



Supporting Climate-Smart Agribusinesses: A Scoping Report of Value Chains and MSME Development in Mzimba and Kasungu Districts



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Introduction

This scoping study examines agricultural value chains and the MSME landscape in Malawi's Mzimba and Kasungu districts, drawing on in-depth interviews with local entrepreneurs, cooperatives, youth organizations, and business service providers. By synthesizing field insights, project documentation, and recent research, the report identifies persistent barriers to certification, market access, and formalization for MSMEs, while highlighting local innovations in gender and youth empowerment and climate-smart agriculture. The study concludes with actionable recommendations, including investing in rural infrastructure, formalizing inclusion metrics, and fostering stronger collaboration among ecosystem actors.

Agriculture remains the backbone of Malawi's economy, contributing one-third of GDP and employing over 70 percent of the population, figures that are even higher in rural districts such as Mzimba and Kasungu. These regions are recognized for their agricultural diversity, with value chains spanning coffee, soy, honey, horticulture, and tobacco. However, the sector faces persistent challenges including low productivity, limited access to finance and technology, and high vulnerability to climate shocks such as erratic rainfall and flooding. As one local coffee producer in Mzimba explained, "We have years when coffee performs well, but also years when it does not, especially if you do not use sustainable approaches to growing. Land degradation and erratic rainfall are big challenges for us."

Micro, small, and medium enterprises are central to these value chains, providing critical links between producers, processors, and markets. However, the small scale and informal nature of many enterprises create significant barriers to accessing finance, formal markets, and support services. As a fintech entrepreneur described, "The biggest challenge is that most farmers are excluded by banks because of their location and informality. That is why we built a digital savings platform, so they can save farm inputs in small increments even if they don't have a phone."

The SEED project "Promoting Climate-Smart and Resilient Agricultural Value Chains in Kasungu and Mzimba Districts of Malawi" was a four-year initiative funded by the Government of Flanders. The project aimed to support MSMEs operating in the climate-smart agriculture sector, building on SEED's eleven-year presence in Malawi where approximately 80 percent of previously supported enterprises operate in sustainable agriculture or agricultural value chains.

Methodology

This report employs a mixed-methods approach, combining qualitative interviews, systematic desk review, and targeted literature analysis to provide a comprehensive assessment of agricultural value chains and MSME dynamics in the target districts.

A total of eighteen semi-structured interviews were conducted with a diverse range of local stakeholders between April 30 and May 9, 2025. Participants included entrepreneurs and MSME owners, farmer associations and cooperatives, youth organizations, business development service providers, financial technology enterprises, TVET colleges, NGOs, and government institutions. Each meeting was recorded and transcribed to ensure accurate documentation of stakeholder perspectives and recommendations.

The study also included a targeted review of recent academic and practitioner literature, focusing on value chain analysis frameworks and methodologies, studies on gender and youth inclusion in agricultural value chains in Malawi and Sub-Saharan Africa, and research on climate-smart agriculture, resilience, and MSME development. Key findings and best practices from the literature were used to contextualize local insights, identify innovation, and highlight gaps and opportunities.

Informed consent was obtained from all participants prior to interviews. The team adhered to ethical guidelines regarding confidentiality and data protection. While the purposive sampling strategy enabled access to key ecosystem actors, it may have introduced selection bias toward more networked stakeholders. Additionally, time and logistical constraints did not allow focus groups and participatory workshops; these are recommended for future studies to further validate and deepen findings.

Stakeholder Meetings

The scoping trip involved consultations with eighteen organizations across Lilongwe, Mzuzu, Kasungu, and Mzimba districts between April 30 and May 9, 2025. Stakeholders were selected to represent diverse perspectives across the agricultural value chain and entrepreneurship ecosystem.

Organization	Location	Type
Radio Farm Trust / MAPAS	Lilongwe	FinTech
Mlimi Pay	Lilongwe	FinTech
SPRODETA	Mzuzu	NGO
MILE	Mzuzu	Youth/Agriculture
Emerge Livelihoods	Mzuzu	BDS Provider
Find Your Feet	Mzuzu	NGO
Viphya Coffee Enterprise	Mzuzu area	MSME
NASFAM Jenda (Mzimba South)	Mzimba District	Farmer Association
NASFAM Kasungu	Kasungu	Farmer Association
Umodzi Consulting	Lilongwe	SEED Hub Partner
Dr. Felix Lombe	Lilongwe	Agricultural Consultant
Mwimba College	Mzimba District	TVET College
CRS (Catholic Relief Services)	Lilongwe	NGO/Development Partner
SMEDI Central Region	Lilongwe	Government Institution
Youth Wave	Lilongwe	Youth Organization
Kwanza Cocoa	Mzuzu area	MSME
NASFAM Lilongwe HQ	Lilongwe	Farmer Association
SMEDI North Region	Mzuzu	Government Institution

