



# **Global Project Employment in Rural Areas with Focus on Youth (EYA!)**

## **Malawi Qualitative Baseline Report**

**May 2021**

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# 1. EXECUTIVE SUMMARY

The Global Project Employment in Rural Areas with a Focus on Youth (EYA!) aims to improve the qualification and employment situation in rural areas, especially for young people across Malawi, Burkina Faso, Kenya and Mozambique. The project will target job-seeking youth, particularly young women, and early career entrepreneurs.

The purpose of this explorative qualitative baseline study aims to provide a snapshot of the current employment status of stakeholders working in the rural agri-food sector – focusing on the situation in Malawi. The findings from this study will be used as a basis for project inception, design and strategic planning; but will also serve as a comparative benchmark at which to assess and evaluate the situation of project beneficiaries against monitoring data throughout project implementation and at endline. The study employed a qualitative approach to data collection using focus group discussions (FGDs) and key informant discussions (KIDs). Those interviewed included youth between the ages of 15 and 35, smallholder farmers, Micro Small Medium Enterprises (MSMEs) in agribusiness, start-up entrepreneurs working in the agri-food sector and government representatives from district youth and agriculture offices. Data was collected in four districts in Malawi – Mchinji, Mzimba, Salima and Machinga – representing stakeholders from all three regions.

Malawi's dominant agriculture sector, majority rural population and high youth unemployment present both opportunities and challenges in creating jobs for young people in the agri-food sector. Overall, findings from this report point to the agri-food sector as the most important contributor to income in rural areas; though those involved in the sector, whether employers, employees or government stakeholders all reported of a stagnant business environment with many inhibiting factors that could be addressed to improve rural economies. Agricultural seasonality, difficulty in accessing financial capital, low literacy, poor infrastructure, lack of innovation and market saturation were highlighted as key issues inhibiting growth in Malawi's rural agri-food sector.

Promoting agricultural and business diversification, creating an enabling environment for innovation, working towards creating formalized business relationships and stabilized markets/market prices, provision of business management and financial trainings, and increased investment in agro-processing/value addition activities were all avenues identified and reported by youth, smallholder farmers, MSME owners, start-up entrepreneurs as well as government agriculture and youth office representatives to catalyze further growth of rural economies and create better employment prospects for young people in rural areas.

While business owners and entrepreneurs shed light on the various challenges they face in operating successful businesses, the common assertion from stakeholders was that growing businesses present opportunity to employ more people. Hence, business owners, entrepreneurs and government stakeholders frequently endorsed investments that would boost the private sector. Interestingly however, it was less common for youth to place themselves as employers in the agri-food sector. The need for mindset changes towards self-employment and changing the landscape for pathways to successful entrepreneurship were mentioned by a couple of stakeholders in the research.

On youth empowerment and engagement, it is recommended to promote strategies, policies and investments aiming at strengthening education and capacity building programmes for youth, enabling their autonomy, decision-making and empowerment, increasing their access to decent work opportunities, living wages and social protection, and innovative practices as ways to stimulate their roles as agents of change towards meeting the demand of a more productive agri-food sector in the future.

## 2. INTRODUCTION

In Malawi, youth (categorised by the Malawi Population and Housing Census as those aged 10 to 35 years) represent 49.6% of the estimated 17.6 million total population and are employed at a rate of 74.7%.<sup>1</sup> Factors such as literacy, education and other training have significant impacts on outcomes for Malawian youth. Of youth aged 10-35, 83.4% are literate; however, there is a discrepancy between literacy for female youth (78.2%) and male youth (83.9%). For context, approximately 80.9% (n=6,024,158) of youth aged between 15-34 live in rural areas, whereas 84.6% (n=3,821,004) adults aged between 35-95+ live in rural areas.

According to The International Labor Organization (ILO) youth unemployment in Sub Saharan Africa (SSA) is lower than the global average, with about 10.9% of youth aged 15-25 being unemployed.<sup>2</sup> Even among employed youth, poverty levels are still high and many youths across Africa are underemployed if not unemployed. Many youths in SSA, and in Malawi specifically, find themselves in low quality, low skilled, and often informal employment situations without the human capital to progress into higher skilled and higher paying jobs.

The 2018 Malawi Population and Housing Census (MPHC) reported that 25.3% of Malawian youth were unemployed, far surpassing the ILO's average for the region in total. Disaggregated by sex, female youth experienced higher rates of unemployment (26.9%) than male youth (23.5%). Youth experience the highest rates of unemployment in the Northern region (34.1%) followed by the Central region (27.9%), and the lowest rates in the Southern region (22.9%).<sup>3</sup>

Based on census definitions, not all unemployed youth were necessarily seeking employment. Of the total population of unemployed youth, 74.1% reported they were not actively seeking work. Up to 88.8% of unemployed youth in the Northern region were not seeking work compared to the Central region (70.4%) and the Southern region (71.5%). By age group, youths aged 25-29 years were found to be seeking work at the highest rates and those aged 15-19 years at the lowest rates. Rural youth were also found to be seeking work at lower rates than urban youth.<sup>4</sup>

There is also a subset of Malawian youth who are economically inactive and therefore not considered to be employed nor unemployed. These youths include students (34.9% of all economically inactive youth), non-workers (19%), home makers (13.3%), ill/injured/disabled (1.4%) and those who reported 'other' reasons for being economically inactive (31.4%).<sup>5</sup> Of those who were employed, a majority reported as self-employed (60.9%) followed by unpaid family workers (20.4 percent) then employees (13.3%). In Mzimba, 9% of unemployed youth reported they were seeking work and 91% reported they were not seeking work. This was a starker contrast than Mchinji (28% seeking and 72% not seeking), Salima (33% seeking and 67% not seeking) and Machinga (21% seeking and 79% not seeking).<sup>6</sup>

Given Malawi's majority rural population and its dominant agricultural sector, both for subsistence and income, most Malawians spend all their working years in the agricultural sector. Agriculture remains the sector in which most Malawians first obtain employment, and it is only later in their working careers that they can pursue opportunities outside the sector.

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<sup>1</sup> 74.7% of economically active youths were employed according to the 2018 Malawi Population and Housing Census.

<sup>2</sup> Gondwe, S., Kasiya, S., Maulidi, F., & Munthali, G. T. (2020). Assessment of Youth Employment Initiatives in Malawi: Implementation Realities and Policy Perspective. FARA Research Report 5 (6): Pp32.

<sup>3</sup> National Statistical Office (2018) 2018 Malawi Population and Housing Census Children and Youth Report. Pp 23.

<sup>4</sup> National Statistical Office (2018) 2018 Malawi Population and Housing Census Children and Youth Report. Pp 23.

<sup>5</sup> National Statistical Office (2018) 2018 Malawi Population and Housing Census Children and Youth Report. Pp 25.

<sup>6</sup> National Statistical Office (2018) 2018 Malawi Population and Housing Census Children and Youth Report. Pp 46.

Scarcity of jobs outside agriculture and current insufficient work within agriculture poses a significantly challenging employment landscape for contemporary Malawian youth.<sup>7</sup>

The Global Project Employment in Rural Areas with a Focus on Youth (EYA!) aims to improve the qualification and employment situation in rural areas, especially for young people across Malawi, Burkina Faso, Kenya and Mozambique. The identified target groups are job-seeking and underemployed young people, especially young women, as well as early career entrepreneurs aged between 15-35 years living in rural and peri-urban areas. Through its project interventions, the EYA! has four key outputs:

1. **Needs-based training:** Training activities to qualify young people for employment in the agriculture and food sector have improved.
2. **Strengthening the demand for labour:** Enterprises and smallholder farmers in the agriculture and food sector increase their demand for labour in rural areas.
3. **Employment-conductive framework conditions:** Employment-conductive conditions have improved.
4. **Transnational innovation and knowledge management:** Partner institutions make use of products derived from transnational exchanges of innovation and knowledge.



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<sup>7</sup> Malawi's Challenging Employment Landscape, IFPRI Malawi Strategy Support Program, Working Paper 27, January 2019

## 2. METHODOLOGY

### A. Approach

The study employed an explorative qualitative approach where focus group discussions (FGDs) and key informant interviews (KIIs) were used as data collection methods. FGDs were specifically employed to give an insight into the situation of the youths pertaining to employment in the rural agri-food sector and to establish a basis for project inception and provide insight towards strategic planning for the EYA! project, prior to project intervention. To triangulate findings, smallholder farmers were engaged in FGDs and a range of stakeholders, MSME owners and start-up entrepreneurs were interviewed as key informants. Further key informant interviews were also conducted with stakeholders from relevant district agriculture and youth offices.

An inception meeting between Imani, GIZ and other project stakeholders presented an opportunity for the various teams to discuss the baseline's outputs and timeframes. The survey tools, stakeholder specific discussion guides for both FGDs and KIIs, were developed by Imani and reviewed by GIZ. Once finalized the tools were translated into Chichewa by Imani, and reviewed again by GIZ, before delivery in the field. The research team hosted a half-day debriefing session on final familiarization with the tools in Lilongwe, which was also attended by the M&E Expert for EYA! Project Malawi.

Based on financial and time constraints, the team was able to conduct qualitative data collection according to the table below:

Discussion Type		Focus Group Discussion		Key Informant Interview		
Target Group		Youth	Smallholder Farmers	MSMEs	Start-Up Entrepreneurs	Other Stakeholders
District	Mchinji	3	2	2	2	2
	Mzimba	3	2	2	2	2
	Salima	3	2	2	2	2
	Machinga	3	2	2	2	2
Totals		12	8	8	8	8
		20		24		
		44				

In total, 138 individuals were engaged as participants in this research; of which 58% were female. There were slightly more female participants, as it was decided to conduct 5 FGDs with female only participants so that they could speak more freely in the absence of men. To allow variations on perspectives, 3 all-female groups were within the age bracket of (15-24); one of these groups was from Mzimba while 2 were from Machinga. The remaining 2 groups from Mchinji and Salima were from the age bracket of 25-35. Furthermore, FGDs conducted with youth were disaggregated into two age brackets – one for youth between the ages of 15 to 24 and another between the ages of 25 to 35.



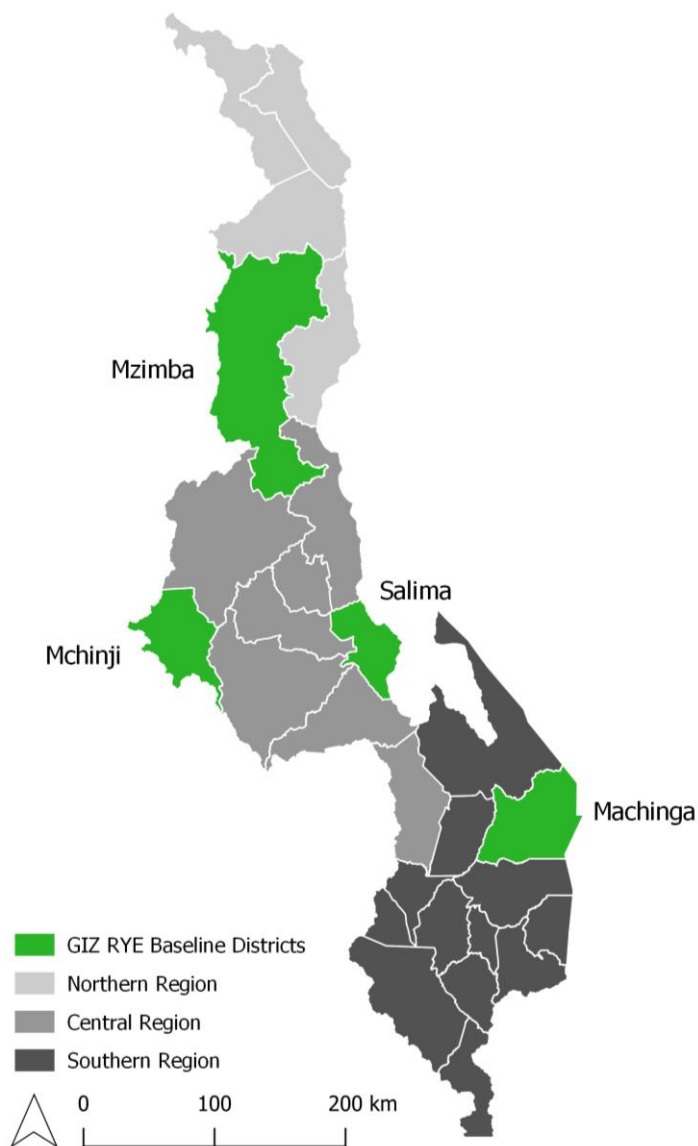
## B. Fieldwork

The map presents the four districts in which data collection occurred. Mzimba in the northern region, Mchinji and Salima in the central region and Machinga in the southern region.

