 776 172/ +265 1 776 173

E-mail : info@maiic.mw

4.3 AGRICULTURAL COMMERCIALIZATION PROGRAMME (AGCOM)

The current programme (AGCOM 2 Program) which builds upon the AGCOM 1, is funded by the World Bank and will be implemented from 2023 to 2029. AGCOM 2 program continue to pursue the main objective of AGCOM (1.0), which is to increase commercialization of primary and value-added agricultural products. AGCOM 2 is also introducing new elements such as build food systems resilience through climate-smart farming, irrigation systems and infrastructure rehabilitation.

4.3.1 FINANCIAL PRODUCTS OFFERED BY AGCOM 2

AGCOM 2 project is offering matching grants which will support investment by producer organizations and the off-takers. The program has three windows of financing thus: Window 1 (primary production), Window 2 (value addition) and Window 3 (small and medium enterprises/ off-takers)

4.3.1.1 Window 1: Primary Production

The matching grants will be used for the following;

- Procurement of productive assets that will increase volume and improve quality of produce
- Technical assistance that aides in increasing production and quality of produce
- Implementation of environmental and social safeguards

4.3.1.1.1 Target and number of participants. How much is each participant benefiting?

Window 1 will support 300 new producer organizations (POs) mainly with productive assets to increase production volumes. The AGCOM matching grant will not exceed \$2,500 per listed member or beneficiary. This shall represent a maximum of 70% while the PO will contribute 10% cash and 20% in-kind contribution.

4.3.1.1.2 Eligibility criteria

- The PO should be an eligible farmer organization/group. The group must have basic interim leadership, bylaws or regulations, evidence of prior meetings, commitment to train and become a cooperative

- The PO should have 20 members and above; POs with large membership will be prioritized
- The PO should have a committed off-taker with a signed commitment letter that is valid for 24 months; Off-takers must be prepared to sign a commercial agreement at the business plan stage
- All agricultural value chains are eligible except tobacco. The chosen value chain and the proposed subproject must demonstrate revenue within 24 months
- For the PO subproject with individual assets/ investments, members must be within a 20 Km radius of each other. For PO subprojects with collective assets investments, members may come from varying locations. Collective assets will be prioritized after thorough assessments followed by individual assets
- Land for individual members involved in crop production should not exceed 8Ha (≤ 8 Ha)
- Evidence of land ownership of land for collective assets (any of the following: Lease; certificate of Customary estate; change of ownership document from the DC; stamped letter from the Traditional Authority)
- PO members should be willing to co-finance the subprojects costs – the POs will make a 10% cash and 20% in-kind (Land, labour, wages for employed staff, agricultural inputs, feed for livestock of fish) contribution
- The subproject shall include environmental and social safeguards;
- All subprojects shall adapt climate resilience/ climate smart technologies e.g. soil and water conservation, crop rotation, agroforestry

Other requirements: Important information to support concept note submission - Window 1 POs

- Copy of cooperative certificate (if cooperative) or letter of commitment to register as a cooperative
- Off-taker letter(s) of commitment to purchase all of the proposed production
- Evidence of Ownership of Land for collective assets (Any of the following: Lease, certificate of Customary estate, Change of Ownership document from respective DC, Stamped letter from the relevant Traditional Authority)
- List of Membership including Name, Age, Gender, National ID Number, Amount commitment to contribute, signature

- A recommendation letter from the Director of Agriculture Service in the respective proposed intervention district

4.3.1.2 Window 2 Value Addition

The matching grants will be used for the following;

- Investments in capital assets that will enhance productivity and value addition
- Technical assistance to enhance the value addition
- Implementation of environmental and social management plan

4.3.1.2.1 Target and number of participants. How much is each participant benefiting?

Will focus on producer organizations that have benefitted from the AGCOM Project before or any other POs that can demonstrate high volumes to sustain value addition. The window will support 200 producer organizations in value addition. The AGCOM matching grant will not exceed \$2,500 per listed member or beneficiary. This shall represent a maximum of 70% while the PO will contribute 10% cash and 20% in-kind contribution.

4.3.1.2.2 Eligibility criteria

- POs in Window 2 will be required to comply with the eligibility criteria for Window 1 POs in addition
- POs must demonstrate evidence (assessed and verified by AGCOM) of high volume to sustain proposed value addition
- POs must demonstrate sales revenue from their production from the previous year (delivery notes, receipts, bank statements, and income statements will be required as evidence of the same)
- POs that benefitted from the previous phase of AGCOM must maintain their value chain in the previous subproject and must have successfully implemented their subproject. Submission of a close-out letter is a must
- Primary, secondary cooperatives and unions must have sustainable volumes
- POs that attract and show an increase in membership over past years will have an added advantage

Other requirements: Important information to support concept note submission - Window 2 POs

All POs must provide the following attachments:

- Copy of cooperative certificate (if cooperative) or letter of commitment to register as a cooperative
- Off-taker Letter(s) of Commitment to purchase all of the proposed production
- Evidence of ownership of land for collective assets (ny of the following: lease, certificate of customary estate, change of ownership document from respective DC, stamped letter from the relevant traditional authority)
- List of members including name, age, gender, national ID number, amount commitment to contribute, phone (if any) signature
- A recommendation letter from the Director of Agriculture Service in the respective proposed intervention district
- Attach full specification of proposed value Addition machinery

4.3.1.3 Window 3: Small and Medium Enterprises/Off-Taker Window

In this window the matching grand will be used for;

- Investments in capital assets that will increase productivity; improve post production handling, product quality and certification, value addition and agro-processing
- Insurance of project investment/assets
- Technical assistance that aides in increasing production and quality of produce
- Implementation of Environmental and social safeguards

4.3.1.3.1 Target and number of participants. How much is each participant benefiting?

The matching grant is targeting SMEs thus 60 off-takers, aggregators, processors and anchor farms working with smallholder farmers to increase production, improve quality and enhance value addition.