Farmer Associations and Cooperatives

Consultations with NASFAM offices in Lilongwe, Kasungu, and Mzimba South revealed extensive farmer networks totaling approximately 16,000 members across the two target districts. These associations have successfully facilitated the transition from tobacco to legume production, with soybean and groundnuts now serving as primary cash crops. NASFAM's Seed Bank program operates on a revolving basis, providing inputs and aggregating produce for market access. A notable finding was the significant gender shift in legume production, with 60 to 65 percent of farmers now being women. Key challenges identified include transportation coordination, climate variability, technology adoption resistance among approximately 15 percent of farmers, and limited financing for crop procurement.

Business Development Service Providers

Meetings with Emerge Livelihoods in Mzuzu, SMEDI offices in both regions, Umodzi Consulting, and Dr. Felix Lombe provided insights into the entrepreneurship support landscape. Emerge Livelihoods operates Community Impact Hubs in six districts including both target areas and manages the Pencraft Fund, a microloan facility for climate enterprises. SMEDI, as a government institution, offers training and incubation services with plans to expand infrastructure to the northern region. Dr. Lombe emphasized the importance of targeting medium-scale farmers (5 to 20 hectares) as anchor farmers and ensuring business coaches have private sectors rather than NGO orientations. A consistent theme was the need for harmonized extension messaging and sustainable business models that avoid grant dependency.

Financial Technology Enterprises

Meetings with Mlimi Pay and Radio Farm Trust highlighted emerging digital solutions for rural financial inclusion. Mlimi Pay's savings platform enables farmers to accumulate funds for inputs through NFC cards and village agents, addressing barriers faced by those without mobile phones. Radio Farm Trust has developed an application providing market price information, buyer linkages, and disease identification features. Both organizations expressed interest in expanding to the target districts. A universal finding was that access to finance remains the primary constraint for agricultural MSMEs, with most farmers excluded from formal banking due to location and informality.

NGOs and Development Partners

Meetings with CRS, Find Your Feet, and SPRODETA revealed active programming in climate-smart agriculture, value addition, and farmer support. CRS has established TVET incubation centers through previous SEED partnerships and expressed willingness to continue this collaboration in the target districts. SPRODETA's approach to creating local markets through value addition, such as tomato sauce and potato chips processing, demonstrates practical solutions to post-harvest losses. Find Your Feet implements integrated, community-driven approaches across multiple thematic areas. These organizations represent potential implementing partners with established local presence and expertise.

Youth and Innovation Organizations

Youth Wave and MILE are cultivating youth leadership in agriculture through changemaker programs, cooperative models, and technology integration. Youth Wave operates in every district with over seventy changemakers and is developing digital platforms for market information. MILE focuses on educational programming, policy incubation, and direct agricultural training aligned with national development visions.¹ Both organizations highlighted persistent barriers facing youth, including limited access to land, finance, and skepticism from older generations. Partnership opportunities exist for reaching youth entrepreneurs and integrating technology solutions.

¹ National Youth Policy (2013). Government of Malawi, Ministry of Youth and Sports. https://www.youthpolicy.org/national/Malawi_2013_National_Youth_Policy.pdf

Agricultural MSMEs and TVET Colleges

Direct consultations with enterprises, including Viphya Coffee and Kwanza Cocoa provided ground-level perspectives on value chain challenges. Climate sensitivity, certification costs, and market access barriers emerged as common themes. As one local enterprise shared, “Buyers often offer prices comparable to maize, which is unsustainable.” Kwanza Cocoa’s pioneering work in cocoa cultivation and local chocolate production demonstrates innovation potential in the region. Mwimba College expressed strong interest in establishing an incubation center, building on the successful model developed at technical colleges in the central region.

Agricultural Value Chains

Mzimba and Kasungu are home to some of Malawi’s most dynamic agricultural value chains, encompassing staple and cash crops such as maize, groundnuts, soy, tobacco, honey, coffee, and horticultural products. In both districts, smallholder farmers are the backbone of production, while MSMEs and cooperatives play a crucial role in aggregation, primary processing, and local marketing.