The field team consisted of a lead researcher and two researchers. The lead researcher was primarily responsible for coordinating all the fieldwork and leading the FGDs, another researcher assisted the lead with note taking. The third researcher was responsible for administering the KIIs.

The respondents were identified and mobilised in advance through communication with the director of environment and natural resources (DENR) and district youth officers (DYOs) of the respective districts. Upon reaching the designated districts, the team met with the point of contact for the specific districts who provided further directions of where the field work was to take place. Fieldwork was conducted from 9<sup>th</sup> to 20<sup>th</sup> March 2021. The M&E Expert joined the research team for the final week of field work.

Due to COVID precautionary measures, where possible, FGDs were limited to 6 participants along with the 2 researchers making a gathering of 8 people. All participants were provided with masks, hand sanitizer was made available and social distancing was observed. Discussions were held outdoors when weather permitted. FGD participants were also provided with snack and refreshments to thank them for their time – on average, the discussion lasted for 1h30m. Similar safety precautions were taken during KIIs.



## C. Analysis

Both audio and written notes collected in the field were used to produce final transcripts for each of the discussions held, these transcripts were recorded in English and in individual Word documents. Prior to analysis, the transcripts were formatted into a qualitative matrix in Excel with separate sheets for each of the target groups (Annex 1). A thematic content analysis approach was used to analyse the qualitative data. The transcripts were reviewed in the matrix to identify common emerging themes and to assess comparative similarities and differences between the target groups and districts. Cells with pertinent quotes were highlighted for direct inclusion into the report findings narrative.

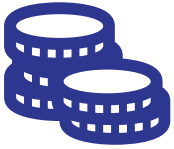
A qualitative approach to data analysis known as thematic content analysis was used to analyse the data. The interview transcripts were examined closely to come up with common emerging themes across all categories.

## 3. FINDINGS

This section outlines the key findings according to project outcomes and outputs. The findings have been categorised into youths, farmers, MSMEs, and start-up entrepreneurs, defined as target groups for the research. Findings from other stakeholders have been included into each of the sections to provide further context where necessary or appropriate.

### A. Youth

#### Employment and income situation



All the youths from across the four districts indicated their most common source of income to be farming, though they mentioned that they were experiencing fewer returns from farming. Thus, low-income levels emerged as a cross cutting issue in all the districts for the youths and the communities they came from. The participants explained further that climate change related issues, coupled with lack of climate smart agriculture knowledge, have been observed to contribute to low agricultural production in most of the

communities.

***“I grow tomatoes, but due to climate change and crop diseases I get very low yields, so I don’t earn enough money to cater for my needs.”***

***“I grow onions, but due to climate change, I sometimes don’t get high yields and sometimes I earn as low as MWK15,000 from 1 acre of onion, so that’s too little, it doesn’t satisfy me.”***

Throughout the discussions, low selling prices of commodities on the market as well as price fluctuation were also reported to be some of the major contributing factors to low-income levels and uncertainty across the districts.

***“We are not satisfied because as it is, we do not have stable prices for the products we grow in this area. Prices keep fluctuating to the point that you don’t even know which one is the actual price.”***

Participants further indicated the lack of formal markets for agricultural commodities as well as surplus produce of similar commodities as another driving factor for the low income returns in their respective communities. In particular, participants referred to the tendency for farmers to go into the production of a similar commodities once they notice it fetches good money on the market; in turn, over saturation of the commodity on the market draws prices down and has negative impacts on profits and cash flow.

***“Prices fluctuate a lot, there are times when we sell a 60-litre basin full of tomatoes at MWK2,000 and then there are times when we give the same basin away at MWK100, because everyone here grows tomatoes. During some seasons when tomato crops produce so well, we have so many tomatoes that our supply surpasses demand.”***

Casual agricultural labour was reported by youth, to be the most common form of employment across all the districts. Some of the youths indicated to own their own farms which were passed onto them from their parents as well as running small businesses for additional income. According to the information provided on land ownership, it was noted that most youths did not personally own any land. Thus, the land they were using was either rented or it was still under the ownership of their parents. Only in rare cases would the youths mention to own land, but this was only enough for building a small house. It was emphasised by participants from across the districts that the land was only passed to them after they had gotten married or when children seemed to have reached an independent age. Land pressure from increased population



resulting in fragmentation is cause for concern towards the productive future of Malawi's rural agri-foods sector. Households in more densely populated areas are increasingly relying on off-farm income<sup>8</sup>, and potential for sustainable agricultural intensification remains low until access to land and financial support for youth is improved<sup>9</sup>, while young people are marginalised through land reforms as well as an absence of a supportive policy environment<sup>10</sup>. Although land pressure and fragmentation did not come out strongly in the data, evidently it is an area that requires further dialogue with rural youth populations (to raise awareness and include them in the narrative of developing future policies concerning land ownership).

***“Most of our parents do not have land, nor do they have business. The land they grow crops is rented. So, there is no chance for us to inherit anything from them.”***

***“Because of our culture most youth are only given land after they have gotten married, and that inhibits us from starting businesses while we are still young.”***

***“It is rare for the youth, for example in our community to own land before getting married. But in some circumstances, the parents may pass on the land to their children when they have seen that they are growing old through a written agreement.”***

Female youth participants were involved in the selling already cooked food or seasonal businesses such as selling of mangoes. On the other hand, the male participants mentioned to be more involved in selling of grocery items with a focus on necessities. Overall, most of the youths were observed to be involved in selling a variety of farm produce either to vendors or fellow villagers. The youth also pointed out that most of them were not formally employed due to lack of skills and low employment opportunities in the rural areas.

## How to improve income levels



When asked about ways of improving the income levels in their communities, youth participants frequently mentioned that most farmers are used to the traditional ways of farming where they farm as a year-in-year-out activity without attaching any business element to it. Based on discussions in all the districts, this tendency is viewed to have a negative effect on the returns realised from farming.

The youth therefore indicated that there is need for farmers to go through a mindset change process and to start viewing farming as a potential commercial pathway that could help increase the income levels in their communities – and not just a subsistence activity for their households.

***“We should practice business-oriented farming, for instance in the months of September and August, potatoes sell at lower prices, while in December they are not available in excess, so they are sold at higher prices. We can keep our potatoes and sell them at the time they fetch good prices.”***

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<sup>8</sup> Ricker-Gilbert, J., *et al.* (2014): How does population density influence agricultural intensification and productivity? Evidence from Malawi.

<sup>9</sup> Karin Lindsjö, Wapulumuka Mulwafu, Agnes Andersson Djurfeldt & Miriam Kalanda Joshua (2020): Generational dynamics of agricultural intensification in Malawi: challenges for the youth and elderly smallholder farmers, *International Journal of Agricultural Sustainability*, DOI: 10.1080/14735903.2020.1721237

<sup>10</sup> Chinsinga, B. & Chasukwa, M. (2012): Youth, Agriculture and Land Grabs in Malawi

In responding to possible solutions to be employed to climate change related problems, participants in Mchinji and Machinga mentioned the need to be trained in conservation agriculture techniques which will consequently translate into improvements in agricultural productivity.

***“We need to adopt crop diversification, and also grow crops that are resistant to drought so that they will always get some yield regardless circumstances.”***

Another common solution proposed by the farmers was the establishment of stable markets that could possibly offer competitive prices for the agriculture commodities. Participants suggested that farmers need to have markets readily available for their produce. It was further mentioned that farmers could potentially form cooperatives which may help them develop links with buyers and food processing companies.

***“If the Ministry of Agriculture [Irrigation and Water Development] can link us with companies that can buy our produce from us, we can sell at better prices and earn more money. Additionally, if they can buy from us, we can also be encouraged to grow more crops and harvest more.” - Mzimba***

***“Having good markets for our produce would help, and if government would come to buy from us earlier than the vendors it would help.” - Salima***

***“If companies processing food can buy our produce from us at good prices it would be helpful, but the challenge is that most of them only buy from farmers that have bulk harvests and they don’t buy from those of us with less produce. When we get to sell, we sell at very low prices.” - Salima***

***“People should practice market-oriented farming, there should be variation in the crops that different farmers grow, so that there will not be too much of one produce and consequently low prices due to high demand.” - Mzimba***

Stakeholder KIs also underscored the importance of stable markets, particularly regarding incentivising youth to remain engaged in agriculture through market fluctuations.

***“We also need to look at putting measures to sustain enterprises or to sustain the markets that the youth are engaged in because if the market is sustained then livelihood is sustained as well. No sustainability in the market system means little investment in the sectors and I think this is also directly going to affect the youth in terms of sustainability of their livelihoods. If the youth are really to depend on these investments in the agricultural sector, then these investments need to have an indicative aspect of sustainability.” – DENR, Mchinji district***

***“I can give you an example of whereby farmers/the youth could be engaged in maize production and anticipating better prices and then the maize prices flop, then that affects production for the next season. This could be the same for the other crops. If the market doesn’t perform better, the sector doesn’t perform better, then little will the youth begin to find the sector very interesting and appealing to them.” – DENR, Mchinji district***

Formation of more youth groups and VSLAs (Village Savings and Loan Associations) where money would be saved to invest into other small income generating activities (IGAs) was mentioned by participants in all the districts as potential avenues to increasing the income levels.

To generate further information on the employment situation in the four districts, youth participants were asked to share their understanding of the term *“employment”*. On this, all participants explained that employment was any activity that

helped a person to generate income. Casual labour, farming, and other blue-collar jobs were all listed as forms of employment.

***“Employment is when you go and work for someone or a company and you are paid at the end of the month. You cannot say you are employed when you are only paid for a day’s work, this is piece work.”***

***“Any work that a person does to earn money either upon being hired by others or on his own accord.”***

***“One way of accumulating profits, for example is farming, when you are able to make money through farming, then it can also be categorised as employment.”***

***“When we hear of someone being employed, we know that they’re working and that they are getting paid monthly, while someone that is not employed has no expectation of getting paid.”***

***“Everyone works to earn money, and all those means of earning money are employment, it’s only children and old people that don’t work and are therefore unemployed.”***

Through KIIs, relevant stakeholders also provided insights on how to best integrate youth into agriculture and agribusinesses to increase the incomes derived from agricultural activities. These stakeholders stressed the importance of integrating youth into value chains that would demonstrate the income potential of agricultural activities, incentivising youth to dedicate their time and energy to farming and/or agribusiness. To this end, stakeholders also expressed the need to include youth on modern and Climate Smart Agriculture over ‘traditional’ farming techniques/approaches.

***“Young people also want to venture into things that will bring them income within a short term. If they want to do agriculture related activities like growing maize etc. then they would like to start getting money within three months. They do not want to wait for a long time to make their money or realize their benefits. For youths to be interested in the agriculture sector we need to first of all modernize agriculture and promote practices like Climate Smart Agriculture. We need to have some technologies that will enhance our crops to mature early. We need more early maturing varieties of crops.” – District Youth Office, Machinga district***

***“Markets are not an issue in this area. There are a lot of markets available. So, modernizing agriculture and promoting early maturing varieties should be the key priority areas for now.” – District Youth Office, Machinga***

***“We need to do more of the mechanization aspect, and we also need to do more of the value addition to include more youths in the value chains at all levels, from the production, processing, transportation as well as the marketing aspect.” – DENR, Mchinji district***

In addition to focusing on high-profit value chains and innovative agricultural practices, stakeholders also indicated that youth would benefit and unlock higher income potentials if provided with coaching/mentorship and internships, increased land, accessible loans to boost capital, information and communications technology (ICT),

Throughout stakeholder KIIs, the topic of resilience emerged as an important concept in attracting youth to agribusiness for income generation and for retaining youth in the sector. Stakeholders expressed that to see employment and income potentials of agriculture, youth would need to be resilient against market forces, price fluctuations, and unexpected setbacks. This concept of resilience as a means of ensuring sustainability of agribusinesses is particularly salient given the increasing shocks of climate change such as droughts, floods, and degraded soils.

