SCOPING REPORT

Agricultural Finance Scoping

An Agriculture Finance Scoping Exercise in Botswana, eSwatini, Lesotho and Malawi

FINMARK TRUST

APRIL 2021

DISCLAIMER:

This document was prepared by Imani Development International Ltd, and should in no way be considered to represent the views and opinions of FinMark Trust and/or any donors, organisations, or persons.

Prepared by Imani Development International Ltd

www.imanidevelopment.com

About FinMark Trust

FinMark Trust is an independent non-profit trust whose purpose is 'Making financial markets work for the poor, by promoting financial inclusion and regional financial integration'. We pursue our core objective of making financial markets work for the poor through two principle programmes. The first is through the creation and analysis of financial services consumer data to provide in depth insights on both served and unserved consumers across the developing world. The second is through systematic financial sector inclusion and deepening programs to overcome regulatory, supplier and other market level barriers hampering the effective provision of services. Together, these programmes unlock financial inclusion and sector development through a symbiotic relationship between rigorous data collection and research activities. Our work can be found in South Africa, throughout the SADC region and the global arena.

For more information:

Visit our website at www.finmark.org.za
Email info@finmark.org.za
Call us on +27 11 315 9197

ACKNOWLEDGEMENTS

This report was authored jointly by FinMark Trust and Imani Development.

The authors would like to extend their gratitude to all of those who assisted in the compilation of the Agriculture Finance Scoping Study in Botswana, Eswatini, Lesotho and Malawi.

The authors would further like to thank the range of stakeholders that were engaged to provide insights on their respective markets. We would like to thank all individuals who participated in this project in their personal and institutional capacity, without which the project would not have been successful. These stakeholders included: government institutions, donor agencies, financial service providers, private sector players and industry associations.

Lastly, we would like to thank the respective Ministries of Finance in Botswana, Eswatini, Lesotho and Malawi for their continued partnership. As well as the respective Ministries of Agriculture for their engagement on this project.

SUMMARY OF FINDINGS

The objective of the scoping study is to identify the most promising opportunities for interventions by FinMark Trust to make markets work for the poor by promoting financial inclusion, regional integration and the use of clean energy in the agricultural economies of Botswana, eSwatini, Lesotho and Malawi. To this end, a high-level review of each country's agricultural sector was undertaken to provide the basis for selecting three commodity value chains to research in depth in order 'to identify areas for support and to provide appropriate guidance on the types of interventions necessary, to whom these should be provided and in what manner they would best be delivered'.

The criteria adopted to select the value chains were:

- market demand, growth potential, competitiveness
- in-country value addition potential
- income, employment, beneficiary inclusion
- environment, health, food safety risks
- food and nutritional security
- national priority
- access to finance and FMT additionality

The (composite) value chains selected after consultation with FinMark Trust were:

	**Botswana**	Beef, leather, horticulture[1]
	**Lesotho**	wool and mohair, deciduous fruit, vegetables
	**eSwatini**	bananas, cotton, vegetables
	**Malawi**	groundnuts, soya, rice

Access to finance – credit for annual production costs and loans for longer term needs – is a widespread, though not universal – challenge for smallholder farmers in the region. In identifying interventions to address this challenge, it was taken into account that FinMark Trust is neither a grant maker nor a financial services provider and that its role in promoting financial inclusion is usually best played through facilitation and/or providing technical expertise.

[1] Although horticulture includes both fruit and vegetable production, the latter predominate at present, so vegetables were used as a proxy for horticulture in the scoping study.

Its interventions have also to respond to its funding and planning cycles. In this instance, it was understood that recommendations for interventions will be used to inform its planning for the coming five years. This implied that the impact of interventions should be tangible and measurable within five years or less. Bearing in mind the long gestation period for most greenfield interventions, it was seen as advantageous for interventions to be able to build on established systems and/or the interventions of others', thereby providing a strong anchor partner to work with or system to work within. While no information was given about funding, it was assumed that proposed interventions should require no more than a moderate budget.

In addition, it was understood that the study is being undertaken to increase the impact of FinMark Trust's activities on the real economy, that is, on value chain participants' livelihoods, incomes and living standards through greater financial inclusion. This placed the emphasis more on lower level, value chain-specific interventions than on higher level policy-related interventions, though the potential for scalability or application in other situations was noted as being desirable. It also meant that impact should be measurable in terms of actual financial inclusion, rather than through the delivery of higher-level facilitators, such as training, connection to digital information platforms or policy improvements.