Major Crops and Commodities

Maize remains the primary crop in both districts, produced for food security purposes with universal cultivation among farming households. Tobacco is historically ranked as the primary cash crop and continues to be significant in some areas, though a clear transition is underway. Kasungu has successfully diversified from tobacco to soya production, becoming a major soya-producing area despite its historical prominence in tobacco. This diversification began around 2012 to 2013 with the US-funded Feed the Future program.

Soybean has emerged as the leading alternative cash crop, with its shorter maturation period, lower input costs, and established markets making it attractive to farmers transitioning from tobacco. Groundnuts rank highly in production volume and demonstrate strong potential, though the crop’s sensitivity to rainfall patterns presents climate-related risks. Sunflower demonstrates potential in Mzimba, though seed access presents significant challenges.

Coffee, honey, and horticulture represent niche value chains with potential for premium markets. Coffee cultivation faces climate sensitivity but shows potential with sustainable approaches. Honey production has established markets and aligns with conservation objectives. Cocoa is emerging as an innovative crop with pioneering trials by Kwanza Cocoa, which is the only entity in Malawi doing value addition and processing all chocolate products locally.

Value Chain Challenges

Market access and fair pricing remain unresolved challenges, with issues including low prices, intermediaries, and lack of regulation. Infrastructure gaps in warehousing, processing, and certification limit value addition and scaling. Diversification and sustainable practices, such as agroforestry and intercropping, are increasingly prioritized but require support to scale. Recent research confirms that women and youth-led MSMEs face specific barriers in accessing markets, finance, and climate-smart technologies. Mzimba and Kasungu are among Malawi’s most agriculturally significant districts, located in the north and central regions, respectively. Both districts are rural with economies centered on smallholder agriculture.

MSME Landscape

The MSME sector is a vital component of the economic landscape in both districts, reflecting national trends where agriculture-related micro-enterprises account for half of all MSMEs. The sector also includes retail at 25 percent, manufacturing at 15 percent, and services at 5 percent, with the predominance of agriculture especially pronounced in these two districts.

Structure and Demographics

Most MSMEs in Mzimba and Kasungu are micro or small, family-run businesses, often operating informally and on a part-time basis outside of peak agricultural seasons. Many enterprises arise from necessity, as a response to declining formal employment opportunities, rather than from opportunity-seeking or innovation. Consequently, the majority of MSMEs remain stagnant, lacking the longevity, scale, and accumulated experience required for significant growth and competitiveness. Despite these hurdles, MSMEs especially those led by women and youth are increasingly recognized as engines of rural innovation and job creation. The sector spans the entire value chain from input supply and primary production to aggregation, processing, and marketing.

Key Challenges

Limited access to finance remains the most universally cited constraint across all stakeholder consultations. Digital and financial innovation is emerging as a partial solution, but digital literacy and infrastructure gaps persist, particularly for women and older farmers. Excessive costs and complex procedures for certification restrict access to premium markets both domestically and internationally. Most MSMEs remain informal, which limits their eligibility for support programs and finance. Many MSMEs cited the complexity of business registration and the lack of local extension services as major barriers to formalization and growth. A culture of grant dependency undermines sustainability and discourages genuine business development.

Gender and Youth Inclusion

Gender and youth inclusion are essential for sustainable development and food security in Malawi, but entrenched barriers remain. Women and young people play vital roles throughout the value chain, yet face limited land rights, restricted access to resources, and underrepresentation in leadership.

Women's Participation

Women are primary workers in agricultural production, particularly in crops such as coffee and legumes, making them vulnerable to labor exploitation. However, they often lack secure land rights, access to finance, and decision-making power within households and cooperatives. Women's enterprises are typically micro-scale and informal, with limited access to markets, extension services, and business networks. A positive trend is the significant shift in legume production, with NASFAM reporting that 60 to 65 percent of legume farmers are now women, facilitated by legume production being less labor-intensive than tobacco and offering women greater land ownership opportunities. Gender-focused impact assessments and policies are being planned by local enterprises to address issues of exploitation, land rights, and resource control. Programs such as the Malawi Oilseeds Sector Transformation (MOST) initiative specifically target women's inclusion in oilseed value chains.²³

Youth Engagement

Young people under thirty-five make up a sizable proportion of the rural population and MSME owners in Mzimba and Kasungu. While youth are increasingly interested in agribusiness and innovation, many face barriers including land access, limited skills development, and insufficient support to adopt innovative technologies or start businesses. As one youth-focused NGO leader noted, "We try to create a conducive environment where young people can thrive educationally, in health, and in entrepreneurship. But access to land and finance is still a big issue, especially for young women." Youth Wave's Changemakers program and MILE's grassroots leadership development demonstrate emerging models for youth inclusion. Emerge Livelihoods' SheEmerge platform specifically targets gender-informed initiatives.