***“There is also the issue of profits. If someone is engaging in an enterprise a good question would be ‘can that enterprise sustain their livelihood?’. We need to look at these enterprises, issues of uncertainty of market forces, fluctuations, trade-offs on certain commodities and If the sector or the youth could predict the sustainability of their enterprises.” DENR, Mchinji district***

## Perceived employment prospects



While casual agricultural labour appeared to be the most common form of available employment, from observation, the youth only seemed to relate agricultural activities as part of employment after they were asked to provide their understanding on the meaning of “employment”. On all employment related questions prior to this one, most respondents indicated to have no employment prospects in the agri-food sector even after being prompted. As reported earlier, up to 88.8%, 70.4% and 71.5% of unemployed youth in the Northern, Central and Southern regions, respectively, were not seeking work. This could be due to their understanding of employment but also due to limitations in perceptions of ‘how’ and/or ‘where’ they could find potential employment. Most of the youths did not initially link employment to any agricultural related work unless this was to do with processing, agro dealing or grain trading through vending. On the other hand, the participants were quick to identify non-agri related work for employment prospects. For instance, the youths in Mzimba, Mchinji and Machinga pointed to the availability of mission hospitals within their areas as potential employers. On this, it was revealed that some of the youths in the area were employed as cough monitors for the hospitals while some worked on voluntary basis on non-clinical related work with the hope that one day they may be considered for opportunities in formal employment. It was however mentioned that the unemployment rate still surpasses the number of available vacant posts every time there is an opening.

***“Most people are willing to apply for the job, but the challenge is the number of people that are required for that particular position. For example, the job opening requires only 2 people, but you would notice that over 50 applicants have submitted their application with this most of the people lose hope in getting formally employed.”***

Lack of prospective companies, nepotism and inadequate qualifications were mentioned as deterring factors to employment prospects in all the districts. On this, it was reported that most youths do not go further with their education to the point of being fully equipped with the required knowledge and skills that would give them a competitive advantage with those eyeing a similar post. ***“It’s hard to find employment in this area because most of us are not qualified to get employed.”*** Therefore, youths revealed that due to struggles associated with finding employment within their communities most of them opt to migrate to urban areas or rural towns in search for greener pastures.

Stakeholders echoed these sentiments and noted that even those with qualifications had difficulty securing formal employment: ***“Formal employment opportunities are very hard to come by. Very few youths have professional job positions. There are some that hold good qualifications but there are no jobs for them.”***

While on the same, middlemen (vendors) who come to buy different agricultural commodities at the end of the growing season were mentioned to offer employment opportunities to the youth but with a clear preference for male youth. It was indicated that most of the work was not deemed suitable for women as it requires physical strength. Additionally, it was highlighted in several all-female groups that most times female youths are interested in pursuing employment opportunities from vendors, they face a lot of hostility and mis-allegations of sexual advances/misconduct from within their communities - to the point they opt not to do any work with these people.

***“Vendors that come to buy farm produce in the communities have no interest in employing young women because when people see young women getting along with vendors, they assume that they are sexually involved with each other, and with such rumours we resort to staying away from the vendors, and the vendors too don’t want to ruin their reputation, so they distance themselves from us.”***

***“Most of the work that the vendors provide involves carrying heavy bags of maize, soybeans or groundnuts, so they say women cannot manage to do such labour intensive work, however that is not the only work that is available, women can help out with record keeping and get paid for it.”***

Stakeholders underscored the importance of reshaping youths’ perceptions of agriculture and agribusinesses as sectors with promising employment prospects, noting that knowledge gaps prevent youth from understanding the employment and income potentials offered by agricultural businesses.

***“I’ll borrow the term mindset change. Most of our youth don’t regard agriculture as a business. I’ll still employ this term because maybe we need a holistic approach for things to change. If different sectors could come together and even emphasize on awareness campaigns on what’s profitable in their sectors with a target on the youth, I am sure most of the youths would want to get involved. There is a very big market here for the agri-sector. The only problem is with the mindset – most of the youths have a tendency of thinking that markets are those found in big cities outside this area, but no. We have markets right here in Machinga, which if exploited, can accommodate even businesses done by the youths.” — DDP representative, Machinga district***

In addition to comments on the potential for youths to be employed, stakeholders also emphasised entrepreneurship, self-employment, and youth being empowered to employ others.

***“One of the major challenges in Malawi is that we are trained/educated to be employed. Only if we were trained to be employers then I believe farming would have been one of the biggest sources of employment.” – District Youth Office (DYO), Mzimba district***

***“To the youth, it is all about profitability. So why can’t the sector support the youth to be self-employed, independent and not to rely on being employed by other people? They need to be independent and even start employing others. Most times the youth just wait to get employed. Government needs to devise the skills that can help the youth to be independent and self-employed. This can be done by building capacity of those youth and also changing their mindset.” – DENR, Ministry of Agriculture, Mchinji district***

## **Perception of agri-food sector as workplace**



Despite the challenges of working in the agri-food sector and rural areas highlighted above, it was surprising to find that most of the youths were interested in working in this sector. Subsequently, the youth showed the appetite for more work opportunities to be created in the agri-food sector, through formation of cooperatives where farmers can possibly venture into large scale farming as well as create several food processing companies within the sector. For instance, one participant supported

this assertion by pointing that, farming is all she knew in her life.

***“Growing up, farming has been part and parcel of our lives. Over the years we have developed expertise in different crop production. We have been involved in farming activities since we were small children.***

***I think being employed in farms would be of help to both us and the employers because of the vast experience we have accumulated over the years.”***

***“If we could have factories processing the produce from the crops that we grow, it would be helpful, because we would sell our produce to them and they would also employ us to work for them.”***

Most of the participants also showed their desire to work in this sector even as casual labourers as they perceived the sector to be free of partiality which they mentioned to exist in most formal employment opportunities. The youth indicated that it is always easy to get employment in the agri-food sector as most of the times you are dealing directly with the owner, unlike in big companies where there is a chain of command before the information gets to the top boss. While participants showed the desire to pursue employment in the agri-food sector, information collected from across the four districts also suggested that most of the youth view employment in the agri-food sector to be temporary and circumstantial. That is to say, most of the work available in the sector is seasonal and depends on climatic factors as well as the farmers' need for additional labour. In summary, there were mixed opinions over preference for employment versus self-employment in the agri-foods sector with youth highlighting both merits and challenges of both. Through self-employment youth identified liberty in moulding their own businesses and through paid employment, the stability in job security.

***“It would be helpful if we could get work in the agri-food sector, because that would help us earn a living, we do have capacity but there are no employment opportunities for us, and that’s why most of us are unemployed. If opportunities were there, we would gladly take them as we would benefit, and the agri-food sector would also benefit from our skills.”***

## **Access to trainings and relevance of trainings**



A few of the participants indicated to have received either one training or more. It was however observed that participants who belonged to youth organisations were the ones who mostly mentioned to have experience with trainings compared to youths who indicated not to be affiliated with any youth organisations. In trying to learn the underlying factors to this, it was pointed out that most of the information to do with the youth comes through the youth organisation for that specific area, and that history has shown non-governmental as well as government agencies, have the preference of working with youth organisations compared to individuals. On relevance of the trainings to agri-food sector, one member of a youth group in Machinga mentioned to have received trainings in entrepreneurship and establishment of VSLAs. While youth groups in Mchinji and Salima had undergone trainings in groundnut production, good agricultural practices (GAP), livestock husbandry and financial literacy. Other common trainings received were to do with sexual reproductive health (SRH) and family planning initiatives. Most of the youths who had undergone a certain training indicated to have done this to fill a knowledge gap.

***“We attended because in the past we used to have community banks, but they were poorly managed, so we did the VSLA training, and we now have knowledge on how best to manage the groups. Goal Malawi brought the trainings to enhance our skills because we were already doing the VSLA groups.”***

For instance, one respondent in Machinga noticed that after participating in a VSLA training, she had been able to grow her piggery business. On the same, all the youth groups visited in Salima and Machinga indicated to having received trainings in SRH. It was highlighted that this was the case because most of the groups were formed with the aim of creating a forum for sharing of SRH related information. Youths indicated a preference for trainings in skills development, career guidance, VSLA, leadership trainings, agri-business, climate smart agriculture, GAP, food processing and financial literacy

as these would help to facilitate the growth of the agri-food sector and create more employment opportunities for the youth in rural areas.

***“We need leadership training, as young people we are normally looked down by our prospective employers. Having leadership skills will increase our confidence when it comes to approaching our job search.”***

***“I feel that having a factory that will be processing our produce into other products would help. For instance, if we had a factory processing groundnut into peanut butter, we would be able to sell our groundnuts to them at better prices and other people in the community would get employed by the company.”***

***“We need to focus more on getting educated and training in agriculture related knowledge. I have seen that for some people to employ you in the agri-sector they require that you have a certificate in agriculture.”***

Stakeholders agreed that training was important to enabling youth to find (or create for themselves) gainful employment. Further, the importance of coupling training with market identification, access to start-up capital/finance, and financial management skills were emphasized.

***“Trainings and financial support would be very beneficial to the youth. We need to give them the appropriate support. They can be trained on production and market research so that they are aware of the available markets. Right now, they are just farming anyhow without a proper plan or vision. They should also be trained on how they can join or form cooperatives so that the bargaining power of their commodities increase, and they are able to sell their commodities easily.” – Acting Agribusiness Officer, Mzimba district***

***“Self-employment, entrepreneurship and business management [trainings] should be given a priority.” DENR, Ministry of Agriculture, Mchinji district***

However, whilst no stakeholder disagreed with the importance of training in improving employment outcomes, it was communicated that a lack of resources remains a barrier to providing training services: ***“The challenge is where would the funds come from for the youth to receive these kinds of trainings?” – Acting Agribusiness Officer, Mzimba district.***

## Access to “matching formats” and relevance



In discussing matching formats, internships as well as career advisory opportunities for the youth, participants in all districts indicated it was not common to find these in the rural areas. Discussions with stakeholders also concurred with findings from the youth where it was indicated that it is only recently that the government has started creating internship opportunities for the youth, but also emphasised that this was mostly targeting fresh graduates and not all the youths. It was indicated by the youth participants that vacancies are either spread through word of mouth or sometimes posted at hospitals, Agriculture offices or spread through the use of youth clubs. One participant who is working with a health organisation in Mchinji had this to say when asked how she got information on the available vacant post, ***“I work as a cough monitor for EGPAT. A vacancy was released, and I applied for the position, I was shortlisted, and I came out successful after the interviews. The vacancy was released and posted right here at the trading centre clinic as they were seeking to employ someone around the same area.”*** Self-initiated effort was mentioned to be the most common form

of finding employment across all the four districts. Thus, participants mentioned that as much as there were a number of mediums that were used to spread word on vacancies, information sharing on available job opportunities was still a problem with room for improvement.

***“To get employment such as piece work, we look for it. Sometimes we go village to village in search of people that are looking for labourers.”***

***“In order to find employment, for example when someone has a big business, and you are looking for employment, you approach that person and tell them that you are looking for work and if they feel that they can employ you, then they employ you, or if that person has advertised a vacancy, then you write a letter to apply for the job.”***

***“We ask for employment from potential employers when we see opportunities. We don’t depend on vacancies here, because most times when companies release those vacancies, they already have people that they want to employ.”***

***“We just go around the farms searching for piece work.”***

Access to and use of technology/digital platforms was deemed extremely limited among the participants interviewed. Though some participants did mention that they understood they could access information about job vacancies through the internet, this was rare and only reported by a couple youth in Mzimba. While some youth reported owning smartphones, their use of internet was focused on social media and communication through applications such as WhatsApp and Facebook.

## **Perception of youth organizations/youth clubs, membership**



Almost all the youths mentioned that youth organisations were important and beneficial to them. For instance, it was explained that youth organisations were regarded as a forum for learning and sharing of cross-cutting knowledge and skills pertaining to the youth and how best they can achieve a meaningful life. Youth organisation benefit participants by instilling in them knowledge that helps to improve their livelihood.