Categories of SMEs	Number of Employees	Turnover in the previous Year (MWK)	AGCOM matching grant max. amount (US\$)	Contribution Rule (criteria)
Level 1	1-20	25-100 Million	150,000	70:20:10
Level 2	21-99	100-500 Million	300,000	70:30:0
Level 3	>100	> 500 Million	500,000	50:50:0

The SMEs must work with a minimum number of farmers per value chain as specified below;

	Value Chain	Level 1	Level 2	Level 3
1	Dairy	200	500	800
2	Beef Production	50	100	150
3	Cereals and Legumes	200	500	800
4	Horticulture	100	250	400
5	Aquaculture	50	100	150
6	Livestock (Small Ruminants)	100	250	500
7	Honey Production	200	400	1000
8	Poultry	200	500	600
9	Plantation Crops	200	500	800

4.3.1.3.2 Eligibility criteria for SMEs under AGCOM 2

- SMEs must be registered firms with proof of registration in Malawi. (Registration certificates)
- SMEs should operate as a registered entity, active in agribusiness
- SMEs must have experiences as follows; Level 1 SMEs must have 1-year experience; level 2 SMEs must have 2 years' experience and level 3 SMEs must have 3 years' experience
- SMEs must operate in in verifiable business premises
- limited liability companies will be preferred over sole proprietors
- The SMEs must be independent and not a subsidiary of a larger enterprise
- SMEs must have pre certification
- SMEs must submit copy of tax returns for previous year
- SMEs must submit tax clearance certificate
- SMEs will be required to provide a track record of purchases from producer organizations (evidenced by delivery notes, contracts, sales agreement, bank statements, receipts)
- SMEs must have a formal market agreement for their final product which is valid for at least 24 months (e.g., supply contract, physical distribution details, retail centres as evidence of existing or potential markets)
- SMEs must provide evidence of cash contribution preferably a bank statement

- The SMEs must be willing to contribute to the investment costs as follows;
 - Category 1 SMEs AGCOM will provide 70% funding and the SME will be match with 20% cash and 10% in-kind contribution
 - Category 2 SMEs will 30% cash while AGCOM funding will be 70%
 - Category 3 SMEs will contribute 50% strictly cash while AGCOM Project will contribute 50% funding

Focus types of value chains per each financial product for AGCOM grants

All agricultural value chains are eligible except tobacco. The chosen value chain and the proposed subproject must demonstrate revenue within 24 months

Targeted geographical location financial product (Which specific districts do you target?)

All districts in the country

Contacts for further information:

Agricultural Commercialisation (AGCOM) Project

Ministry of Agriculture, P.O. Box 727

Forestry Building off Chilambula Road

Lilongwe, MALAWI

Tel : +265 992 116 586 / 882 109 041

For further details please visit www.agcom.gov.mw,

e-mail : info@agcom.gov.mw,

4.4 FINANCIAL INCLUSION AND ENTREPRENEURSHIP SCALING PROJECT (FInES)

The project objective is to increase access to financial services and promote entrepreneurship and capabilities of Micro, Small and Medium-sized Enterprises (MSMEs) in Malawi. FInES is supporting agriculture actors, among other small, and medium enterprises to access patient capital at a lower interest rate of 11% per annum if the same is accessed through participating commercial banks.

FInEs is a Government of Malawi project being implemented by the Reserve Bank of Malawi. Contact FInES via e-mail at FinESProject@rbm.mw, or telephone at +265(0)1770600.

4.5 FINANCIAL ACCESS FOR RURAL MARKETS, SMALLHOLDERS AND ENTERPRISES' PROGRAMME (FARMSE)

Provide support through the provision of inputs and asset finance to smallholder farmers to enhance productivity in the value chains. The project provides loans to selected value chain players to increase service delivery capacity and diversify household income. Furthermore, the project promotes innovative micro-insurance to increase the resilience of rural farmers to climate shocks.

4.6 TRANSFORMING AGRICULTURE THROUGH DIVERSIFICATION AND ENTREPRENEURSHIP PROGRAMME (TRADE)

TRADE stands for Transforming Agriculture Through Diversification and Entrepreneurship. It is a 6 year (2019 to 2026) Government of Malawi Programme funded by International Fund for Agriculture Development (IFAD) and Opec Fund for International Development (OFID). The Programme aims at:

- Strengthening value chains and enhance the enabling environment to make it more conducive to rural commercial development
- Facilitating and managing the programme in an efficient and effective manner
- Improving linkages of farmers to value chains by establishing more efficient

4.6.1 WHAT FINANCIAL PRODUCTS IS THE PROGRAMME OFFERING?

The project is providing matching grants referred to as the Agricultural Commercialization Innovation Fund ACIF model which categorised into two, thus small grants window and large grants window.