2 National Gender Policy (2015). Government of Malawi, Ministry of Gender, Children, Disability and Social Welfare. <https://cepa.rmpportal.net/Library/government-publications/National%20Gender%20Policy%202015.pdf>

3 National Export Strategy II (2021-2026). Government of Malawi, Ministry of Trade and Industry. <https://thecommonwealth.org/press-release/official-launch-malawis-national-export-strategy-ii-2021-2026>

Intersectional Barriers

Gender and youth-based inequalities are often compounded by other forms of marginalization, such as low education, remoteness, or lack of social capital. These intersectional challenges require tailored, context-specific solutions that address multiple barriers simultaneously.

Climate-Smart Agriculture

Climate-smart agriculture and resilience-building are at the forefront of sustainable development strategies in Mzimba and Kasungu, as these districts continue to face the impacts of climate change, including erratic rainfall, droughts, and extreme weather events. Recent years have seen a notable increase in the adoption of integrated CSA practices and targeted resilience initiatives, supported by government, NGOs, and international partners.

Local Innovations and Success Stories

In Mzimba, the Mzimba South Agriculture Office has been instrumental in promoting CSA technologies, organizing events and demonstration plots under the theme “Strengthening the Resilience of Smallholder Farmers through Climate-Smart Agricultural Technologies.”^{4 5} These efforts have spotlighted local success stories, with farmers adopting practices such as conservation agriculture, crop rotation, agroforestry, and the use of drought-tolerant and early maturing crop varieties. Such innovations have enabled some smallholders to maintain or even improve yields despite challenging conditions.

Integrated Approaches

Farmers in both Mzimba and Kasungu are increasingly turning to integrated approaches that combine soil and water conservation, improved seed varieties, and climate-resilient livestock management. These methods not only enhance productivity but also build long-term resilience against climate shocks. The Climate Resilience Initiative in Malawi (CRIM) Project is working to enhance the adaptive capacity of vulnerable communities and strengthen the ability of district councils to monitor and respond to climate shocks in both districts.⁶

Research and Innovation

Projects such as DeSIRA (Development Smart Innovation through Research in Agriculture) are supporting research and the uptake of integrated technological innovations to improve adaptation within agricultural and food systems.⁷ These research-driven interventions are focused on increasing the resilience of local agriculture through science-based solutions.⁸

Persistent Challenges

Past climate-smart agriculture initiatives failed due to lack of harmonization among implementing organizations. Multiple NGOs promoted different technologies to the same farmers under the same value chains, creating confusion and leading farmers to adopt none of the recommendations. Private sector engagement in climate adaptation, particularly for irrigation equipment provision, remains critically underdeveloped. While CSA initiatives are gaining traction, scaling these innovations remains a challenge due to knowledge gaps, infrastructure deficits, and the need for more inclusive extension services.

4 “Mzimba Fields Flourish Against the Odds as Smart Farming Reaps Rewards.” Agri-Malawi (May 2025). <https://agri-malawi.com/2025/05/mzimba-fields-flourish-against-the-odds-as-smart-farming-reaps-rewards/>

5 “Climate Smart Agriculture Saves Mzimba Farmers.” Malawi News Agency (MANA). <https://manaonline.gov.mw/index.php/agriculture/item/2123-climate-smart-agriculture-saves-mzimba-farmers>

6 Climate Resilience Initiative in Malawi (CRIM) Project Factsheet. United Nations Development Programme (UNDP). <https://www.undp.org/malawi/stories/climate-resilience-initiative-malawi-crim-project-factsheet>

7 DeSIRA: Climate Smart Innovation Malawi. European Commission Capacity4Dev. https://capacity4dev.europa.eu/projects/desira/info/innovation-farmers-malawi_en

8 Climate-Smart Agriculture Country Profile: Malawi. World Bank Climate Knowledge Portal (2019). https://climateknowledgeportal.worldbank.org/sites/default/files/2019-06/CSA_Profile_Malawi.pdf

Strategic Recommendations

The findings from this scoping study point toward several strategic priorities that should guide project implementation and partner engagement. These recommendations remain relevant for future programming in the target districts.