***“When we join youth clubs, we learn a lot of things that could make our lives better as youths, and we also do various activities to help develop our communities.”***

***“We do farm activities together, for instance now the club has pigs that we are going to use for a pass on program amongst ourselves so that by the end of 2 years all of us will have our own pigs, we also do casual labour as a club and we save the money earned. We intend to invest in layer chicken farming in the future.”***

***“Youth clubs empower participants to improve their livelihoods, for example in our youth club we provide each other with spiritual support, mentorship, we do environmental conservation activities and we talk about both crops and livestock farming. So being a member of youth clubs enables one to acquire knowledge.”***

From the discussions, it was also highlighted that youth organisations benefit participants by facilitating a forum for strengthening of social connections with other community members and creating opportunities for youth participation in community development activities. It was further indicated by all youth groups, that youth clubs have helped them to have a voice in the Area Executive Committee (AEC). For instance, when the AEC is coming up with development plans for



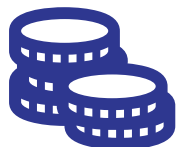
that specific Traditional Authority (TA), an executive member from the youth organisation is put on board to represent their ideas and views. Every member is expected to pay a membership fee that guarantees their subscription/access to the club for a cycle.

***“There used to be no membership fee, but then it used to inconvenience the group when people that had joined the group and received training left the group with the knowledge that they had acquired, and therefore left gaps in the group. We then decided to introduce a MWK1,000 membership fee for all people that would like to join the club.”***

Stakeholders noted that one limitation of youth clubs is that they are often comprised of less educated and less qualified youth: ***“Most of the youth clubs have youths that are rather unqualified or left school or haven’t completed their education. Most of those that have acquired tertiary education don’t participate in youth clubs.”*** – ***District Youth Office, Salima district.*** Thus, skill and knowledge sharing between youth may be constrained due to lower membership participation amongst more highly skilled youths. In contrast, clubs of youth with limited education and skills provide an accessible entry point for stakeholders and program implementers to provide targeted interventions to the youth who require them most.

## B. Smallholder Farmers

### Employment and income situation



As reported from the discussion with the youth, smallholder farmers also pointed to farming and small-scale business to be the major sources of income for the people in their communities. Farmers were involved in the production of different food crops as well as cash crops. Farmers in all the four districts indicated to be involved in the production of maize, groundnut, soya beans and common beans.

However, farmers in Mchinji and Salima indicated to be involved in the production of groundnuts and soya beans mainly for cash crop purposes. On the same it was observed that farmers in Mzimba were largely involved in the production of tomatoes for cash crop purposes. Additionally, farmers in Salima and Machinga grew rice in schemes. It was however indicated by farmers in all the districts that their income levels are perceived to be low due to several pressing factors. Lack of formal market structure where competitive prices could be offered for different agricultural commodities was highlighted to be one of the major factors to the low-income levels. That is, almost all the crops grown by the farmers are sold to vendors. Vendors are thought to tamper with the scale readings, and they offer to buy commodities at rates which are not aligned with the recommended farm gate prices stipulated by the government. It was also reported that during lean season vendors go into communities to forward purchase grains such as rice and groundnuts, before harvesting period. Normally when they do this, they coerce farmers to sell their commodities at prices 60% lower than the recommended prices.

***“We’re not satisfied with our income from farming, since we mostly don’t have money to cater for our needs, we get loans from vendors and other villagers, that we pay back after harvests. However, the money received as loan is never worth the quantity of produce that we give away to pay back those loans. For instance, to pay back a loan of MWK7,000, we give them a 70kg bag of rice, that they go and sell at MWK15,000.”***

***“When we are growing our crops, we have a vision on prices for our crops after harvesting, yet you find vendors coming to bargain on very low prices and these are totally different from our expectations.”***

***“Life is hard, mainly because we do not have good markets for our produce, after harvests we always hope to sell and earn some money to improve our lives, but the vendors that buy our produce, always offer very low money for our produce and that hinders our progress as farmers.”***

***“We are not satisfied, we have been farming for a long time, but we don’t have good markets for our produce because it’s mostly vendors that come to buy from us, and they buy at very low prices that we don’t earn any profits. We only continue with farming because we are accustomed to doing it yearly, otherwise we don’t earn profits.”***

***“Our income levels are very low. As we have already mentioned that we are not able to make any profits from our farming. We sell our crops at very low prices, yet when we run out of food, we are forced to buy the same maize on very high prices.”***

Lack of investment capital for farm input and low farm produce due to climate change related factors were highlighted to be other factors significantly impacting productivity and resulting in low yields and returns, translating to low-income levels at the household level. In trying to devise ways of improving their income levels, farmers pointed to the need to learn new skills which would in return help diversify into other crops and animal husbandry as potential commercial pathways.

Formation of cooperatives where farmers could possibly venture into food processing and pool their harvest together, to bargain for higher prices was also mentioned as an alternative area of consideration on improving income levels.

***“It is possible to live a decent life in this area only if we could work in groups as farmers, but if we keep selling as individual farmers then we can never live a decent life here. It is always difficult to negotiate for good prices when selling in bulk, but this is not a possibility when all you have are a few bags of maize or groundnuts. If we could therefore put all our produce together and sell as one, we can possibly live better lives.”***

***“We need to find organizations that can assist us as farmers with processing machines, because in this area we grow tomatoes a lot, it reaches a point where our tomatoes get rotten because of over supply on the market. Sometimes we just trample on the tomatoes because of anger due to the prices they offer us on the market.”***

The need for farmer-based organisations (FBOs) was reported throughout the data. Though cooperatives are quite common in Malawi, farmers identified barriers in their ability to participate and to the overall success of cooperatives. Farmers in Machinga, reported that there have been several times they have been approached by organisations to form cooperatives with a focus on a specific value chain, but these have not been sustainable due to lack of technical support. Farmers in Salima also mentioned they are interested to form cooperatives, only they lack information on how to formally establish these and manage them effectively. Farmers also indicated that certain organisations/government also have a preference to work with farmers who are already part of established FBOs/cooperatives due to logistics surrounding mobilization as well as governance issues of setting up new groups.

***“We can form cooperatives and sell our products as a group. However, each cooperative should focus on one value chain i.e. tomatoes and onion. Through this we can have an agreement with buyers and sell our commodities in turns.”***

#### *How to improve income levels, ideas:*

- Business start-up loans (Machinga)
- Formation of cooperatives (Machinga, Mzimba, Mchinji)
- Market accessibility (Machinga and Mchinji)
- Diversification into other crops and livestock (All districts)
- Diversification into other IGA's (Salima)
- VSLA's (Mzimba)
- Irrigation and farming as a business (Salima)
- Vocational skills (Salima)
- Food processing plants (Mchinji, Mzimba)
- Conservation agriculture and drought tolerant crops (Mzimba)

## **Perceived employment prospects**



Findings on employment prospects for the farmers corresponded with those from the youth where it is indicated that the farming sector creates the largest market for youth employment in the rural area, where casual agricultural labour is the most common available work. Farmers reported that they mostly require extra hands during land preparation, weeding and harvesting. While casual labour was mentioned as the most common form of employment in all the districts, the case was slightly different

for Salima where apart from the usual farm work, the youths are also involved in informal work available in the tourism sector, Malawi Mangoes and Salima Sugar Company – both companies involved in value addition.

To create more youth employment in rural areas and the agri-food sector, farmers indicated the importance and need of collaborative efforts from different government sectors; the District Youth Office (DYO) must intensify on information sharing with regards to job opportunities and upcoming youth related programs. Farmers also suggested the need to promote youth employment in the agri-food sector through the formation of more agricultural related youth clubs at the TA level, where new agriculture related innovations coming into the area have to target the clubs. It was affirmed that this will help to fast track the goal of promoting rural youth employment.

***“If different sectors can collaborate in the quest to promote the employment of more youths in the agri-food sector it would be very much possible for the youth to take this sector seriously. They can possibly do this by intensifying on trainings on new innovations, by focusing on the youths. The youth sector can also help to devise more youth focused activities in the form of clubs and the agri-food sector can use these clubs for farming activities. In so doing the youths will be kept busy with agri-related activities.” Farmer, Mzimba district***

Apart from creating rural youth employment opportunities through targeting efforts by different sectors, the need to create loan facilities for the youths was discussed frequently in conversations with farmers as well as the youths themselves.

***“Organizations could incentivize the youths with loans, so that they can start businesses, those youths businesses would even grow to be the major buyers for our produce since they would be able to explore other markets away from here.”***

Money and other in-kind benefits such as food, clothes and small gadgets were used as incentives for the labour provided to farmers. Usually, at the beginning of the agreement the employer and the employee first agree on the mode of payment to be used. In most cases it was indicated the labourers are the ones who decide on how they want to be paid.

District level stakeholders mentioned various projects and initiatives that improve employment prospects for youths, particularly in smallholder agriculture. For example, in Salima: ***“There has been a recent increase in number of youths engaging in agriculture probably because of implementation of various projects in the district. For instance, the hunger project in TA Khombeza has empowered many youths by providing them with soy seed, groundnuts seed and pigs. There are also other youths doing irrigation farming but on a very small scale.”***

Similarly, the DENR for Mchinji referred to youth clubs as a means of improving employment prospects, stating: ***“We have done several initiatives to try to help the youth by organizing them in groups. We call these groups young farmer clubs. In these groups they are engaged in various enterprises like horticultural production, agro-dealing, poultry and piggery.”***

## Access to markets, inputs, financial services



On access to markets, inputs and financial services, farmers across the four districts pointed to the existence of informal markets such as those offered by vendors as well as fellow villagers. In rare cases did farmers mention of the availability of Agriculture Development and Marketing Cooperation (ADMARC) in their area, however this was not the case for farmers in Salima who reported selling most of their crops to ADMARC. While vendors were mentioned to be the major buyer on the market, farmers pointed to lack of formalised markets as a main draw back to their farming activities. Thus, most of the farmers do not have readily available markets where competitive and government formalised prices are offered. Notably, farmers

pointed to the large number of vendors who come into rural areas and set up several buying points for different agricultural commodities, only to buy these at very low prices.

***“Sometimes vendors come to our villages to buy our produce. They set up several buying places within the villages, but there are also times we take our commodities to Jenda market. Most times we run away from vendors by going to bigger markets such as Jenda, only to find the prices are also very low there.”***

***“We sell most of our produce to vendors/middlemen. We do not have any stable agricultural markets here, not even ADMARC, we do have ADMARC as a building in this area, but they do not buy any of our products.”***

Participants in all the four districts indicated that agro-dealers selling farm inputs were their major source of farm inputs. However, it is also common – in all four districts - to find most farmers using recycled seeds in several consecutive growing seasons constrained by lack of finance to invest in improved seed varieties. It was however pointed out in Mchinji that most farmers in the district prefer to use recycled groundnut seed than the certified seed because they differ in germination rate. According to the farmers, certified seeds easily peel when being handled during planting, and as a result have lower germination.

On available financial lending facilities, farmers indicated that they do not have access to formal financial lending institutions as most of these require collateral. Thus, most of the farmers used available VSLAs within their communities to access finances for farm inputs as well as other necessities. It was only in Salima where farmers indicated that they have used a formal credit company for financing their agriculture activities.

## **Demand for labour**



In trying to depict perceived changes in terms of labour for the future, almost all farmers across the districts showed the likelihood for an increase in the demand for labour. Farmers talked of potential plans to expand their farming land and use of improved farming innovations as a reason for the future increase in demand for labour. Farmers across the districts mentioned the existence of several idle plots in almost all the villages, suggesting they could easily rent the land from other villagers or use

their own land in a case where they had some available.

***“Most of us are trying to increase the land size for our farming. With this, we are more likely to require more labour in the future. In my case, I do not believe that I can possibly do all the work on my own.”***

Additionally, the demand for more labour was also pointed out by elderly participants and farmers doing winter cropping. Farmers in this category stated the need for more labour as their work was becoming more strenuous with age. One participant had this to say, ***“I will also need more labour in the future, I am overwhelmed with the dimba cropping and annual farming. With this I am considering having more labour in the next growing season.”***

Participants showed a preference to work with any persons so long they had the required skills or were capable of being trained in a case they are given work they have never done before.

