HELP MALAWI - FARMERS FIRST

Building Independence

Business plan for sustainable food security and economic independence

Food for Life Malawi
www.foodforlifemalawi.com

EXECUTIVE SUMMARY

Project: Help Malawi - Farmers First
Organization: Food for Life Ltd. Malawi . The Netherlands: The Art of Charity Foundation
Objective: 7,000 smallholder farmers in 1,000 cooperative groups to organize economic empowerment
Total investment: €1,750,000 (€250 per farmer)
Project duration: 3 years implementation + 2 years monitoring
Impact: 35,000+ family members directly reached, sustainable food security for entire communities

1. ORGANIZATION & TRACK RECORD

Proven experience

Food for Life Malawi has been working successfully on sustainable food security in Malawi for 12 years by:

- Training of thousands of farmers in organic corn production
- Creation of local management team (10 directors + country manager)
- Implementation of proven agricultural techniques
- Strong relationships with local communities

Organisational structure

- **Dutch foundation:** The Art of Charity
- **Local management:** Experienced Malawian team
- **Governance:** Dutch oversight + local implementation
- **Transparency:** Annual reports and financial accountability

2. CURRENT SITUATION & PROVEN RESULTS

Existing Food For Life success

Current scale (12 years of experience):

- **7,000 active participants** nationwide (from south to north)
- **Proven methodology:** 1/7 acre (1 "field") per farmer
- **Consistent yield:** 10 bags of 50kg per field (vs 2-3 traditional)
- **Durable system:** 1 bag refund, 9 bags for family

Enriched compost technology

Innovative Farming Method:

- **Enriched compost:** Green material mixed with manure
- **Water conservation:** Compost in holes, daily dew collection
- **Drought resistant:** Crops grow even with little rain
- **Organic:** No fertilizer, sustainable soil improvement

Proven impact

Current food production:

- **70,000 bags annually** (7,000 farmers × 10 bags)
- **Food for 100,000 people** daily
- **Self-sustaining:** Repayment system finances new cycle
- **Professional organization:** Full local management team active

3. UPSCALING STRATEGY: FROM SURVIVAL TO PROSPERITY

The transformation plan

Current situation: 7,000 farmers × 1 field (1/7 acre) = food for 100,000 people
Goal: 7,000 farmers × 7 fields (1 full acre) = food for 1,000,000 people

Financial projection per farmer

Current situation (1 field):

- Yield: 10 bags × 50kg = 500kg
- Refund: 1 bag (50kg)
- For family: 9 bags (450kg)
- Income: €0 (subsistence farming)

After scaling up (7 fields = 1 acre):

- Yield: 7 × 10 bags = 70 bags (3,500kg total)
- Refund: 7 bags (350kg)
- For family: 9 bags (450kg - same as now)
- Surplus for sale: 54 bags (2,700kg)
- **Annual income:** 2,700kg × €0.35 = **€945 per farmer**

Macroeconomic impact

Total production scale-up:

- **Current production:** 7,000 farmers × 500kg = 3,500,000kg/year
- **After scaling up:** 7,000 farmers × 3,500kg = 24,500,000kg/year
- **Production multiplication:** 7× more food

Economic value creation:

- **Total market value:** 24,500,000kg × €0.35 = **€8,575,000/year**
- **Farmers joint income:** 7,000 × €945 = **€6,615,000/year**
- **Repayment for going concern:** €1,960,000/year

4. INVESTMENT NEEDS & FINANCIAL STRUCTURE

Why €250 Per Farmer Is Needed

Scale-up challenges:

- **From 1/7 acre to 1 full acre:** 7× more land cultivation
- **Increased input needs:** More seed, compost materials, labor
- **Working capital:** Pre-financing to first harvest (6 months)
- **Risk mitigation:** Buffer for weather conditions

Cost breakdown per farmer (€250):

Expansion of production capacity (€150 - 60%):

- Seed for 7 fields instead of 1
- Compost materials (green material + manure)
- Agricultural tools for larger surface area
- Water preservation systems. Dew.

Working Capital & Risk Buffer (€75 - 30%):

- Pre-financing inputs for 6 months
- Buffer for climate/weather risks
- Emergency seed supply in case of crop failure
- Bridging to first repayment moment

Training & Guidance (€25 - 10%):

- Intensive training for acre-level farming
- Guidance during the transition
- Scale-up process monitoring
- Technical assistance first season

Return on Investment Analysis

Per Farmer (after year 1):

- Investment: €250
- Annual income: €945
- **ROI: 278% per year**

Total Project:

- Investment: €1,750,000
- Annual Generated Income: €6,615,000
- **Project ROI: 278% per year**

Self-Sustaining Cycle

After implementation, the system becomes completely self-sufficient:

- Farmers pay back 7 bags (€612 value per farmer)
- Total reimbursement: €4,284,000/year
- Surplus after costs automatically finances new farmers

5. TRANSFORMATIVE IMPACT & RESULTS

Food security impact

Current situation:

- 7,000 farmers feed **100,000 people** every day
- 3,500,000 kg of food production per year
- Local food security in a limited area

After scaling up:

- 7,000 farmers feed **1,000,000 people** every day
- 24,500,000 kg of food production per year
- **10× more people** have access to food
- Regional food security for all of Northern/Central Malawi

Economic transformation

Individual level:

- **From subsistence to entrepreneurship:** €945 annual income per farmer
- **From survival to prosperity:** 54 bags of surplus for sale
- **Financial inclusion:** Access to banks through proven income
- **Investment capacity:** Farmers can expand themselves

Community level:

- **€6,615,000 new income** in local economy
- **Multiplier effect:** Every euro creates €3-4 of additional economic activity
- **Local trade:** Markets, transport, processing development
- **Social mobility:** Children go to school, better housing

Sustainability & Environment

Regenerative agriculture:

- **Enriched compost technology** structurally improves soil quality
- **Water conservation:** Drought-resistant crops through daily dew collection
- **Carbon sequestration:** Compost stores CO_2 in the soil
- **Biodiversity:** Biological methods support ecosystem

Climate adaptation:

- **Weatherproof production** through compost-water technology
- **Reduced dependency** on rainfall timing
- **Soil restoration:** Degraded land becomes productive again
- **Knowledge preservation:** Local teams preservation techniques

Scalable impact

Regional transformation:

- **Model for the whole of Malawi:** 7,000 → 70,000 → 700,000 farmers possible
- **Cross-border replication:** Methodology transferable to other countries
- **Policy influence:** Government adoption of proven techniques
- **Academic validation:** Universities study results

6. COMPREHENSIVE FINANCIAL OVERVIEW

Investment Overview

Investment Component	Per Farmer	Total 7,000 farmers	Percentage
Expansion of production capacity	€150	€1.050.000	60%
Working capital & risk buffer	€75	€525.000	30%
Training & guidance	€25	€175.000	10%
TOTAL INVESTMENT	**€250**	**€1.750.000**	**100%**

Revenue Projections (5-year horizon)

Year	Farmers Active	Production (kg)	Market value	Farmers Income	Refund
Baseline (now)	7.000	3.500.000	€1.225.000	€0	€1.225.000
Year 1	2.000	8.500.000	€2.975.000	€540.000	€1.715.000
Year 2	4.000	13.500.000	€4.725.000	€1.620.000	€2.205.000
Year 3	7.000	24.500.000	€8.575.000	€6.615.000	€1.960.000
Year 4	7.000	24.500.000	€8.575.000	€6.615.000	€1.960.000
Year 5	7.000	24.500.000	€8.575.000	€6.615.000	€1.960.000

Phased implementation: Scaling up 2,000 farmers per year to full acre

Cash Flow Analysis by Farmer

Current Situation (1 field):

Yield: 500 kg (10 bags × 50kg)

Refund: 50 kg (1 bag)

For family: 450 kg (9 bags)

Surplus sale: 0 kg

Annual income: €0

After scaling up (7 fields = 1 acre):

Yield: 3,500 kg (70 bags × 50kg)

Refund: 350 kg (7 bags)

For family: 450 kg (9 bags - unchanged)

Surplus sales: 2.700 kg (54 bags)

Annual income: 2,700 kg × €0.35 = €945

Break-Even Analysis

Per Farmer:

- Investment: €250
- Annual income: €945
- **Payback period: 3.2 months**

Total Project:

- Investment: €1,750,000
- Year 3 total income: €6,615,000
- **Project payback: 3.2 months**

Sensitivity Analysis

Scenario	Price/kg	Yield/acre	Annual income/Farmer	Project ROI
Pessimistic	€0,25	4,000 kg	€650	160%
Basis	€0,35	5,000 kg	€945	278%
Optimistic	€0,45	6,000 kg	€1.305	421%

Financing Structure Proposal

Staggered Investment Approach:

Funder Type	Amount	Number	Total	% Project
Major Donors (€300k+)	€300,000-500,000	2-3	€900.000	51%
Mid-tier Funds (€100-300k)	€100,000-200,000	4-5	€600.000	34%
Smaller Funds (<€100k)	€25,000-75,000	6-8	€250.000	15%
TOTAL			**€1.750.000**	**100%**

Cost-Benefit Analysis

Per €1 invested:

- **Direct return:** €3.78 annual farmer's income
- **Food production:** 14 kg of extra food per year
- **People fed:** 0.14 extra people daily food
- **Economic multiplier:** €11-15 total economic activity

