



Ministry of Agriculture

AGRICULTURAL COMMERCIALISATION (AGCOM) PROJECT

REQUEST FOR SUBMISSION OF CONCEPT NOTES FOR CONSIDERATION OF AWARD OF MATCHING GRANTS UNDER AGCOM PRODUCTIVE ALLIANCES

Introduction

The Ministry of Agriculture in close collaboration with the Ministry of Trade and the Ministry of Industry is implementing the Agricultural Commercialisation (AGCOM) Project with a World Bank International Development Association (IDA) credit amounting to US\$95 million. The objective is to increase commercialisation of agricultural value chain products selected under the Project.

AGCOM is implementing a high impact Productive Alliance (PA) approach. A PA is based on a commercial agreement between the project supported **Producer Organizations (POs)** (i.e. farmer cooperatives, associations) and commercial **off-takers (buyers)**. In a PA, the PO is guaranteed a predictable market while the off-taker is guaranteed a predictable and consistent supply of the agreed commodity.

One intervention to strengthen the PAs involves Matching Grants where the Project provides financial support to POs in PAs for the purpose of acquiring productive **capital assets** (e.g. processing machines, milling machines, tractors, tea seedlings, and dairy cattle). The Project provides a maximum of 70% while the PO contributes a minimum of 30% (10% minimum cash and maximum 20% relevant in-kind contribution). The total matching grant requested by the PO should not exceed an equivalent of US\$2,500 per member of that PO based on the standard project costs.

Call for Concepts

AGCOM is now inviting eligible PAs to express interest by submitting a Concept Note. The PO together with its off-taker(s) should submit the concept note jointly as a PA. The concept note (including annexes) should be presented following the format below. Applicants should request for an electronic copy of the concept note format through email (agcombusiness@gmail.com). The applicants are also encouraged to seek technical

guidance from the District Councils (especially Agribusiness Officers and Trade Officers) on how to prepare the concept notes.

Concept Note Format

Introduction	Subproject title; value chain; PO details (name, address, representative, and contact details); off-taker details (name, address, representative, and contact details); total sub-project cost; and location (district, region).
PO profile	Type of PO (e.g. cooperative, association, milk bulking group); year of establishment (year of registration); active membership (total, women, youth); experience in selected value chain (years in production, years in collective marketing); PO's total production of the selected product(s); last year's/season's (tonnes, litres, herd size); total quantity sold collectively; and total value of collective revenue.
PO contribution	Capacity to contribute (yes/no); total contribution; contribution type (indicate cash amount and explain the relevant in-kind contribution if any).
Off-taker profile	Description of the off-taker and market opportunity; brief description of off-taker (type of company, products marketed, area(s) of operation); brief description of market opportunity; year of establishment; years of operation in selected value chain; and average yearly quantity traded (last 3 years).
PA sub-project	Objective of the partnership between PO and off-taker including yearly/ seasonal quantity and quality specifications.
Price	Indicate price determination mechanisms and conditions agreed between PO and off-taker.
Production target	Indicate production target (total required hectare/herd; production per member) required to meet the objective.
Current situation	Review current situation and business opportunity to meet off-taker specifications.
PO investment need	Specify the PO's investment needs to meet production targets; provide structure of investment by type, quantity, unit cost and total cost (productive assets, inputs, and technical assistance).
Off-taker contribution and commitment	Off-taker commitment to purchase defined quantity, clear price, commitment to make monetary or in-kind contribution, technical assistance etc.
Expected impact on PO and its members	Describe the impact of the subproject on the PO productivity, revenue, productive assets, food and nutrition.
Other requirements	<i>Membership registers for active members (names, gender, age, National IDs); reference letter signed by DADO; copies of registration certificate; evidence of market agreement; evidence of minimum cash contribution; both the PO and off-taker should sign on the cover page of the concept note.</i>

Eligibility Criteria for the POs

- Must be small to medium scale farmers in a cooperative/association, registered or willing to be registered; and should have a minimum of 20 members. POs are encouraged to have large membership.
- Must be in a PA.
- Must be able and willing to match a minimum of 30% of the capital costs. The minimum cash contribution is 10% and the relevant in-kind contribution is up to 20%.
- Must be engaged in competitive agriculture value chains covering crops, horticulture, livestock and aquaculture.
- **Women only** and **Youth only** producer organizations are strongly encouraged to submit their applications.

Submission of Concept Note

Concept Note clearly marked “**Concept Note for AGCOM Matching Grant**” can be submitted by hand, post or email to:

The National Project Coordinator,
Agricultural Commercialisation (AGCOM) Project
Tobacco Commission (TC) Complex - Old Building
Kanengo,
P.O. Box 727,
Lilongwe.
E-mail: agcombusiness@gmail.com

The Deadline for submitting the concept notes is 5th February, 2021. However, applications submitted after the deadline will be assessed in the next window of call for concept notes.