4.6.1.1 Window 1: Small grants window

The grants will be used to support investments in;

- On-farm irrigation equipment; solar pump
- Storage facilities
- On farm processing equipment (like chipper, huller, oil press, cooler)
- Capacity building costs for the private-public-producer partnership (4P) partners
- Investments to support organising producers and other commodity actors

4.6.1.1.1 Target and number of participants. How much is each participant or group benefiting?

The window open to FOs, such as cooperatives and farmer groups. The threshold is up to USD 100,000 with the programme matching up to 70% and grantees will contribute 30% where 10% of the matching contribution is in cash

4.6.1.1.2 Eligibility criteria for small grants

Smallholder farmer groups should fulfil the following requirements;

- The applicant is a registered farmer organization
- The proposed project is consistent with TRADE goals and objectives and support the pro-poor focus of TRADE programme of making smallholder farmers increase in production, sales, market price as well as improving access to agricultural inputs and increasing revenues/incomes for participating smallholders”
- The proposed project will provide demonstrable sustainable benefits to the TRADE target groups- the poor, youth, women and other vulnerable groups
- The applicant has authentic proof of financial health in form of financial statements and corresponding bank statements
- The project involves partnerships with private sector entities and has submitted proof of contract with a prospective off-taker or anchor
- The applicant has a minimum of 2-year demonstrable experience in the sector

- The applicant has identified a realistic target market to be competitive
- The grant amount is aligned with the number of participating farmers
- Meets the eligible investment criteria
- The applicant is not implementing a similar initiative using other donor funds on the same targeted population

4.6.1.2 Window 2: Large matching grant window

The matching grants will be used to fund investments including but not limited to:

- Agribusinesses / agro processor
- Processing and packing equipment like: washer, dryer, heater, press, scalable storage and cooling equipment
- Leather
- Target and number of participants. How much is each participant or enterprise benefiting?
- Large matching grants is open to medium and large-scale private agribusinesses(agro-processors) that increase the profitability and sustainability of small scale farmers, farmer groups and rural SMEs
- The threshold is up to USD 250,000 with the programme matching up to 50%. The grantee will match either in kind, cash, or a combination of both, with a minimum contribution from 50% of which a minimum of 20 % shall be cash while the remainder of up to 30% shall be in-kind contribution

4.6.1.2.1 Eligibility criteria for large grants

The following eligibility criteria will be used for large grant window applicants:

- The applicant is a registered agribusiness, Farmer Organization (FO) or Farmer Based Organization (FBO), such as Cooperative preferably in partnership with a farmers group
- The proposed project is consistent with TRADE goals and objectives, and support pro-poor focus of TRADE programme of making smallholder farmers increase in production, sales, market price as well as improving access to agricultural inputs and increasing revenues/incomes for participating smallholders”
- The proposed project will provide demonstrable sustainable benefits to the TRADE target groups
- The proposed projects demonstrate win-win partnership with small holder producers

- The applicant has a minimum of 5-year demonstrable experience in the sector
- Product quality value addition is required
- The market for the participating farmers is guaranteed
- The grant amount is aligned with the number of participating farmers
- The investment in the sector will take place within TRADE programme implementation period
- The project involves partnerships with TRADE's targeted FBOs/entities and has submitted proof of contract or agreement with the FBOs/entities
- The applicant has the required technical and managerial capacity to implement the proposed project
- The applicant is not implementing a similar initiative using other donor funds on the same targeted population
- The applicant is financially stable. The applicant will be required to share the last Financial Statement and audit report

4.6.1.2.2 Focus types of value chains per each financial product for TRADE

The programme is focusing on seven value chains as enlisted; Beef, Dairy, Honey, Groundnut, Sunflower, Soybean, Irish potato

4.6.1.2.3 Targeted geographical location financial product

The Project sites for the programme is in 11 districts in the first phase of 2-3 years with possibilities of extension to 15 districts. The districts include; Chitipa, Karonga, Rumphi, Nkhatabay, Ntchisi, Kasungu, Lilongwe Rural, Mchinji, Dedza, Thyolo and Blantyre Rural

Contacts for further information:

TRADE Programme
Area 9/328 Off Mchinji Road
P.O. Box 2135,
Lilongwe. Malawi
E-mail : npc@tradeprogramme.org
Website : www.tradeprogramme.org

4.7 MEGA FARMS SUPPORT PROGRAMME

Launched on 31st August 2023, the Mega Farm Initiative promotes capital-intensive requiring large amounts of equipment, such as tractors and irrigation systems with potential to increase agricultural productivity and exports, to reduce poverty and hunger in Malawi. The key objectives of the programme are;

- Ensure that smallholder farmers have access to markets. If mega farms are anchor farms, then smallholder farmers can find a market to sell their produce at these farms
- Promoting irrigation
- Providing investors with access to unutilized or underutilized estate land
- Strengthening agricultural financing, and increasing agricultural exports

4.7.1 WHAT INCENTIVES IS THE PROGRAMME OFFERING?

The mega farms is offering five essential facilities in support of the farmer production namely:

- Financing facility
- Off-takers facility-market
- Farm management
- Farm machinery

- Supplementary irrigation
- Anchor/mega farmers one stop centre

4.7.1.1 Facility 1: Financing facility

To ensure both short and long-term (patient financing) at an affordable cost, fit-for-purpose for the nature of the value chain & size of investment. The mega farm unit is working with financing institutions which include commercial banks, Micro finance institutions, government projects financing agricultural value chains.

4.7.1.2 Facility 2: Off-takers facility

Facilitation of legal binding deals or contracts between anchor farm investors and produce off-takers that includes pre-financing the farmers with production inputs. The facility is already working off takers such as Pyxus, Mtalimanja Holdings.

4.7.1.3 Facility 3: Farm management support facility

The facility serves to facilitate farm business management and agricultural technical advisory services to the anchor farmers for optimization of farm business profits.