Self-Sustainability Timeline

Year	Status	External financing	Self-Generated Revenue
0	Start investment	€1.750.000	€0
1	Pilot implementation	€0	€540.000
2	Scaling phase	€0	€1.620.000
3	Full operation	€0	€6.615.000
4+	Independent + expansion	€0	€6,615,000+

Risk Mitigation Reserve

5% Contingency Fund: €87,500

- **Climate shocks:** €35,000
- **Market fluctuations:** €25,000
- **Operational challenges:** €15,000
- **Emergency support:** €12,500

Long-term Financial Projections (10 years)

Cumulative Impact:

- **Total farmer income:** €59,535,000
- **Total food production:** 220,500,000 kg
- **People fed cumulatively:** 8.000.000+ person-years
- **Economic multiplier effect:** €178,605,000+ local economy

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7.1 RISKS & MITIGATION

Identified risks

Climate risks:

- *Risk:* Drought or flooding
- *Mitigation:* Various crops, water conservation, crop insurance

Market risks:

- *Risk:* Price fluctuations
- *Mitigation:* Diversification of markets, contract cultivation, storage facilities

Organizational risks:

- *Risk:* Group dynamics problems
- *Mitigation:* Intensive guidance, conflict resolution training, selection criteria

Political risks:

- *Risk:* Policy changes
- *Mitigation:* Government engagement, compliance, local partnerships

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7.2 MONITORING & EVALUATION

Key Performance Indicators (KPIs)

Quantitative Metrics:

- Number of active groups and participants
- Average yield per hectare (before/after)
- Average annual income per farmer family
- Percentage of groups that function independently

Qualitative Metrics:

- Food security (months of adequate food)
- Group cohesion and cooperation
- Knowledge retention and application
- Participant satisfaction

Reporting schedule

- **Monthly:** Operational updates

- **Quarterly reports:** KPI tracking and financial reporting
- **Annual reports:** Comprehensive impact assessment
- **Final report:** Complete evaluation after 3 years + 2 years of follow-up

8. SUSTAINABILITY & EXIT STRATEGY

Independence roadmap

Year 1-2: Intensive support and training **Year 3:** Gradual transfer of responsibilities
Year 4-5: Monitoring and advisory role **Year 6+:** Full independence, occasional consultancy

Financial Sustainability

- Cooperatives build up their own reserves (10-15% turnover)
- Access to local credit facilities
- Development of own leadership and expertise
- Network effects with other cooperatives

Knowledge Transfer

- Training from local trainers
- Best practice documentation
- Peer-to-peer learning networks
- Scalable methodologies for replication

9. WHY DUTCH FUNDS?

Strategic Alignment

- **SDG Impact:** Direct contribution to SDG 1 (no poverty), SDG 2 (no hunger), SDG 8 (decent work)
- **Dutch expertise:** Cooperative model inspired by Dutch tradition
- **Proven approach:** 12 years of experience with measurable results
- **Transparency:** Dutch governance standards

Return on Investment

- **€250 per farmer = €50 per family member** for lifetime impact
- **Multiplier effect:** Every euro generates €3-5 of local economic activity
- **Sustainability:** Investment leads to independent organizations
- **Replication:** Model can be scaled to other regions

Risk Mitigation

- **Experienced team:** Proven track record in Malawi
- **Local partnerships:** Strong community embedding
- **Phased implementation:** Risk spreading over 3 years
- **Multiple funding sources:** No dependence on one sponsor

10. CALL TO ACTION

"Help Malawi - Farmers First" offers Dutch funds the opportunity to:

✓ **Make a direct impact** on 35,000+ farmers and feed 1 million lives
✓ **Achieve sustainable change** through economic independence
✓ **Support proven methodology** with 12 years track record
✓ **Promote Dutch values** (cooperation, transparency
)✓ **Achieve measurable results** with concrete KPIs

Together, we can turn 7,000 vulnerable farming families into independent entrepreneurs who transform their communities.

Contact ; Stichting the Art of Charity Bo Teerling. Mr. President.
Mobile ; 0031 651359392Website: www.foodforlifemalawi.com
Email. ; info@foodforlifemalawwi.com

Assistant Mr President ; Mr Peter de Looff, Head manager Malawi.
Mobile ; 0031 651 57 912
Email. ; info@foodforlifemalawwi.com

Contact ; NGO Food For Life Malawi
Chair ; Madame Rose Wawanya Niyasu
Email. ; rosewawanya@gmail.com
Mobile ; 00265 999 95 21 40

Funding required: € 1,750,000
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Bo Teerling.vz.

Charity NL.

Present FFFM CEO

Mrs. Rose Wawanya

Chair. FFFM

Peter de Looff

Head manager. FFFM.

Designated successor