***“I will require skilled labour. Take it for example that you are growing your tomatoes and you employ someone who does not have any knowledge in this, do you think they would produce a commendable work?”***

On gender and age bracket preferences, all farmers leaned towards wanting to work with any gender and age group, though with some variations throughout the districts. For instance, participants in Salima and Mzimba seemed to prefer to

work with youths despite the gender differences, ***“most of the people around here prefer to employ the youth on their farms, because these are the people with able bodied and still strong to do work within a short period of time”***. While it was observed further that participants in Mchinji prefer to work with men across different age groups. This aligns with information obtained from the youth group in the same district where it was explained on the challenges faced by women as they try to find work within their area. Some of the participant farmers from Mchinji had this to say:

***“For me, I don’t mind even if it’s a female or male helping with my farming activities. I prefer working with the whole family, both the man and the woman. Most people here however do not prefer women because women have a lot of things to do in their day to day lives, as a result, this delays work progress.”***

***“Women are involved with several household activities; therefore, you cannot guarantee that they will do the work within the agreed time when a task is given to them.”***

Conversely, farmers in Machinga disclosed their preference for working more with females than males, when it comes to employing labourers to work on the farms.

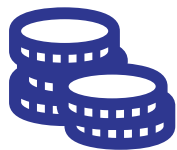
***“We employ more women than men as farm laborers because they are faster than men at doing most of the activities involved in our farm work”***.

***“The other reason why there are more women working in farms is because women are always committed to work even when they get paid before completing their work while men are usually deceitful, they sometimes get paid but never complete their work.”***

***“We will employ women; the decision is mostly based on the fact that they are faster than men.”***

## C. MSMEs in Agribusiness

### Employment and income situation



MSME owners interviewed as key informants were typically agrodealers (supplying agricultural inputs), agri-foods processors and agribusinesses involved in commodity trade. Owners had either started these as a start-up enterprise or had organically evolved other business models over time from smaller scale businesses marketing different goods. Businesses were able to grow either through slow and sustained capital growth from smaller/ancillary businesses or some business

owners had reported receiving grant funding to invest in capital.

***“I used to go to the rice mill to look for piece work from older people that were doing this same business. I later found my own capital and decided to stop doing piece work and invest in this business.”***

Most of these business owners placed themselves as middle income earners, typically with more than one source of income. For example, one MSME owner also reported that he was a civil servant working in the Department of Immigration. Despite placing themselves as middle income earners, consistency in cashflow and turnover was often reported as a main challenge in their businesses. As is expected with businesses working in the agri-foods sector, much enterprise is dependent on the seasonal nature of Malawi’s agricultural production; therefore concentrating/diluting farmer income, as well as income earned from commodity trade, input supply, transport (and other actors within the value chain) at various times of the year. The business owners also noted that their income is highly dependent on market volatility. Household/family annual income ranged from MWK120,000-3,000,000 for those interviewed – while turnover for their business ranged between MWK2,000,000-15,000,000 with profit margins ranging from 40-60%. However, some of these MSME owners reported not keeping accurate financial records. It is common for owners to reinvest money into their businesses before they can report it.

To increase earning potential, where income was perceived to be low, business owners reported a need for more reliable markets for their produce as well as the need to increase the absolute number of enterprises – which would ultimately result in increased employment. Many business owners reported that, ultimately, the government needs to invest more in the education of youth – especially young children. However, business training (basic business principles including money saving, capital investment, managing operating expenses etc.) for the older population is suggested to be of value too. Others reported that many people in rural areas are afraid of taking the risk to invest in business – with little expendable income, high levels of unemployment and job insecurity it is no surprise that many people are risk averse when it comes to investing in business.

***“For people to increase their income there is need for more reliable markets and more enterprises that can employ people in this area.”***

***“People should also not be afraid to invest in business. They should learn to believe in themselves and take a risk. If I didn’t believe in myself then I would not have this business today.”***

When asked about the vision for the growth of their business, owners reported visions of expansion into other areas/districts/countries, increasing value to the products on offer and pursuing certification, investing capital into infrastructure and assets such as warehouses, processing machinery and vehicles, and also diversify to offer other products and/or services to mitigate potential risk.

***“We also plan on venturing into animal feed production on a commercial basis. We will be producing chicken feeds, pig feeds, cattle feeds, and everything that any animal that is kept on a farm can feed on. We will be using that feed on our farms as well.”***

***“We are not yet certified by the Malawi Bureau of Standards, but we are working towards that.” (cooking oil processors)***

***“I wish to advance my business and start adding value to the rice that I sell, but I am afraid that it may complicate my business, or I may not have enough resources to achieve that.”***

One business owner also mentioned wanting to register their business but was not sure how to go about it. This challenge was validated in a KII when a stakeholder noted:

***“Some MSMEs try to register their businesses but they are not able to do so because of the costs that are involved in the process. They could be trying to register a business and they are told they need to pay MWK50,000 as a fee, which is a lot of money for a small business owner. In most cases they just start questioning if it is important at all to register the business and they do not do it. Some MSMEs just lack the knowledge, they do not know the importance of registering a business. Some are just trying to refrain from paying taxes that is why they do not register at all – because the taxes are too high in this country.” – District Youth Office, Machinga district***

Despite some MSMEs going unregistered, another stakeholder emphasized the importance of business registration, noting that ***“a registered business has the exposure and opportunity to bid on different tenders.”***

Lack of capital is one of the biggest constraints reported by the MSME owners, for example, one business owner stated they ‘would need to save for 5 years to raise the capital they need to invest in building a warehouse’ – which would in turn increase the businesses processing and earning potential. Despite the challenges, some of the business owners reported being dedicated to saving money to reinvest in their business. With increased access to financial capital, investing in more land was a common investment channel mentioned by these business owners to diversify their business and develop other income streams.

*MSME owners reported the following **extrinsic** factors affecting employment and income:*

- COVID - border closures and hence restricted access to imported goods for agribusiness, also a challenge for export. Suggestion to form cooperative of agrodealers for better marketing, bargaining power and economic resilience. School closures reduced customers from rice traders.
- Climate change - agrodealers/traders depend on good harvest from farmers which is dependent on good rains. Climate has both direct and indirect impact on all players within the agri-food ecosystem.
- Government policies - when not subsidizing inputs the public buys from agrodealers.

***“Our business highly depends on how the agricultural season has been that year. If farmers do not harvest much, then our business gets affected. We had challenges in selling commodities such as groundnuts, maize, soya because we were unable to export most of them. Most of the buyers come from Kenya, Rwanda, Burundi some of which have also big markets like China, so since they were unable to sell to their large markets, they were also unable to purchase from us. I believe this happened because of the Coronavirus.”***



***“Any other issues that affect agriculture production also affect my business, things like weather conditions, pests and diseases. If farmers are affected, we also get affected because it means supply may be low.”***

***“COVID could affect businesses in the future, due to the pandemic schools were closed for extended periods and since schools are one of our biggest rice customers, we did not sell as much rice as we usually do.”***

MSME owners reported the following **intrinsic** factors affecting employment and income:

- Better knowledge of the products will allow them to market their products more and create customer relations (marketing their own products; ultimately this could reflect poor education)
- Lacking knowledge on business management
- Poor health leads to absenteeism and reduced productivity

***“If we are educated, we will be able to give our customers the right directions on how to use the inputs that we sell to them, that way most farmers/customers will be drawn to us knowing that we give them the right directions on how to use the inputs and benefit from them.”***

***“If business owners invest in attending some trainings, I think it can make them better at managing their businesses and in the end, they will start making more profits than they are right now. Interested in trainings focusing on business management and human resource management.”***

In Kils, other stakeholders echoed and validated many of the challenges expressed by MSME owners. Lack of capital was found to be particularly salient. Stakeholders also noted high competition between MSMEs providing similar products, lack of market linkages and infrastructural challenges to the transportation of goods, and lack of access to credit and loans as factors which constrain MSME productivity and, in turn, incomes.

## Perceived employment prospects



***“I am currently working on a certain proposal with someone from Lusaka and the project we would like to venture into is aquaculture related. If that goes well then, we will be able to create so many job opportunities in this area and employ youths.”***

***“Need to establish companies in this area to scale up employment.”***

***“We are already linking up with other businesses. There are companies like CP Feeds who make animal feed in Blantyre, they buy the cake in bulk from us because we chuck out a lot of cake in the oil production.”***

***“Sometimes we have customers that want higher tonnage of rice than we can supply, so we partner with other traders, put our capital together and buy the rice.”***

Business owners are motivated to grow their businesses, evidenced above, they are creating networks with other companies, diversifying their product range, learning from other businesses, linking with other companies to smooth the supply chain and even engaging in cross-border trade business proposals ([Great Zambezi Initiative](#), reported by one of the business owners). Growing businesses present opportunity to employ more people; however, these business owners have mixed opinions about employing youth. Some employ youth based on the physical requirements of the job, while others are sceptical of their trustworthiness, work ethic and lack of experience.

***“Yes, because we employ people based on their physical capability, and amongst the number of people that we employ we have people with mixed skills so they complement each other.”***

***“Yes, companies or businesses are willing to employ youth who can be trained on the job. But that doesn’t mean that they will just employ anybody.”***

Most of the owners welcomed the idea of being matched with youths for employment, either through job placements or internships. Although, some stipulated they would only onboard candidates who had gone through a vetting process. There is also a willingness to pay for these matching services, to pay interns or support them with basic allowances/airtime etc. One business owner had already approached the government with this request but had not been assisted: ***“I have pro-actively done that before, but I never got any support from the government. I wrote to them asking if I can be matched with youths, but I never got any response. I am very interested in this.”***

To enhance employment prospects for the youth in rural areas within the agri-foods sector, business owners encouraged more coordination and communication between the District Youth Office, District Labour Office and the District Agriculture Office. However, some also realized that this is a complicated and difficult task which needs collaborative action from various stakeholders, from grassroots level through to government policy.

***“These offices need to work together. They need to work hand in hand to achieve this. The District Agriculture Office should focus more on recruiting youthful farmers and providing them with the necessary support like trainings.”***

***“They also need to facilitate communication between farmers, youths, business owners and buyers.”***

***“I don’t think I have any answer to this. I think it is complicated.”***

## **Perception of agri-food sector as workplace**



MSME owners are inspired and driven by their work and contribution to the agri-food sector in their respective districts. The general census is that MSMEs could employ a lot more people (potentially youths) if they are empowered to do so.

With much of the work being in the rural area, business owners identified that work in this space requires a certain level of self-motivation, persistence and flexibility. With minimal employment opportunities, owners encouraged youth to be self-starters – however, also realized that this is difficult to achieve when good ideas are met with inexperience and lack of capital. Another factor that came through strongly in the data was trustworthiness of youth – however this could also be tied to inexperience and immaturity.

***“I think MSMEs can play a big role in this. If MSMEs in the agri-food sector are empowered then they have the potential to employ a lot of youth.”***

***“The key is to facilitate this mindset change, reach out to many youths and let them know they do not have to keep looking for blue-collar jobs, they can employ themselves.”***

## Access to markets, inputs, financial services



Major challenges faced by MSMEs working in the agri-food sector in rural areas were centred around the seasonality of the sector, and subsequent effects on supply and demand throughout the sectors economy at different times of the year. For example, input suppliers experience heightened demand for their products prior to the onset of the agricultural season, which aligns with Malawi's rainy season (annually from November to February). With perishable items such as chemicals used as pesticides or herbicides, which are destroyed/confiscated in event of expiry, forecasting demand is a challenging task in a sector that is still very informal with rudimentary traceability systems. Similarly, commodity traders are normally more active during the harvest and post-harvest season – and likewise rely heavily on crop yields for any given year. Other contributing factors include poor infrastructure which impacts the overall productivity of the sector, especially concerning commodity storage and transport. Although the sector is growing with increased demand for all contributors, the lack of innovation in business models results in market saturation and unnecessary competition.