To ensure that farmers are properly equipped with both managerial and technical skills for their farms viable commercial enterprises, every farmer on this programme will be expected to employ at least one full time professional managers, at least a diploma holder. The programme will be offering regular refresher short term courses.

In collaboration with MAIIC, LUANAR and Malawi Forum for Agricultural Advisory Services (MaFAAS) the programme has business consultants who are offering their services to the farmers including in the development of bankable proposals.

The programme has trained a pool of tractor operators to be employed by the farmers who wish to procure tractors of their own for their farm operations.

4.7.1.4 Facility 4: Farm machinery service facility

This is about making farm machinery, mainly tractors, affordably, easily accessible and commercially available to all the identified medium and large-scale farmers. Specifically:

- Encourage and support any farmer who has a tractor or set of tractors to operate farm machinery hiring services to service farmers within their reach apart from their anchored smallholder

farmers. Encouraging as many farmers as possible to procure own tractors to partly operate as hiring business

- Support the Mahindra tractors under the Delta Automobiles Malawi Ltd who have introduced nationwide tractor hiring facility aimed at covering all the ADDs
- The Ministry of Agriculture has also revamped & restructured its ADD-based farm machinery hiring scheme in order to offer this services to the farmers

4.7.1.5 Facility 5: Supplementary Irrigation facility

Supplementary irrigation is the addition of limited amounts of water to essentially rain fed crops to alleviate the adverse effects of dry spells or drought. It is dependent on the rainfall as a primary source of water for the crop.

To ensure that their productivity is not hampered by the occurrence of dry spell or drought, every farmer will be encouraged and supported to have some form of supplementary irrigation technology as standby source of water. Some of the technologies include:

- o Rainwater harvesting into farm-based concrete water reservoirs
- o Drilling of boreholes with solar pumping technology and standing water tanks or farm based water reservoirs
- o Tractor drawn water bowsers for those farmers in close proximity to a source of water such as a river or a stream

The ministry set aside 75 motorized water pumps to be offered to farmers on a long term credit terms to those farmers who will have installed rainwater harvesting reservoirs.

4.7.1.6 Facility 6: Farmers One-Stop Service

To facilitate commercial farmer's requirements and support, the Ministry of Agriculture has established a special "Mega Farm Support Unit" that is housed at its Kanengo offices with dedicated technical officers drawn from the various technical department of the Ministry. The facility is available to the farmers 24/7 to support with any logistical facilitation services

Farmers registered under the Anchor/Mega Farm Programme can walk into the premises for any logistical and to a limited extent technical support of their farm operations.

The facility will be holding annual One-Stop-Farmer Indaba in form of a farmers' fare to enable farmers and various production service providers to directly interface and make deals and contracts with any of the production service providers.

4.7.2 TARGET AND NUMBER OF PARTICIPANTS. HOW MUCH IS EACH PARTICIPANT OR GROUP BENEFITING?

- Medium Scale Farmers: 20 -50 hectares landholding
- Large scale Farmers: 51 hectares and above
- Horticultural Crops: 5 hectares
- Livestock Minimum numbers:
 - o Poultry 1000
 - o Goats/Sheep 50
 - o Piggery 20
 - o Dairy & Beef 20

4.7.3 FOCUS TYPES OF VALUE CHAINS PER EACH FINANCIAL PRODUCT FOR MEGA FARMS

The programme is focusing on a number of value chains based on the diversification and priority value chains; sunflower, soybean, pigeon peas, ground nuts, beans; maize, rice; tobacco, cotton, macadamia; banana, avocado, other horticultural crops; beef, dairy, goats, piggery, sheep, poultry (local, broilers and layers)

Targeted geographical location financial product

The Mega Farm Initiative is being implemented in all districts across the country

Contacts for further information:

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Lilongwe,
The Mega Farm Unit, Kanengo

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4.8 MALAWI WATERSHED SERVICES IMPROVEMENT PROJECT (MWASIP)

The World Bank-funded MWASIP aims to scale up catchment rehabilitation especially landscape restoration as it is connected to soil, water, and support to other forms of life.

MWASIP is a six-year project that is running from 2020-2026 and is focusing on restoring the degraded landscapes in priority river basins and improving water security, agricultural productivity, and livelihoods.

4.8.1 WHAT FINANCIAL PRODUCTS IS THE PROGRAMME OFFERING?

The project is providing matching grants to enable cash-constrained farming communities in the Shire River Basin to invest in sustainable intensification of agriculture, increase productivity, add value and enhance market access for produce. There are two types matching grants matching grants thus;

- To small-holder farmers to enhance on-farm productivity sustainably in selected value chains; and
- Matching grants to agri-enterprises involved in the selected value chains to increase market access for small-holder farmers and SME development towards increased competitiveness, job creation and improved rural incomes.

4.8.1.1 Category 1: Matching grant to smallholder farmers to enhance on-farm productivity sustainably in selected value chains

The project will provide smallholder farmer groups with matching grants to finance investments for increasing on-farm productivity in high potential value chains for example horticulture, livestock, and livestock products, including dairy, beef, small ruminants and small-scale piggery and poultry.

4.8.1.1.1 Target and number of participants. How much is each participant benefiting?

Under this category, the matching grants will target 200 smallholder farmer groups with grant values ranging between US\$5,000 and US\$25,000 and will be provided to groups, consisting of no less than

15 households. For grants less than US\$10,000, 95 percent will be in form of a grant and 5 percent will be considered a loan to be repaid with interest into the Community Environmental Conservation Fund (CECF). For grants above US\$10,000, 10 percent of the investment will be considered a loan that will be repaid with interest into the CECF. Smallholder farmer groups will be selected for support based on transparent criteria. Special consideration will be given to applications from women and youth.

