



## Ministry of Agriculture

### AGRICULTURAL COMMERCIALISATION (AGCOM 2) PROGRAM

#### REQUEST FOR SUBMISSION OF CONCEPT NOTES FOR CONSIDERATION OF AWARD OF MATCHING GRANTS UNDER AGCOM 2 PROGRAM (WINDOW 3 CALL FOR CONCEPT NOTES TARGETING SMALL AND MEDIUM ENTERPRISES (SMEs))

#### Introduction

The Ministry of Agriculture in close collaboration with the Ministry of Trade and Industry is implementing the Agricultural Commercialisation (AGCOM 2) Program with a grant from the World Bank amounting to US\$335 million. The objective is to increase the resilience of food systems and the country's preparedness for food insecurity in program areas. AGCOM 2 is part of the Food Systems Resilience Program, a regional program that is being implemented in four countries comprising Somalia, Kenya, Comoros, and Malawi including the African Union. The program is well aligned with the Malawi 2063 (MW 2063) and its first 10-year implementation Plan (MIP-1). Specifically, AGCOM 2 aims to increase the commercialization of primary and value-added agricultural products and it will support agricultural productivity and commercialization, which is the number 1 pillar of the MW 2063 and a priority intervention area for the Agricultural Sector.

'Getting to Market' is component number 3 of the AGCOM 2 Program which will continue building on the successful implementation of and lessons from the AGCOM 1.0 Project. Under this component, the AGCOM 2 Program will continue to provide Matching Grants which have been categorized in the following three distinctive windows:

**Window 1:** This window is targeting Producer Organizations (POs) that are accessing the AGCOM Matching Grants for the first time. The matching grants will be primarily for investments that will increase the marketable volumes (production) to support the commercialization among the POs. This window will implement a high-impact Productive Alliance (PA) approach. The PA is based on a commercial agreement between the program-supported Producer Organizations (POs) (i.e. farmer cooperatives, associations) and commercial off-takers (buyers). In a PA, the PO is guaranteed a predictable market while the off-taker is guaranteed a predictable and consistent supply of the agreed commodity.

**Window 2:** Using the PA approach, this window primarily focuses on POs that have benefitted from AGCOM 1 or any other POs that can demonstrate high volume to sustain value addition.

**Window 3:** This window focuses on micro, and small-medium enterprises that are working with smallholder farmers to increase production, improve quality, and enhance value addition. SMEs such as offtakers, aggregators, anchor farmers, and processors will be provided with matching grants to meet their expansion requirements.

### Window 3 Call for Concepts

This call for concepts is targeting SMEs such as offtakers, anchor farmers, aggregators, processors, and exporters who are working with smallholder farmers to increase production, improve quality and enhance value addition. AGCOM 2 Program is now inviting concept note applications under Window 3 from eligible applicants only to express interest by submitting a Concept Note. The concept note (including annexes) should be presented using Window 3 format and applicants should request an electronic copy of the concept note format through email ([concept@agcom.gov.mw](mailto:concept@agcom.gov.mw)) or download from the project website <https://www.agcom.gov.mw/index.php/media/press-releases>. In addition, there is an Excel sheet to be filled with information on producer organizations and farmers working under the SME applicant which should also be requested using the same email above or downloaded using the link provided above.

### Categories of Window 3 Applicants

Window 3 applicants may apply under any of the 3 levels of SME categories listed in the table below:

Categories of SMEs	Number of employees	Turnover in the previous year (MWK)	AGCOM 2 matching grant maximum amount (US\$)	Contribution Rule (criteria)
Level 1	1 - 20	25 - 100 Million	150,000 (~MK263M)	70:20:10
Level 2	21 - 99	100 - 500 Million	300,000 (~MK525M)	70:30:0
Level 3	>100	> 500 Million	500,000 (~MK875M)	50:50:0

The SME in all the 3 categories above must work with minimum number of farmers per value chain as indicated in the table 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

### **Use of Matching Grants in Window 3**

- Investments in capital assets that will increase production and 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

### **Eligibility criteria for Window 3**

SMEs in Window 3 will be required to fulfill the following eligibility criteria;

- SME must be a registered firm with proof of registration in Malawi (Registration certificates).
- SME must be active in agribusiness.
- SME must operate in a verifiable business premises.
- Limited liability companies will be preferred over sole proprietors.
- SME must have experiences as follows:
  - Level 1 SMEs must have minimum of 1 year experience.
  - Level 2 SMEs must have minimum of 2 years of experience.
  - Level 3 SMEs must have minimum of 3 years of experience.
- SMEs must submit tax clearance certificate and the recent income tax notice of assessment (MRA).
- SMEs will be required to provide a track record of purchases from producer organizations (evidenced by delivery notes, contracts, sales agreement, bank statements, and 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).
- SME 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 2 Program will provide 70% funding and the SME will match with 20% cash and 10% in-kind contribution.
- Category 2 SMEs will contribute 30% strictly cash while AGCOM 2 Program funding will be 70%.
- Category 3 SMEs will contribute 50% strictly cash while AGCOM 2 Program will contribute 50% funding.
- SMEs must provide evidence of services to producer organizations in the form of training (provision of technical assistance), extension services, input supply, monitoring and supervision of the producer organizations.
- SME must be prepared to insure the project assets for a period of 24 months.
- SMEs must ensure that all investments comply with the social and environmental safeguards. The business / investment plan must include an environmental and social management plan and a budget which will be ≤5% of the total budget.
- SMEs must ensure compliance with occupational health and safety standards in their operations.
- Level 3 SMEs with demonstrated corporate social responsibility (CSR) in the past three years will have an added advantage.
- Level 3 SMEs must provide audited accounts statement.

### **Disbursement of the matching grant**

The matching grant from AGCOM 2 Program will be paid directly to the suppliers of the capital assets in compliance with the procurement and financial procedures and as agreed in the grant agreement.

### **Submission of Concept Note**

Concept Note clearly marked “**Window 3 / SME Concept Note for AGCOM 2 Program Matching Grant**” can be submitted by hand, post, and preferably by email to:

The National Project Coordinator,  
 Agricultural Commercialisation (AGCOM) Project  
 Forestry Building – off Chilambula Road, opposite MRA offices,  
 P.O. Box 727,  
 Lilongwe.

E-mail: [concept@agcom.gov.mw](mailto:concept@agcom.gov.mw)

*The deadline for submitting the concept notes is **27<sup>th</sup> September 2024**. Applications submitted after the deadline will not be assessed. The SMEs shall receive formal feedback on the application through the email address which will be provided in the concept note.*