***“There are times when we have no markets for our rice, in the months of April and May we have very scarce markets for our rice, mainly because most of our customers also invest their money in farming during these months. In the month of October some of our customers also don't have markets for their rice so they don't come to buy from us.”***

***“There are also times when the demand is low. Somewhere around August and September we get very few customers. I think people are usually getting ready to do their agricultural activities for the next agricultural season during this time.”***

***“One thing that I have noticed in this area is that people copy each other's business ideas, so we end up doing the same things. This in the end creates too much competition and reduces the number of customers that one has.”***

Government-level stakeholders further validated the challenge of market saturation. As the District Agriculture Communications Officer in stated: ***“There is a lot of duplication of businesses, people copy businesses from those that seem to be earning profits. So, there is always low demand for most of the service offered by businesses.”***

Similarly, the District Youth Office for Machinga reported: ***“If a lot of people venture into similar businesses there may be high competition among them. This will affect their businesses. For example, we have so many welders all over in the District, it is too much. Who is going to be buying from these people if they continue like that?”***

When asked to list examples of other businesses in the area, the lack of business diversity became quite clear, with evidently fewer larger scale players further down the value chain.

### *Other MSMEs in area:*

- **Salima:** grocers, mobile money agents, retailers
- **Mchinji:** food processing, beekeeping, mushroom farming, trading commodities, grocers
- **Mzimba:** a lot of agro-dealers
- **Machinga:** most common are commodity traders, especially rice trading and milling.

Responses from business owners also revealed that the government could do more to bolster the productivity of the agri-food sector by creating a more enabling environment for businesses to thrive. While the recent increase in minimum wage is perceived as positive for employees, business owners reported struggling with no support on tax breaks, facing difficulty

in registering their businesses and general lack in access to financial capital and public support of the private sector. Commodity traders (vendors/middlemen) specifically grapple with controlled market prices when buying from smallholder farmers but with no protection/surety when they re-sell their stock to larger processing companies<sup>11</sup>. Despite this, MSME owners are still optimistic for the future of the sector with some working towards formalizing business agreements for their companies.

***“Opportunities are there because the demand is high. For instance, our plan is to have an agreement with boarding schools to be supplying them with our cooking oil. This means we will be doing our business on a bigger scale than usual.”***

Lack of MSME access to financial services was a commonly discussed theme throughout stakeholder KIIs. At the same time, the importance of investment and capital was emphasized. Both extrinsic and intrinsic factors were noted to explain why financial services remain inaccessible to MSMEs; these included strict lending policies executed by financial institutions, high interest rates, the internal organisation of MSMEs, low repayment rates, and lack of collateral.

***“The terms and conditions under the financial lending institutions are very harsh towards interested local businesspeople who would like to borrow money and boost their businesses. The interest rates are very high and it’s hard to make profits out of them.” – District Youth Office, Mchinji district***

***“I feel like level of organization of these institutions could undermine their access to financial support because we have banks, microfinance institutions, and government projects that are supporting the investment of these MSMEs. But to some extent they fail to tap into these opportunities because they are not fully organised or they are failing to create a winning business idea.” – DENR, Ministry of Agriculture, Mchinji district***

***“Most businesses have been affected by Coronavirus and it is difficult for business owners to sustain their businesses [without access to finance].” – District Youth Office, Mchinji district***

One stakeholder expressed asymmetry of information between MSMEs and government as a potential barrier for MSME growth and development.

***“There is also a lot of information hiding for the SMEs. We have a market information system which we fill out once in a while, but you find that most SMEs are not comfortable to share their business information. Maybe we need to bring them on board, so they know how important information sharing is. Because market information system provides information to buyers, government and even the person selling the goods. So, if the information is not shared, then they deprive themselves of opportunities which can help advance their businesses.” – DDP representative, Machinga district***

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<sup>11</sup> Comment from Lead Researcher: My observation on market prices has been, the earlier traders buy from smaller holder farmers, the lower the prices and the higher their bargaining power. Most times this is before the farm gate prices are released. Though prices start to go up immediately after farm gate prices are release. Traders always want to exploit the prices so they make good returns from their sales. Hence the contraction in the information.

This asymmetry indicates a lack of transparency between MSMEs and relevant government entities, which may hinder the efficacy of interventions targeted at MSMEs.

## Demand for labour



Demand for labour is still perceived to be quite low across the agri-food sector in rural areas. MSME owners interviewed in this research reported having between 1 and 15 full-time employees (FTE) with up to 15 additional parttime/seasonal employees depending on demand for labour at certain peak times of the year. Preferences for gender and age were mixed and was mostly linked to the nature of the business/work. For work requiring more physical effort such as, commodity identification, bartering and transport, business owners prefer to employ older men. If the work was purely physical, then youth were preferred. Food processing and store management jobs were usually assigned to women based on merits of work ethic, diligence and trustworthiness.

***“All the 15 employees are youths because I still consider myself as a youth so I try to empower my fellow youths by giving them employment.”***

Conditions of employment still seemed quite informal, with few business owners reporting having formal contracts with their employees. Employee benefits ranged from nothing to provision of meals at work, capacity building on the job, no paid time off (PTO), to performance-based bonuses. Salaries for full-time employees ranged from MWK25,000 (half the national minimum wage) to MWK80,000 with business owners paying themselves, on average, MWK500,000 quarterly. Provision of in-kind benefits was rare. For instance, one MSME in Machinga mentioned that he normally gives low wages to employees who are stationed at the milling company, while those who work in the field have higher salaries. This would imply that, the more involving the work, the higher the wages.

Business owners recognized an increasing population will place profound pressure on the agricultural productivity of Malawi’s rural areas. However, this was seen as a potential positive for the business environment. Business owners believe that more people will result in more innovation, which would be positive for the economy.

***“An increase in the population will bring in more business because the higher the population the higher the number of people that will need food to eat.”***

***“When we look at it from the supply side then it means that if the population increases then a lot of people will be involved in farming activities and there will be a lot of produce for us to buy from.”***

***“Looking at it from the demand side, a lot of people will need food to eat and so our commodities will be on high demand. Either ways, an increase in population may have a positive impact on our business.”***

***“But at the same time if population increases then there will be a lot of people with innovative business ideas therefore leading to so many entrepreneurial activities. This would be good for the economy.”***

On their previous experiences in finding labour, some had reported using formal recruitment process calling for application letters and following up with interviews of potential candidates, while others mentioned that the market is over saturated with youth looking for work, so it is not difficult and hence do not follow any active recruitment processes. WhatsApp and Facebook groups are commonly used to advertise job vacancies, while others do not feel the need to advertise because they are a lot of unemployed people looking for work and word-of-mouth proves sufficient. In place of a formal recruitment process, some business owners reported validating potential candidates with references from their community leaders

such as Chiefs or village headmen. Suffice to say, several business owners reported that they struggled to find trustworthy employees and had struggled with theft within their businesses from new recruits.

***“Most youths write application letters to us, we evaluate them and we invite those that we feel are qualified so that they can come for interviews and they start work.”***

***“I usually post a vacancy on my Facebook page. I also post on my WhatsApp status and I send the vacancy on several WhatsApp groups as well.”***

***“When we look for people to employ, we emphasize on employing those that are well familiar with the nature of work involved. We go to the Chiefs in their communities to ask for information on our prospective employees.”***

As reported above, there are some hesitations in employing youth, however most of these business owners are quite happy to do so if the candidate is a good fit for the position.

***“Some people are hesitant to employ youths because youths are always looking for better opportunities, so they mostly don’t stay in their jobs for a long time.”***

***“By the time I employ someone, I already know enough about them, so I do not hesitate to employ the youth. But if I were to employ any other youth, yes, I would hesitate because it is hard to trust these young people nowadays.”***

***“No, not at all. The youth are energetic, innovative and they contribute so much into a business.”***

On the demand for labour, stakeholders noted that on the whole demand outweighs supply and many are left unemployed. In terms of remedying this mismatch between labour seekers and employers, a cultural shift to encourage entrepreneurship and self-employment was mentioned. This echoes sentiments shared by other participants on the topic of perceived employment opportunities for youths.

***“As of now there isn’t enough employment in the job market to cater for the whole population’s employment needs, so the demand for labour will not surpass the demand for employment. The only way to create employment would be to promote a culture that encourages people to get self-employed and employ others. Most youths that are getting an education are only interested in getting employed once they complete their education.” – District Youth Office, Salima district***

Stakeholders indicated that at times, business owners may have demand for labour but may face challenges in recruiting the right candidate for the desired skillset; particularly when the business owner seeks a highly skilled candidate.

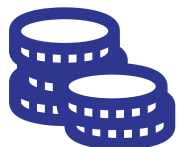
***“Mostly it depends on the type of job that needs to be done. If we are talking of manual work like ridging etc., I think it is easy to find people who can do that because it does not need qualifications. But there are other types of roles that need employees to have a certain literacy level. For example, business owners cannot employ a salesperson who does not know how to do calculations or make transactions. So, I think sometimes employers are able to find employees with the requirements of the job but sometimes they are not able to.” – Acting Agribusiness Officer, Mzimba district***

***“I don’t think business owners are always able to find employees who match their requirements. This is because most businesses do not have a proper recruitment plan and remuneration is a big issue.” – DENR, Mchinji district***

Furthermore, some stakeholders also expressed their belief that whilst labour demand may increase with economic growth, the demand will primarily be for skilled labourers (which further substantiates the preferences shared by MSME owners to hire highly skilled and knowledgeable youths/employees as businesses grow).

## D. Start-Up Entrepreneurs

### Employment and income situation



Key informant interviews were conducted with start-up entrepreneurs who had recently started businesses in soya and groundnut seed multiplication, agro-dealing enterprises, commodity trading, and livestock husbandry. Most of these start-ups were identified to have multiple sources of income, not just from their start-up enterprises.

***“I buy from farmers and then I supply to companies in Lilongwe. I have other customers who come here to buy directly from my shop. In Lilongwe I supply to companies like Sunseed Oil Limited, Rab Processors Ltd, Central Poultry, Capital Oil Refining Industries Ltd (CORI, producers of Kukoma products) and other small companies that make Kamba Puffs.”***

***“I have had to establish a number of businesses so that they may be sustaining each other.”***

Inspiration for starting their businesses came from various sources. Some copied from friends' business models who had established similar successful business models in other districts. Others had identified a gap in market for the product/service, while some were simply hoping to scale already existing business models to compete with other smaller players (providing more farmers with inputs, extending reach etc.). Most reported doing some level of market research prior to investing in their start-up.

***“There was only person who was selling certified seed and fertilizer in this area. I noticed that the demand was very high, and I thought of doing the same business but on a bigger scale so that I would be able to reach out to more farmers.”***

***“At that time there was no one else doing this business. But after I started my business, I have seen several people in this area also trying to venture into poultry farming.”***

***“I decided to start the seed multiplication business because seed was fetching higher prices than grain.”***

***“Remember the time when fuel was so scarce in this country, that is when it all started. I heard fuel was available in Zambia and I saw that as an opportunity. I purchased some fuel from Zambia and sold it here at Jenda, I made a big profit and decided to keep doing that. I only started with MWK100,000 but I made so much money that I bought a car. It was a small car, and I was using it as a taxi to make a livelihood. Then I found a customer who would use my car to transport some agricultural commodities that he was purchasing from farmers. He used to hire my car frequently and I became very curious, I started asking him a few questions about what he does. From there I realised I could also be doing the same thing but instead of selling in this area, I could have connections to companies in Lilongwe to buy from me and make more money. I started buying some maize little by little, I would just keep the maize at home. Eventually I had a lot of maize and I started selling it. I then sold the car and invested all the money into the business.”***

Several of the start-ups reported receiving training and support from [SMEDI](#) and [NEPAD](#). For context, SMEDI (Small and Medium Enterprises Development Institute) is a pioneering parastatal institution specializing in the capacity building, training, research and support of SMEs, under the Government of Malawi's Ministry of Industry, Trade and Tourism. SMEDI headquarters are in Lilongwe, with regional offices in Mzuzu and Blantyre; with the SMEDI Enterprise Development



Centre situated in Mponela, Dowa. The New Partnership for Africa's Development (NEPAD) is a socio-economic development flagship programme of the African Union (AU). The strategic direction of the NEPAD Agency is divided into six themes:

1. Agriculture and food security
2. Climate change and natural resource management
3. Regional integration and infrastructure
4. Human development
5. Economic and corporate governance
6. Cross-cutting issues – gender, ICT, capacity development and communications.