Establishing a strong local presence is essential for success in these underserved districts. Immediate recruitment of a regional coordinator based in either Mzimba or Kasungu should be treated as a foundational step. This individual should possess local language capacity in Tumbuka and Chichewa, combined with a background in entrepreneurship or business development. Without dedicated local coordination, any project risks replicating the disconnection from ground realities that has undermined previous interventions. Partnership development should build on the relationships initiated during the scoping trip. Formalizing these partnerships early will accelerate implementation and deepen local ownership.

The targeting approach should prioritize medium-scale farmers cultivating 5 to 20 hectares as anchor farmers who can provide services to surrounding smallholders. This recommendation addresses the volume and capacity limitations that have undermined previous smallholder-focused interventions. University graduates transitioning to full-time farming represent a particularly promising target group, combining agricultural knowledge with business potential and commitment to farming as a primary livelihood. Women-led enterprises in legume production deserve special attention given their growing prominence, while youth innovators from technical colleges align with the project's technology and innovation components.

Value chain priorities should focus primarily on soybeans, ground nuts, and sunflowers, which demonstrate strong market demand, growth potential, and clear opportunities for value addition. Secondary attention should go to niche crops including honey, coffee, cocoa, and processed tomato products that can deliver higher margins despite smaller volumes. Across all value chains, the emphasis should be on supporting value addition as a means of creating local markets and reducing the post-harvest losses that currently erode farmer incomes.

Program design must incorporate lessons from past failures in the region. Rigorous selection processes are necessary to avoid supporting enterprises that move from donor to donor without building sustainable businesses. Business coaching should draw on mentors with private sector backgrounds who understand commercial dynamics and investor expectations, rather than coaches whose experience is primarily in the development sector. Diversification requirements should be built into enterprise support to ensure beneficiaries are not dependent on single crop enterprises vulnerable to climate and market shocks.

Strengthening local infrastructure and market access should be prioritized. Investment in processing, storage, and transport infrastructure will enable MSMEs and cooperatives to add value, reduce post-harvest losses, and access structured markets. Support for aggregation models and digital platforms can connect producers with buyers and improve price transparency. Formalization pathways should be simplified where possible, and extension services must be harmonized to avoid the conflicting messages that have historically confused farmers and undermined adoption of improved practices.

Finally, programs should integrate value chain development, MSME support, and gender/youth empowerment while aligning with national strategies such as Vision 2063. This integrated approach can unlock inclusive growth, enhance climate resilience, and support Malawi's broader development goals.

Project Status and Future Recommendations

The scoping trip confirmed strong alignment between project objectives and local needs in Kasungu and Mzimba districts. An active ecosystem of farmer associations, NGOs, FinTech providers, and business development organizations demonstrated both readiness for collaboration and genuine demand for enterprise support. The challenges identified, including limited financial access, inadequate infrastructure, climate vulnerability, and capacity gaps, are substantial but addressable through the coordinated approaches outlined in this report.

However, following the completion of this scoping study, the SEED project was cancelled by the Government of Flanders due to budgetary constraints. This decision reflects broader fiscal pressures affecting development cooperation funding and does not diminish the relevance or urgency of the needs identified during the scoping trip. The cancellation represents a significant loss for the target districts, where stakeholders expressed strong interest in partnership and where clear gaps in enterprise support persist.

Despite this outcome, the investments made in this scoping study should not be lost. The eighteen organizations consulted represent a ready network of potential partners for future initiatives. Key stakeholders such as NASFAM, Emerge Livelihoods, SMEDI, and CRS have established local presence and expertise that successor projects can leverage. The strategic insights gathered, particularly the recommendation to target medium-scale farmers as anchors and to integrate FinTech solutions for financial inclusion, remain applicable to any future agricultural development programming in these districts.

Mzimba and Kasungu districts remain underserved compared to the Lilongwe and Blantyre corridors where most development programming has historically concentrated. The Government of Flanders' decision to prioritize these districts reflected sound development logic, even if budget constraints prevented implementation. Despite these challenges, there are clear opportunities for transformative change. Programs that integrate value chain development, MSME support, and gender/youth empowerment while aligning with national strategies can unlock inclusive growth, enhance climate resilience, and support Malawi's broader development goals.

The groundwork laid by this scoping study can serve as a foundation for future interventions. The stakeholder relationships, value chain analysis, and strategic recommendations provide a head start for any successor project seeking to advance inclusive, resilient, and climate-smart agricultural value chains in Malawi's underserved northern and central regions.

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