



The USAID Southern Africa Trade Hub: Enhancing Economic Growth and Food Security through Trade

Malawi



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The USAID Southern Africa Trade Hub: Working in Malawi

The goal of the United States Agency for International Development (USAID) Southern Africa Trade Hub is to increase international competitiveness, intra-regional trade, and food security in Southern Africa. The Trade Hub is working with Malawi specifically on trade facilitation, regional agricultural value chain initiatives, and improved standards.

Coordinated Border Management (CBM): Under the CBM program, which is designed to improve border management efficiency and reduce the time and cost of trade, the Trade Hub completed border operations assessments and established Joint Border Committees (JBCs). This has resulted in reducing border crossing times at targeted borders by an average of 20%.

National Single Window (NSW): The Trade Hub has partnered with Malawi's Ministry of Industry and Trade to implement National Single Window, an online system that will enable all trade-related stakeholders to submit documentation to a single electronic portal, significantly reducing the time and cost of trade. Support was provided to the Malawi Revenue Authority to re-draft their customs and e-commerce legislation to meet international standards and best practices. The Hub is also supporting the implementation of a public awareness campaign and has held trainings on project and change management.

Support to the SADC Harmonized Seed Regulations (HSR) Release System: The Trade Hub reviewed legislation in Malawi to align seed regulations to the SADC Harmonized Seed Protocol. The SADC HSR enables the release of approved seed varieties across SADC member states, making more and better seeds available to smallholder farmers in the SADC countries.

Warehouse Receipts System (WRS): The Trade Hub has provided assistance in developing and ensuring best practices in the warehouse receipt regulations of the Agricultural Commodity Exchange (ACE) and in leveraging bank financing of these receipts through support for the development of a specialized warehouse bond product which will insure lenders against any receipt default. To launch the WRS, US\$200,000 in finance was provided to smallholder farmers on the basis of ACE warehouse receipts, and ACE expanded its certified storage base by four additional facilities and 15 collection points.

Grain Grading and Storage Management Training: A rigorous, two-week residential training launched in 2013 targeted staff from certified warehouse receipts facilities, the National Food Reserve Agency (NFRA), private traders, feed and grain mills and other grain processors with the objective of reducing post-harvest loss and increasing standards-based procurement in the maize and soybean

value chains. The grain trading series supports the WRS as certified storage operators are required in order to have an accredited warehouse. The course directly reached storage operators working with dozens of organizations in Malawi, who in turn reached thousands of farmers indirectly through trained storage operators. Post-harvest losses were reduced significantly in the warehouses where managers completed the training.

Groundnut Aflatoxin Mitigation Trainings: The Trade Hub developed a practical, management-based approach to aflatoxin reduction in commercial groundnut value chains and has delivered trainings across the region to stakeholders in production, trading, processing and regulatory sectors. Participants have been trained on processing techniques for removing aflatoxin from nuts both at the household level and for sale at market. Training workshops were held for SME processors as well as village-level processors to demonstrate techniques on a different scale and with different equipment.

Transfer of Agricultural Technology: As part of the Trade Hub's Strategic Partnership Grant Program, the Trade Hub provides grants to South African organizations to encourage investment and technology transfer to the Feed-the-Future countries of Malawi, Mozambique, and Zambia. Grants that benefit Malawi include:

- A grant to Capstone Seeds, an independent South African seed company, to partner with Peacock Seeds increased the technical capacity of Peacock Seeds to multiply and certify seeds effectively and enabled drought-resistant seed to be sold to smallholder farmers.
- A grant for the production of Ready To Use Complementary Foods in partnership with Valid Nutrition and PMD Packaging Systems Ltd, is improving the nutrition of thousands of Malawians, primarily women and children, and increasing market opportunities for aflatoxin-compliant groundnuts.
- Through a grant with MH Boerdery, NASFAM is upgrading its central groundnut processing plant and animal feed processing plant, as well as enhancing farmers' access to technology and storage facilities in Lilongwe South.
- A grant to Vermeulen Andele Trust of South Africa will improve facilities to clean, grade, and sort Malawi soybean and groundnuts to increase the regional export of these commodities.

Agricultural Storage Investment Facility: The Trade Hub is working with ACE to develop the Agricultural Storage Investment Facility (ASIF) for Malawi, a fund that will offer long-term finance at competitive US dollar rates to storage operators to finance the development of decentralized storage in the country. Five leading agribusinesses have provided Expressions of Interest for US\$40 million in financing to construct 50 new warehouse facilities with over 125,000 metric tons of new capacity. An SME pipeline is also being developed. Three Development Finance Institutions, the European Investment Bank, FMO (Netherlands), and AFD (France), are aiming to deploy US\$50 million in funds for warehouse investments in the form of credit lines to the banks.

Technical Barriers to Trade National Enquiry Point (NEP) and Notification Authority: In partnership with the American National Standards Institute (ANSI), three designated Enquiry Point officials from Malawi were taken to the US on a benchmarking visit to gain a comprehensive understanding of the functioning of an NEP. The Trade Hub also purchased IT equipment and office furniture for the NEP, set up equipment, and trained staff to help Malawi launch its own NEP in September 2014. The Trade Hub held training workshops on the topics of Good Standardization Practice and Referencing Standards in Technical Regulations, the operation of ISO National Mirror Committees, and establishing a WTO TBT National Consultative Committee.

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