***“I received a training from SMEDI on entrepreneurship in agribusiness.”***

***“I was lucky enough to be a beneficiary of NEPAD trainings. I went for a training funded by them. The training was about entrepreneurship. We were taught how we can start and operate a business. They also taught us ways in which we can source capital to start our own businesses. Before this opportunity, I had always wanted to venture into poultry farming. But I did not know where to start from. I was making and selling meatballs by then and that was my source of income. I would go door to door selling meatballs. Because I had been thinking of poultry farming, I thought it was my opportunity to learn more. So, I focused on poultry farming, while others in the class focused on horticulture, food processing, oil processing etc.”***

Regarding profitability of their start-ups, there was mixed response. Like challenges reported by MSMEs, cashflow is seasonal and based on supply/demand of agriculture. Some stated that they were not yet reporting profits while others did. For example, the start-up working in groundnut seed multiplication reported an annual turnover of MWK19,000,000 of which MWK7,000,000 had been declared profits and one of the agrodealers reported a turnover of MWK7,000,000 with profits of MWK4,000,000. Some of the start-ups stated they were striving to double their profits within the next year.

*To increase income in their areas/districts start-up entrepreneurs reported:*

- **Salima:** invest in land, a lot of land available and there is high potential for farming.
- **Mchinji:** diversify income sources, do not rely on one income only, and focus on farming at larger scale.
- **Mzimba:** less focus on agriculture, more focus on trade opportunities.
- **Machinga:** increase irrigation farming from Shire River and form clubs/cooperatives for joint business ventures (loan access facilitation), livestock husbandry was encouraged due to poor soil types in some areas.

Visions for growing their start-ups included expansion and diversification of their current business; a seed multiplier stated that his aim was to eventually supply all of Malawi's Central Region with quality agricultural seed. Compared to MSMEs, start-ups showed they were more willing to engage in partnerships with other businesses to promote their productivity. Contrary, a piggery start-up reported that their vision was to monopolize the value chain from feed production to pig rearing, slaughtering and value addition in food products (small scale to begin with in Mchinji, and expand thereafter). Other similarities included working towards registering their businesses, attaining financial capital (through loans or better financial management and saving) to invest in assets for transport and processing/value addition. Again, collateral and high interest rates were reported as significant challenges when considering loan facilities.

*Start-ups reported the following extrinsic factors affecting employment and income:*

- Climate change – erratic/unpredictable weather affects the whole agri-food value chain, similar for pests/diseases and other factors that affect productivity of agriculture.

- Government policies – commodity export restrictions, inflation and commodity market price control.
- COVID – struggling with import of agricultural inputs due to travel restrictions, has knock-on effects down the value chain. Reduced demand for agricultural commodities from school closures and other off takers such as bars and restaurants.
- Competition – other people copying their business model.

***“The government’s policies restrict farmers from exporting commodities to other countries and that restrains them from making profits.”***

***“They need to be strict on the prices that companies buy from us and not only on the prices that we buy from farmers. It is like they only focus on protecting farmers and they forget about us the middlemen. They need to recognise that we play a big role in this chain.”***

***“The pig production has also been affected since some of the customers are bar owners who sell the braai meat at the bars, so with the curfews imposed most of them buy only a little or none, due to less patronage as well as time restrictions. This also applies to restaurants whereby most people have stopped patronizing because of fear of contracting the virus.”***

Start-ups reported the following **intrinsic** factors affecting employment and income:

- Lack of trusting professional working relationships to link up with other businesses.
- Education, health, family dependents put stress on business.

On the topic of business inspiration for start-ups, stakeholders reiterated that whilst new businesses could take on innovative approaches, many start-up entrepreneurs ‘copied’ businesses they perceived as successful, leading to market saturation and an oversupply of certain goods and services. The concept of replicating other businesses rather than beginning with an organic business plan can also lead to a lack of direction for start-up entrepreneurs:

***“I think most people in this country just venture into a business without a proper vision. They just start without a proper budget or a target market. We even see people changing their businesses so suddenly because they don’t really know where they are going with their businesses.” – District Youth Office, Machinga district***

Government stakeholders commented on the environment for entrepreneurship, particularly for youth, in their various districts. The need to foster enabling environments in which youth could register and operate successful start-ups emerged as a theme across KIs:

***“Opportunities are there but the environment has to be worked on. It has to be suitable for everybody starting from an ordinary person to those that are well established. There should also be a deliberate effort to accommodate the youths who are just starting up their businesses.” – District Youth Office, Mzimba***

## Perceived employment prospects



Across the districts, prospects for rural employment were still mostly perceived to be farm based jobs, with other opportunities in petty trade and commodity trade on a seasonal basis. However, start-ups in Machinga pointed towards a demand for more skills-based labour in their district, such as craft work, construction, and masonry. Start-ups identified that with the increasing population, there is increasing demand for food, more jobs, less land availability, and ultimately more pressure on the

agri-food sector to perform. However, they feel less pressure about competition if there is more demand from the public – but that resource constraints might affect business expansion.

*To increase rural youth employment, start-ups suggested the following:*

- Invest in current businesses / start-ups so that they can grow and employ more people.
- Increase access to financial capital, establish more youth clubs.
- Increase offerings of agri-business and vocational trainings.
- Public sector should focus on developing rural areas, establishing more services and better infrastructure.
- Access to technology and information through smart phones makes the youth more innovative, investment needed here.

***“Government should focus on establishing more services in rural areas. If they bring a big hospital in this area or a big company, it means a lot of youths in this area will find employment. As much as the agri-food sector is big and has the potential to employ more youths but let us not forget about other sectors that can bring in employment too.”***

***“Youths are becoming innovative with the coming in of smart phones etc. they are able to see what other youths are doing. NGOs and Government need to start providing small loans to youths.”***

Start-ups were interested in the prospect of matching services for youth employees, however compared to feedback from MSME owners – there was less appetite to pay for such a service and also questions over who would be responsible for paying the interns themselves.

Similar suggestions were targeted at the District Youth Office, the District Labour Office and the District Agriculture Office in promoting employment in the agri-food sector in this area. Furthermore, they suggested creating a more enabling environment for larger scale agro-processing companies to set up shop in rural areas. More coordination and communication were also suggested, similar to feedback from MSME owners.

## Perception of agri-food sector as workplace



Generally, the start-ups have a positive perception of the agri-foods sector as a workplace – despite the many challenges highlighted so far. Start-ups have appetite to link with other players in the agri-food sector ecosystem, but they reported on an overall reluctance for collaborative business in the sector; this was also highlighted by MSMEs, where people seem only to be concerned about the success of their own business and not the sector-wide economy, or even the micro-economies of the areas they work in. Again, there seems to be a level of risk aversion that is perhaps tied to inadequate experience in conflict resolution and inexperience in developing formalized contracts/working relationships that is inhibiting stakeholders to engage in proactive business planning/collaboration. Some have already set up cooperatives, while other are interested but are not sure how to go about it.

***“We have established a group called Mzati Top Farming which consists of different farmers that would become a cooperative so that we can have easy access to markets and other farming resources.”***

***“I think people are not aware of the benefits of doing business together. They think you are trying to steal from them. For this to happen I think people in this area need to change their mindset. They need to know that if we work together, we can achieve so much more.”***

***“It would be possible, however, at the moment I don’t know how to go about it. I would like to work with smallholder farmer clubs that have access to cheap inputs and loans for farming so that I too can access those loans.”***

## **Access to markets, inputs, financial services**



Most of these start-ups were born with low capital investment and grew organically from there; a few started with training opportunities that led to successful grant funding (small scale) – but generally the start-ups did not receive much support in terms of incubation or acceleration. Lack of financial capital and poor infrastructure remain the most frequently quoted challenges. Furthermore, some start-ups reported stock security (commodities, livestock etc.) as a threat to their sustainability.

***“Attended training at SMEDI and training by [RUMARK](#) (For Agro dealer start-ups), and we also received a MWK1,000,000 grant. I also attended training in dairy farming by [mHub](#) under a UN WOMEN project, but that was 3 weeks ago. Training on finance and procurement by [AGCOM](#).”***

***“The funny thing is that government forces us vendors to purchase the commodities from farmers at recommended prices but then when it is time for us to sell the commodities to big companies, they do not intervene at all. It would be beneficial if government intervened throughout the process so that every player in the chain benefits. This is our biggest challenge so far.”***

On supply/demand, entrepreneurs shared similar insights from MSME owners highlighting the seasonal nature of some of their businesses. However, if the start-up is offering an innovative/new product or solution to the local market, the supply chain of specialized inputs can be logistically challenging if business inception also requires mapping out new, cost effective and feasible supply chains/routes. At the time of the discussions, most of the start-ups were not concerned about the demand for their products/services. However, it was noted that it could potentially become an issue if the COVID pandemic persists.

***“The only thing I have noticed is that there are more commodities in Zambia than here in Malawi. We are near the boundary between Malawi and Zambia. Most times we buy the produce from Zambian farmers than Malawian farmers. The Zambian farmers are more serious with their farming and they do it on a bigger scale compared to the farmers in Malawi.” – Mzimba district***

***“Chickens are only available in Blantyre, there are no suppliers of point of lay hyline chickens here in Machinga.”***

In terms of support, start-up entrepreneurs stated that the start-up process would be more conducive with more accessible market information, information on potential investors, and the necessary tools and knowledge to pitch concepts of partnerships. The need for business management training was a recurring theme, however some start-ups suggested a need for more niche training opportunities specific to their business models.

***“I wish I had done a market research before I started rearing Australorps chickens, and received training on how to manage them, because I lost them to disease as I had no idea how to control chicken diseases so I lost them and incurred losses.”***

***“I partnered with a certain woman that is also interested in farming, she provides the necessary resources while I contribute my knowledge and skills into the business. Attended training at SMEDI and training by RUMARK (For Agro dealer start-ups), and we also received a MWK1,000,000 grant from SMEDI. I also attended a training in dairy farming by mHub under a UN WOMEN project but that was 3***

*weeks ago. Training on finance and procurement by AGCOM. It was valuable because one cannot open an agrodealer business without the guidance of RUMARK, seed service unit and chemicals board. The training also gives guidance on areas that are suitable for agrodealer businesses because there are other communities that don't practice winter cropping which would mean an agrodealer business will only make profits in rainy season and not dry season. mHub trained us on business plan writing and business management. Training by AGCOM was on how we could procure items with the funds provided by AGCOM."*

*"I think linking start-up entrepreneurs to proper markets would be the most valuable support. NGOs and government could help facilitate this. Markets are very important because they are the centre of every business. A business cannot go on if it does not have a market."*

*"Capital is also important because I believe a lot of youths like me have the vision to start something of their own, but they lack the financial muscle. They may already even have the ideas on how to do what they want but there is no capital."*

Stakeholders emphasized the lack of capital and financial services available to youth entrepreneurs: ***"Youths have no access to loans because most people don't pay back loans and that hinders institutions that offer loans from keeping up with their work."*** -- District Agriculture Communications Officer, Salima district. These challenges align with the challenges stakeholders named for more mature MSMEs as well.

At the same time, stakeholders confirmed youth interest in accessing capital to establish businesses: ***"Recently we have had many youths, most of whom have good qualifications, looking for business loans at our office, since there is no employment for them."*** – District Youth Office, Salima.

## Demand for labour



Compared to MSMEs, start-ups reported an even lower demand for labour. Most currently had less than 10 FTE, some with none. Gender and age preferences are mostly dependent on the nature of work; however, some stated a clear preference to employ younger people due to cultural and communication constraints/benefits. Some younger entrepreneurs are more inclined to employ a younger workforce with challenges in managing/delegating to older employees. Across the start-ups

there were more instances of family members being used to provide labour for the business.

***"I only employ youths because I think it is easier to communicate with my fellow youths and they work efficiently. We have a WhatsApp group where we are able to communicate and sometimes when I am away, they are able to send me pictures of commodities on WhatsApp."***

***"He is a 20-year-old young man, I decided to employ a young man because if I had employed someone older than me, he would feel demeaned to work under someone younger than him or he would find the salary to be insufficient."***

## **E. Cross-cutting themes:**

*Cross-cutting themes presented across target groups and districts involved in the baseline study and are highlighted through similarities and differences below. While these were identified as broad themes from the nuanced qualitative response, they do not necessarily represent views of all the participants interviewed in the research and therefore are not quantified.*

### **Innovation & market saturation**

Low levels of innovation and new business models were identified as pertinent issues across target groups & districts. Ubiquitous response across target groups (apart from younger youth) identified that market saturation results in over supply of products and services, leading to increased competition and ultimately decreasing business productivity within the rural agri-foods sector.