4.8.1.1.2 Eligibility criteria

Smallholder farmer groups should fulfil the following requirements:

- Should have a constitution with clear objectives
- Should have membership comprising the youth and women (40% women)
- Should be farmer groups that are recognised by local leadership (VDC, catchment management committee) and participate in catchment management activities in their area
- Should be farmer groups that have no history of loan default
- Should be farmer groups that demonstrate ability to properly account for funds
- Individual smallholder farmers should be those already participating in the projects being applied for
- Individual smallholder farmers should be those willing to work in a group
- Individual smallholder farmers should provide proof of access to land
- Special consideration will be given to women only and youth only groups
- Should be those groups that commit to pay back an equivalent of five percent of their grant into CECF for grant investments less than US\$10,000, and 10 percent for grant investments above US\$10,000
- Should be those smallholder farmer groups that commit to allocate 5 percent of the grant towards nutritional related interventions

4.8.1.2 Category 2: Matching grants to agri-enterprises

Under this category, matching grants will be provided to aggregators, processors, and other business enterprises involved in the project value chains to enhance market access for the smallholder farmers. Eligible investments include but not limited to:

- Agro-processing equipment
- Leather processing equipment

- Packaging equipment
- Dairy processing plants
- Calibrating/sorting/grading machines
- Cooling centres
- Arbiters
- Tannery
- Relevant post-harvest technologies
- Production of high-quality hides and skins

4.8.1.2.1 Target and number of participants. How much is each participant benefiting?

Under this category, matching grants will be provided to a total of 60 aggregators, processors, and other business enterprises involved in the project value chains to enhance market access for the small-holder farmers. Grant size for Agri-enterprises will range from US\$25,000 to US\$50,000. Applicants will be required to make a co-finance contribution of 30% of the total estimated cost of the sub-project (of which 10% will be cash and 20% in kind).

4.8.1.2.2 Eligibility criteria

Agri-enterprises selected for support should meet the following criteria:

- Should be accepted by the District Council to operate in the district
- Willingness to meet the 30 % equity contribution of the total investment value
- Special consideration will be given to applications from Agri-enterprises owned by women and youth
- Agri-enterprises must be registered as legal entities and must have been in operation for at least 12 months at the time of submission of grant application
- To encourage productive partnerships between smallholder farmer groups and off-takers, Agri-enterprise applicants will need to express a clear commitment to source at least 50 percent of the raw materials from local farmers and a willingness to build effective commercial relationships with smallholder farmer groups

4.8.1.2.3 Focus types of value chains per each financial product for MWASIP grants

Investment support will be provided in selected high-value chains, including; horticulture, beekeeping, beef, dairy, goats, sheep, piggery, and poultry

Targeted geographical location financial product

The programme is implemented in seven districts namely;

- Ntcheu
- Neno
- Blantyre
- Machinga
- Mangochi
- Balaka
- Zomba

Contacts for further information:

The Project Coordinator

Malawi Watershed Services Improvement Project (MWASIP)

Private BagA192

Lilongwe

MALAWI

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4.9 NATIONAL ECONOMIC EMPOWERMENT FUND LIMITED (NEEF)

National Economic Empowerment Fund (NEEF) is a rebrand of the Malawi Enterprise Development Fund Limited whose reconstitution happened in September 2020, with a mandate to look into the broader objectives of microfinancing with focus on economic empowerment. The institution operates on a license that was issued in January 2015 by the Reserve bank of Malawi as a non-deposit taking microfinance institution.

4.9.1 WHAT FINANCIAL PRODUCTS IS THE PROGRAMME OFFERING?

The institution is offering loans of different forms both agricultural and non-Agricultural loans. The agricultural related loans include farm input loans, agribusiness loans, livestock production loans and cooperative promotion loans

4.9.1.1 Category 1: Farm input loans

The agricultural loans are obtained as an individual or as a group, enabling:

- Procurement of productive assets that will increase volume and improve quality of produce
- Technical assistance that aides in increasing production and quality of produce
- Implementation of environmental and social safeguards

4.9.1.1.1 Target and number of participants. How much is each participant benefiting?

Individual loan	Group loan
This focuses on Individuals involved in small holder farming aged 18-75 years and are looking for inputs like fertilizer, seeds and chemicals.	This focuses of group of 5-10 both men and women aged 18-75 years already in busines with very small capital bases (informal business).
The loan ranges from MWK5 million-MWK30 million per individual to be pain in a period within 3-12 months with minimum grace period of 1 month may be granted. Full grace period depends on crop being produced.	

4.9.1.1.2 Eligibility criteria

Individual loan	Group loan
<ul style="list-style-type: none"> • National ID • Letter from local leader • Sketch map to a place of residence and business • Bank statements • AEDO's certification of appropriateness of the amount of the inputs requested • proof of farm land acreage • Business profile/records • Business registration • Physical collateral • Guarantor letter and his/her national ID • Spouse consent letter where applicable • Memorandum and Articles of Association for private limited companies • Passport size photo (colour) 	<ul style="list-style-type: none"> • National ID • Group constitution • Leadership committee • Group guarantor-ship • AEDO's certification of appropriateness of the amount of the inputs requested • Proof of farm land acreage • Maximum radius of 5km • Group photo • Letter from local leader • Sketch map (to leaders' residences, to meeting place- must be a home of one of leader)

Rates/tariffs

- i) Interest rates - 4.8% per annum
- ii) Processing and Administrator - 4.5%

Collateral requirements

- i) Registered land; ii) Vehicles; iii) Equipment; iv) Household Chattels

4.9.2.2 Category 2: Agribusiness loans

The use of agribusiness loan is to

- Get capital to grow into large farming enterprises
- Value addition to agricultural products
- Expand supply chain

4.9.2.2.1 Target and number of participants. How much is each participant benefiting?

SMEs in serious farming (individuals or partnerships) for farm mechanization, value addition, among others. MWK 30 million to MWK 250 million per individual to be paid in a period within 6-24 months

with minimum grace period of one month may be granted. Full grace period depends on the type of agribusiness.

4.9.2.2 Eligibility criteria

- National ID
- Bank statement (minimum of 6 months)
- Business records (income statement, balance sheet, cash flow statement)
- Business profile including relevant business licenses and certificates.
- Physical collateral
- Letter from local leader
- Sketch map (residence and business premises)
- Guarantors letter and his/her national ID,
- Spouse consent letter (where applicable) and his/her National ID
- Memorandum and Articles of Association for private limited companies.
- Police clearance report
- Passport size photo (colour)
- Business plan with indication of the demand and supply chain.

Rates/Tariffs

- Interest rate - 5.2% per annum
- Processing and administration fee - 5.0%

Collateral requirements

- Landed property
- Vehicles
- Equipment
- Household chattels

4.9.2.3 Category 3: Livestock production loan

The use of agribusiness loan is to;

- Get capital to grow into large farming enterprises
- Value addition to agricultural products
- Expand supply chain

4.9.2.3.1 Target and number of participants. How much is each participant benefiting?

SMEs in serious livestock farming among others. The loan threshold is between MWK 5 million to 250 million per individual to be paid in a period within 6-24 months. The loan may be granted a minimum grace period of two months.

4.9.2.3.2 Eligibility criteria

- National ID
- Bank statement (minimum of 6 months)
- Business records (income statement, balance sheet, cash flow statement)
- Business profile including relevant business licenses and certificates.
- Physical collateral
- Letter from local leader
- Sketch map (residence and business premises)
- Guarantors letter and his/her national ID
- Spouse consent letter (where applicable) and his/her National ID
- Memorandum and Articles of Association for private limited companies
- police clearance report
- Passport size photo (colour)
- Business plan with indication of the demand and supply chain.

Rates/tariffs

- Interest rate - 4.8% per annum
- Processing and Administration fee - 4.5%

Collateral requirements

- Landed property
- Vehicles
- Equipment
- Household chattels

4.9.2.4 Category 4: Micro Irrigation and farm inputs implements loan

The use of the loan is to cover all irrigation farming implements and cost of seeds, fertilisers and chemicals which will enable farmers to:

- Get capital to grow into large farming enterprises
- Value addition to agricultural products
- Expand supply chain

4.9.2.4.1 Target and number of participants. How much is each participant benefiting?

SMEs in serious livestock farming among others. The loan threshold is between MWK 10 million to MWK250 million per individual to be paid in a period within 12 months. The loan may be granted a minimum grace period of 5 months.

4.9.2.4.2 Eligibility criteria

- Application letter by applicant
- Support letter from local leader
- Business plan with indication of the demand and supply chain
- National ID (passport size photo (colour))
- Business registration certificate and or licences
- Farm land availability of not less than 5 acres and evidence of ownership of farmland or leasehold agreement
- Confirmation of land ownership or lease agreement by village head/traditional authority
- Bank statement (minimum of 6 months)
- Financial statements (income statement, balance sheet, cash flow statement)
- Business profile including relevant business licenses and certificates.
- Physical collateral and collateral photos
- Sketch map (residence and business premises)
- Guarantors letter and his/her national ID,
- Spouse consent letter (where applicable) and His/her National ID
- Memorandum and Articles of Association for private limited companies.
- Quotations for farm inputs where applicable
- Assessment reports from Agriculture Extension Development Officers (AEDOs) and Agriculture Extension Development Coordinators (AEDCs)

Rates/tariffs

- Interest rate - 2.2% per annum
- Processing and Administration fee - 4.5%
- Life insurance 1.5%
- Collateral Insurance based on collateral value

Collateral requirements

- Landed property (registered/unregistered)
- Motor Vehicles
- Woodlot and orchards
- Plant and equipment
- Household chattels and insured crops and Livestock

Targeted geographical location financial product

NEEF is targeting all the districts in the country.

Contacts for further information:

National Economic Empowerment Fund

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E-mail: info@neef.mw

5.0 FINANCIAL PRODUCTS BY COMMERCIAL BANKS

Several commercial banks in the country do provide concessionary loans to agripreneurs. Below is a list of financial products and services provided by various Banks across the country:

5.1 STANDARD BANK

Contact Details-Business Banker: +2659999015002/+265 885920002

ID	Product	Features	Requirement
a	Production Loans- Business Loans	<ul style="list-style-type: none"> Used to meet production costs such as farm inputs; fertilizer, chemicals and other working capital requirements such as labour etc Typically, the repayment period is up to 12 months (depending on the crop cycle) Repayment structure is determined by the cash flow cycle of the business; it may be through bullet, monthly, or structured 	<ul style="list-style-type: none"> Application letter At least 2 years audited financial statements (for incorporated entities) Management accounts (not older than 5 months) Aged debtors and aged creditors list Cash flow projections at least for 12 months Copy of valid operating license (for entities whose operations are regulated by licensing and subsequent renewals) Off-taker agreements where relevant

b	Trade Finance-working capital facilities	<ul style="list-style-type: none"> • Short-term in nature typically maximum tenor is 12 months • Self-secure; the commodity being financed is the primary security typically with a loan-to-value cover of 120% • High level of flexibility; Tailor made products to suit the requirement • Accommodated irregular repayment structures such as bullet payment or structured payments 	<ul style="list-style-type: none"> • Formal application letter • Detailed outline of the transaction • Audited financial statements for the recent two years (for incorporated entities) and annual financial statements for non-incorporated entities • Year-to-date management accounts • Cash flow projection/forecast covering 12 months period • Aged debtors and creditors list • Off taker agreements • Assignment of contract proceeds • Collateral Management facility where applicable • Upfront contribution from the borrower either cash or in commodity value
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c	Leasing Finance	<ul style="list-style-type: none"> • Leased assets can be financed up to a maximum tenor of 60 months (5 years) • New or used assets may be financed • Assets acquired by the business own cash flows which are not older than 6 months from the date of importation clearance can be refinanced 	<ul style="list-style-type: none"> • Formal application letter • Certificate of business registration, and memorandum and articles of association (for incorporated entities) • Board resolution (for incorporated entities) • Company profile which should include company background, nature of operations/business, management background in terms of their qualifications, and experience in running business in different areas of expertise as required by the business, competition and competitor analysis, key suppliers and customers • Audited financial statements for the recent two years (for incorporated entities) and annual financial statements for non-incorporated entities • Year to date management accounts • Aged debtors and creditors list • Off taker agreements (where relevant) • Cash flow projection/forecast covering the proposed term of the facility • Quotation/Proforma Invoice of the asset to be acquired. Upfront contribution (paid after approval of the facility and before the bank pays out to the supplier of the asset), depending on the type, quality and age of the asset • 24 months' bank statements if the applicant is not banking with
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			<ul style="list-style-type: none">• Standard Bank Plc at the date of the application. Copy of valid operating license (for entities• whose operations are regulated by licensing and subsequent renewals)
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d	Long Term Financing	<ul style="list-style-type: none"> • Maximum repayment period is 5 years • Repayment structure is determined by cash flow cycle of the business; • typically, its monthly, quarterly or biannually • It may be offered in foreign currency to exporters with capacity to service the debt using foreign exchange proceeds 	<ul style="list-style-type: none"> • Formal application letter • Detailed outline of capital expenditure to be financed including budget • Company profile which should include company background, nature of operations/business, management background in terms of their qualifications, and experience in running business in different areas of expertise as required by the business, competition and competitor analysis, key suppliers and customers • Audited financial statements for the recent two years (for incorporated entities) and annual financial statements for non-incorporated entities • Year to date management accounts • Aged debtors and creditors list • Off taker agreements (where relevant) • Cash flow projection/forecast covering the proposed term of the facility • 24 months' bank statements if the applicant is not banking with • Standard Bank Plc at the date of the application
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e	Crop insurance covering Sugarcane, Legumes, Cereals, Bananas, Tea, Fruits, Potatoes, Tobacco and others	<ul style="list-style-type: none"> • Multiple Peril Crop Insurance (covers crop losses including low yields, caused by natural events e.g. hail, diseases, fire, flooding and insect damage) • Crop Hail Insurance: Ideal in areas where hail is a frequent event, it covers loss in high-yielding crops due to natural disasters, unlike multiple peril Crops, this cover can be purchased at any point in the growing season 	<ul style="list-style-type: none"> • Farmer to provide the following: <ul style="list-style-type: none"> a. Type of crop to be covered b. Type of cover c. Production area d. Location e. Value of crop/Yield f. Loss of History
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f	Weather index-based insurance (WIBA)	<ul style="list-style-type: none"> • Seasonal parametric cover offers pay-outs based on a historic underlying weather index such as rainfall, heat, etc • Cover for loss or damage to growing crops directly caused by excessive rainfall, drought or dry spells • The excessive rainfall or dry spell is measured against • The thresholds that relate closely to the crop growth cycle are monitored through weather stations or satellites 	
		<ul style="list-style-type: none"> • The policy is written based on understanding that crops will require a certain minimum and maximum amount of rainfall for a given period to produce optimal yield • If the minimum and maximum thresholds are exceeded, The Crop start to get stressed and eventually suffers a yield loss 	

5.2 NATIONAL BANK (NBM)

Visit the nearest branch for more information

a	Seasonal overdraft for agriculture	<ul style="list-style-type: none"> • This is a seasonal facility mainly for tobacco growers to assist with the growing and marketing of the crop • Other commercial enterprises eligible under this facility include seed maize, tea, coffee, sugar cane and livestock producers • Borrowers are allowed to overdraw their current accounts against agreed cash flow projections up to an agreed seasonal limit 	<ul style="list-style-type: none"> • Customers are usually required to put up a contribution of up to 40% of the total financing requirement from their funds • Crops must be grown on land held on a freehold or leasehold by the farmer and grower must be registered with the authorities where applicable
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		<ul style="list-style-type: none"> • The facility is available either in Malawi Kwacha or US Dollars depending on the currency of the revenue streams • commercial crops Smallholder farmers with not less than 3-year experience in growing tobacco • Sole proprietors, mostly Malawians in the rural areas, who farm on their land or leased land • Tobacco farmers • Commercial farmers • Limited companies engaged in the growing of tobacco and other 	
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b	Seasonal loan	<ul style="list-style-type: none"> • This is a short-term working capital loan with an agreed repayment period of up to 12 months • Loan repayment on a monthly or quarterly based on the agreement between the bank and the customer • Commercial farmers engaged in production of seasonal crops such as Maize, tomato etc 	<ul style="list-style-type: none"> • Application letter • Financial statement and cash flow projects • Brief summary of institution • Annual turnover of above 2 Billion Malawi Kwacha
c	Commodity Finance	<ul style="list-style-type: none"> • This loan is used to purchase agriculture for export, payment for imports, bulk purchase of raw materials etc • This is also short-term with a repayment period of 12 months 	<ul style="list-style-type: none"> • Application letter • Financial statement and cash flow projects • Brief summary of institution • Annual turnover of above 2 Billion Malawi Kwacha
d	Term loans	<ul style="list-style-type: none"> • These loans are provided to farmers to acquire capital assets such as building shades, building dams etc • These are 3-5 year loans but can go up to 7 years on exceptional circumstances • Commercial farmers 	