These low levels of innovation and market saturation are largely attributed to low literacy levels (which are lower in Malawi's southern region), a lack of inspiration and relevant market information as well as challenging business environments. Opportunities for innovation outside of the agricultural production and trading elements of the agri-food sector were identified from some female entrepreneurs and business owners, specifically as their involvement in trading is limited.

### **Financial capital & infrastructure**

A deficit of enabling infrastructure including poor market infrastructure, especially roads and marketplaces as well as access to electricity were frequently highlighted as inhibitors to entrepreneurship and conducive business environments. Sub-par market infrastructure, although mentioned across stakeholder groups, this was particularly stressed through feedback from the smallholder farmers and commodity traders interviewed as MSME owners or start-up entrepreneurs.

Additionally, a lack of financial loan facilities was highlighted as a particular challenge for youth (by youth themselves and stakeholders in government agriculture offices). Here a combination of low trust, lack of experience & collateral is reported to limit youth borrowing capacity and cautions lenders when considering youth for financial loan provision.

### **Appetite for trainings**

The appetite for trainings was strong across all target groups and regions/districts interviewed. However, there was a distinction in demand for different types of trainings between target groups. Youth and smallholder farmers showed a clear interest for training in climate smart agriculture (CSA) as they move away from traditional farming practices; combined with a shift from subsistence agriculture to sustainable, intensified and commercially driven agriculture. Whilst stakeholders also encouraged more business and financial management trainings for youth, to potentially spark interest and catalyse growth of business further down the agri-food value chain.

General business management, financial & human resource planning training were reported to be lacking for rural populations – and demand for these trainings was stressed more from business owners and start-up entrepreneurs. It was identified that most business owners and start-up entrepreneurs had either started and/or grown their businesses organically, without any prior business or financial management training or knowledge.

A difference noticed between start-ups and more established business owners, highlighted that early start-up entrepreneurs (despite showing appetite for business and financial management trainings) indicated a preference for more niche training opportunities specific to their business models. This was not the case for other MSME owners.

## **Indicators of entrepreneurship & projections of employment**

Both business owners and start-up entrepreneurs were quick to endorse investment/promotion into businesses that are already established and showing signs of potential growth to increase employment growth in rural areas. Youths and smallholder farmers did not share this sentiment, but rather emphasized the need to create an enabling environment to increase presence of larger scale agro-processing business/factories in rural areas. These findings are in line with the general reluctance/absence of youth placing themselves in self-employment. Whereas business owners, start-ups and other stakeholders were keen to promote their own companies as well as entrepreneurship in general as a pathway to change for rural youth.

While urban migrations rates are high in Malawi, all stakeholders recognized the potential for youth employment to increase retention of youth in rural areas. The drastically underdeveloped agri-food sector in rural areas (despite its many current challenges & limitations) presents opportunity for growth & employment.

## **Difference in perceptions by youth age**

Perceptions of youth across the different indicators/topics discussed during the focus groups did not change significantly between younger and older youth (15-24 and 25-35, respectively). Differences in perception of certain indicators only became apparent in exposure, knowledge level, ability to grasp and articulate responses/discussion of younger youth – which can be explained through immaturity and lack of experience in professional working environments. As such, older youth were more certain of the recommendations they shared (e.g., market-oriented farming). Older youth also showed to have more experience with youth clubs & matching formats than younger youth and additionally, they displayed more assertive views and agency towards their roles and contributions in decision making in their communities.

Youth in Mzimba, Salima & Mchinji youth were more forthcoming than those in Machinga.

## **Needs of young women**

Due to the largely physical/manual requirements of work dominant in rural areas, employers indicated a bias towards hiring more men than women. Additionally, perception of young women is still tied to domestic duties and therefore potential employers question their commitment to employment, both informally and formally. Some women also reported that the male dominated agri-food sector bred misogyny and sexual harassment against women. A couple participants suggested promoting technical trainings for young women in specialized/ skilled areas of value chains.

## **Comparison between districts / regions**

Distinctive differences between districts are noted through secondary data – primarily in demographic differences such as population density and literacy levels between Malawi's three regions. Some of these have been highlighted above. Though, there were no significant differences in perceptions of indicators at district level. Nevertheless, some nuanced responses are discussed below.

In Machinga, it was highlighted women are deemed to generally do more commendable work than men. Culturally, this is a matrilineal region and therefore most do not seem to be interested in taking full ownership of family assets; potentially an explanation why some men from this district were not interest in helping with farming on their family land. Skilled labour

opportunities were more common in Machinga, where research participants cited more agency to work in masonry, craft or construction work (particularly men). Here researchers also noted that female farmers were more vocal in the group discussions compared to male participants.

Miscellaneously, research participants noted that extension services across most districts are dwindling, except for in Salima. It appears that most of the people visited had reduced confidence in extension staff/services, due to inadequacies in the level of support given to them. This was different with most of the farmers visited in Salima where they indicated to have received more support through government extension services. Farmers across all the districts also seem not to have trust in organisations that encourage establishment of cooperatives. This is a result of the experiences they have had in the past.

### **Thoughts on digitisation**

Digitisation did not come out as a cross-cutting theme in the data. Of course, the lack of market information was a recurring theme (especially reported by business owners) however, ICTs were not identified as potential conduits through which to increase access to this information. Some youth reported having access to smart phones with internet capacity (WhatsApp & Facebook), however knowledge and application of other digital devices and applications was deemed very limited.



# 4. CONCLUSIONS & RECOMMENDATIONS

## A. Conclusions

Through the findings presented in this report, there are many nuances surrounding the challenges and opportunities for youth employment in the agri-food sector in rural Malawi. There are clear employment prospects for youth in rural areas, however currently the demand is biased towards low-skilled manual labour with a specific focus on agricultural production and trading of agricultural commodities. While drivers of income and employment further down the value chain, such as value addition, larger scale industry, agro-processing and diversification were commonly highlighted by various participants in this research, many were also quick to highlight that enabling environments, skills, knowledge and investment were missing for growth – specifically to include the “food” component in the “agri-food sector”.

The seasonal nature of agricultural production in Malawi is emphasized as both a constraint and an area of potential growth through innovation and diversification. Malawi’s agricultural productivity is still heavily reliant on its annual rainy season for both subsistence and commercial crops. Currently youth are valued for their contributions to casual labour demand during the production and harvest season, however the lack of opportunities in both full-time employment and/or supplemental employment during the dry season pose significant risk to livelihoods in rural areas and are considered contributing factors to patterns of rural-urban migration in the country (especially among young populations). The general absence of innovation, resulting in market saturation of similar business models, is indicative of poor education, high illiteracy levels, aversion to risk and ultimately the recognition that there is little aspiration for self-employment. Youth were more likely to prefer being employed (whether formally or informally) rather than identifying potential pathways to entrepreneurship. This was often met with a reluctance from employers to employ uneducated, inexperienced and untrustworthy youth in their businesses. Equally, existing business owners and entrepreneurs reported their own inadequacy in both hard and soft skills required to manage successful businesses. All of this is compounded by poor market infrastructure, low standards of educations, limited access to financial capital, high population pressure, a changing climate, and the COVID-19 pandemic which are all major challenges with variable spatial and temporal dimensions which need addressing/are being addressed through top-down and/or grassroots responses.

Despite these challenges, the current rudimentary nature of the rural agri-food sectors presents clear potential for positive growth. The demand for agricultural commodities and food justifies the need to develop rural economies and engage youth as drivers of change. Due to pressures influencing successful supply of products in the agri-food sector, there is likely to be increased focus on shorter supply chains and increased national production capacity to meet demand (highlighted by the impact the COVID-19 pandemic has had on international supply chains). Diversification, both in agriculture and business, innovation, formalized business relationships and stabilized markets/market prices, business management and financial trainings, increased agro-processing and value addition investment (amongst others) were all avenues identified and reported by youth, smallholder farmers, MSME owners, start-up entrepreneurs and government agriculture and youth office representatives which could contribute to the growth of rural economies and improve employment prospects for young people.

Of course, there is no easy solution to such a multifaceted and evolving issue, though there is need for sustained collaborative effort from government, intergovernmental organizations, and the private sector in working to transform Malawi’s rural agri-food sector. Placing the fate of youth as one of the central pillars of this agenda will not only force current pressures of youth employment into the light but will also enable strategic planning for this generation’s potential contribution to Malawi’s economy and future. Below are recommendations (captured through insights from the data as well as the researchers) which may guide project level implementation planning and investment of the EYA!

## B. Recommendations

This section of the report highlights project level recommendations for the EYA!:

- Conduct stakeholder mapping of players in agri-food sector of selected target regions/districts, paired with skills matrix.
- Create forums/pathways for communication facilitation between farmers, youth, business owners and other players in agri-food value chains.
- Increase dialogue between district agriculture and youth offices.
- Create a more enabling environment for larger scale agro-processing companies to set up shop in rural areas for value addition.
- Empowering youth with knowledge skills and capacity – invest in business management, financial management and entrepreneurship trainings for youth, smallholder farmers, MSMEs and start-up entrepreneurs.
- Encourage soft skill development for youth, a lot of employers hesitate to employ youth because they believe them to be untrustworthy.
- Promote already established young MSMEs and start-up entrepreneurs through capacity building & financial assistance.
- Assist in creating more market linkages for youths, MSMEs and start-ups. How to support stabilization of market prices that is beneficial for producers, middlemen, processors and consumers?
- Access to market information, information on potential investors, and the necessary tools and knowledge to pitch concepts of partnerships.
- Advocate for youth inclusion in agriculture related projects in rural areas, at local, regional, and national level
  1. Youth ambassadors
  2. Formation of youth focused agriculture clubs.
  3. Agriculture trainings to also target youth, not just adults.
  4. Encourage MSMEs to employ more youth.
- Promote early maturing crops, mechanization, diversification, and climate smart agriculture.
- Explore opportunity/dialogue around establishing cooperatives of similar MSMEs and/or start-ups.

- The below points are taken from The Committee on World Food Security voluntary guidelines<sup>12</sup> on food systems and nutrition towards empowering youth across food systems, released 8-11 February 2021:
  1. Governments, intergovernmental organizations, private sector and other relevant stakeholders should engage, encourage and empower youth, acknowledging their diversity, to be actively involved in food systems by enhancing their access to land, natural resources, inputs, tools, information, extension and advisory services, financial services, education, training, markets, and promote their inclusion in decision-making processes in accordance with national legislation and regulations.
  2. Governments, intergovernmental organizations, private sector, non-governmental organizations, and communities should invest in appropriate vocational and skill trainings, formal education, and mentorship programmes for youth to increase their capacity and access to decent work, employment and entrepreneurship opportunities, as well as in demand side enabling policies and instruments to create decent work opportunities, to stimulate and be drivers toward sustainable food systems for the next generation. Investments could also include research and actions to support youth in addressing their own nutritional needs and strengthen the role of youth play as change agents influencing the consumption of healthy diets within societies both as contributors in food systems and as influencers in the households and communities.
  3. Governments, intergovernmental organizations, and private sector should promote development, rural-urban linkages, and access to information, social innovations, resource hubs, and new technologies and practices for youth along food supply chains that enhance the sustainability of food systems, improve nutrition, and support social enterprises and of youth entrepreneurship (particularly in countries experiencing high rates of youth internal and external migration). Governments, intergovernmental organizations, and private sector should, in accordance with national legislations, enable youth active engagement and participation in policymaking across sectors and support the individual and collective capacities to shape food systems by recognizing their agency.

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<sup>12</sup> The Committee on World Food Security: THE CFS VOLUNTARY GUIDELINES ON FOOD SYSTEMS AND NUTRITION (VGFSyN). Pp.20

## A. FGD Guides



FGD Guide  
Smallholders - Final



FGD Guide Youth -  
Final Translated.doc

## B. KII Guides



KII Guide MSMEs -  
Final Translated.doc



KII Guide Start-Ups  
- Final Translated.doc



KII Guide  
Stakeholders - Final

## C. Qualitative Matrix



GIZ RYE Qualitative  
Baseline Data Matrix