5.3 NBS BANK(NBS)

Contact Details:

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a	Zayela Loan Facility	<ul style="list-style-type: none"> This is a credit facility that allows qualifying actors or players in the agriculture value chains to obtain loans at a reduced interest rate of 9% per annum. It allows customers to access funds to finance working capital and investment requirements to boost their business. The facility limit is MK150 million 	<ul style="list-style-type: none"> Business to operate for at least 12 months Account should be operational for not less than 6 months and new accounts to provide a 6-month bank statement from another bank Business equity should be equal to or more than the loan amount The client should have a fixed business place Detailed business profile Cash flow projections for a minimum of 12 months Board Resolutions (if limited company) Business registration certificate or certificate of incorporation Aged debtors (receivables) and creditors (payables) list Recent comparative financial statements Valid National ID (if individual)
b	Order Finance Facility	<ul style="list-style-type: none"> This is a short-term facility that is given to clients to finance institutions and government contracts/ 	<ul style="list-style-type: none"> Business to operate for at least 12 months Account should be operational for 12 months and new accounts to provide bank statements from other banks

		<ul style="list-style-type: none"> orders. It is used as working capital in the business where the business or client has inadequate financial capacity to execute contracts or an order 	<ul style="list-style-type: none"> The client should have a fixed business place The loan should be secured by assignment of contract proceeds and/or tangible collateral Must have executed similar contracts for not less than 6 months Must be actively banking with NBS Bank for at least 3 months Must have a valid order or contract in writing and duly signed by the contracting institution or company Must assign the proceeds of the contract to NBS Bank account or must submit an irrevocable letter of undertaking to have the proceeds remitted to their account with NBS Bank Must submit financial statements or management accounts and cash flow projections
c	Trade Finance Facility	<ul style="list-style-type: none"> The facility is available to sellers of Agri-commodities, especially exporters, against confirmed orders from qualified foreign buyers or off-take contracts of the commodities. It is a short-term facility and is used as working capital in the business to enable the execution of supply contracts with foreign buyers 	<ul style="list-style-type: none"> Business to operate for at least 12 months Account should be operational for 12 months and new accounts to provide bank statements from other banks The client should have a fixed business place The loan should be secured by a letter of credit and/or tangible collateral Must have executed similar contracts within the past 2 years Must be actively banking with NBS Bank for at least 3 months Must have a valid order/contract in writing and duly signed by the contracting institution/company

			<ul style="list-style-type: none"> • Issuance of valid and verifiable import LC by the foreign buyer in favour of NBS Bank • Must submit Financial Statements/ Management Accounts and Cash Flow Projections
d	Agribusiness Term Loan	<ul style="list-style-type: none"> • This loan is given to Agribusiness clients for working capital or investment in fixed assets. It helps the client to capitalize on opportunities that bring additional profits and improve operational efficiency • The facility is available to sole proprietors, partnerships, and limited companies involved in agriculture value chains 	<p>Business to operate for at least 12 months</p> <ul style="list-style-type: none"> • Account should be operational for 12 months and new accounts to provide bank statements from other banks • The client should have a fixed business place • Must submit comparative Financial statements or management accounts and Cash Flow Projections • Aged debtors (receivables) and creditors (payables) list • Detailed business plan and profile • Business registration certificate • Business equity should be equal to or more than the loan amount • Insurance policy covering full value of the collateral with our financial interest duly noted • Valid National ID (if individual)

5.4 FIRST CAPITAL BANK

Contact Details

Zione Suwedi

Tel : +265 (0) 888-755-485

E-mail : Zione.Suwedi@firstcapitalbank.co.mw

a	Structured loan	<ul style="list-style-type: none">• This is an agribusiness loan designed for smallholder farmers who do not have contracts with reputable off-takers. The loan repayment cycles are designed to correspond to the respective crop season	
b	Mechanization loan	<ul style="list-style-type: none">• This is a loan facility that enables customers to purchase commercial and farm machinery and equipment such as tractors and trucks to transport farm produce	

c	Contracted Crop Loan	<ul style="list-style-type: none"> This is a loan product designed for farmers contracted by reputable companies, it comprises input financing and working capital finance. This loan is usually applied to sugarcane, maize seed, legumes seed producers, tea, and coffee, and repayment is tied to the contract proceeds 	
d	Ndindi loan (Tobacco)	<ul style="list-style-type: none"> Targeted tobacco farmers to cater for farm inputs and working capital. This product is available to smallholder farmers trading as individuals or in clubs 	

For more information, please contact them by visiting any branch.

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