Though not all conform strictly, the interventions identified reflect these requirements. The four country reports and the executive summaries attached below provide more detail, but the value chains explored fall into three broad categories:

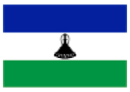
1. those for which too many prior interventions that are the prerogative of other role players are required for interventions to improve access to finance to be worthwhile;
2. those for which there would be some merit in improving access to finance, but where the accompanying challenges are so substantial that the sustainability of interventions aimed at achieving this is questionable;
3. those which appear to offer significant scope for sustainable, productive or even catalytic interventions to improve access to finance, some of a cross-value chain nature.

Too many prior interventions by others

	**Botswana** Leather	Successive attempts to find investors willing to establish and operate the capital-intensive plant needed to process leather of the quality demanded by export markets have not yet borne fruit; addressing this challenge is the responsibility of the public sector.
	**Lesotho** Decidiuous fruit	The present system of land tenure makes the ownership of fixed assets, such as trees, uncertain and a disincentive for the external partners needed to undertake investment of the scale required for economic viability.
	**eSwatini** Bananas	A number of smallholder farmer groups with access to land and adequate water are understood to be serviced by off-takers who assist with credit for input provision and technical support, and initiatives to include any others who might want to become involved in such arrangements have yet to materialize.
	**Malawi** Groundnuts	The domestic market is well supplied and challenges of enabling smallholders to produce output that meets export requirements – and that would help them access the warehouse receipt finance offered by the country's agricultural commodity exchange – are so great as to make interventions to access finance through other channels difficult to justify.

FINMARK TRUST

Room for improvement, questionable sustainability


Botswana, Lesotho, eSwatini

Vegetables

Vegetables, for which access to credit could certainly help individual smallholders to increase the quality and quantity of output and increase incomes.

But without simultaneously overcoming other a range of other constraints relating, inter alia, to irrigation infrastructure, scale, farmer coordination, ability to produce to specification, business skills and logistics, it is difficult to sustain the commercial supply contracts needed to access credit from commercial sources – chiefly off-takers, banks and development finance institutions (DFIs).

As irrigation is effectively essential for commercial production, where grants for irrigation infrastructure are available, assistance by parastatals to address the other constraints may follow, thereby attracting in commercial or concessionary finance. In eSwatini, the EU and the European Investment Bank have provided such grants/concessionary finance – mainly to small sugar cane grower communities to mitigate the impact of recent changes in European policy on sugar production – and parastatals, ESWADE and NAMBoard, have followed with technical and marketing support.

In Lesotho, the World Bank is providing matching grants for on-farm infrastructure for irrigation, storage and protection from heat and hail. But commercial banks have been reluctant to lend to vegetable producers, apart from the few that have achieved sufficient scale to secure commercial supply contracts, no DFIs lend for this purpose, and there are no large off-takers, because vegetable production is too small to make starting up in Lesotho profitable.

Recognizing this, the World Bank is also offering matching grants to off-takers to begin providing the production credit and technical assistance to farmers that they do in many other countries. As start-ups are excluded by the Bank from accessing this facility, it is possible that an external facilitator/technical assistance provider could play a valuable role by lobbying the Bank and the Government of Lesotho to allow off-takers situated in neighbouring South Africa to qualify for such grants, to offset the costs of including cross-border procurement and support – especially to selected smallholders to achieve the necessary economies of scale – in their activities.

Where such grants are not available, it is often difficult for smallholders to provide the collateral required even for concessionary finance from DFIs, as in Botswana. There is potential to seek non-profit development agents to provide the necessary technical, business and marketing support.

In all three countries, large retail chains appear to be logical off-takers to work with to provide support to smallholders to develop into commercial producers – and, indeed, many retailers are willing, and do, buy smallholders' produce. However, this is invariably done on an opportunistic, seasonal basis, without any support being necessary. Except to meet corporate social investment goals, few retailers are willing to engage in the onerous, risky, costly activities of providing technical/business support and credit for production and/or infrastructure to smallholders. In general, they are therefore seldom promising partners in supplier development programmes.

Over the past two years, an innovating initiative which is showing considerable promise has been launched in Zambia to combine the savings of informal rural savings and credit groups with loans from banks to provide rural shopkeepers with a line of credit for working capital. As shops of this nature are among the main suppliers of inputs and of credit for household agricultural producers, replicating the initiative in other countries in the region could boost both access to credit for agricultural inputs and production, in particular of vegetables, which are among the most widely produced crops – 70% of rural households in Lesotho grow vegetables.

Malawi

Rice

Like vegetables, access to credit could certainly help individual smallholders to increase the quality and quantity of output and increase incomes.

Where – again, as for vegetables – the installation of infrastructure for irrigation is the main constraint, it is not easy for off-takers play the role of credit provider. Infrastructure calls for multi-year loans, while off-takers seldom provide more than single-year revolving credit. As commercial banks, and even development finance institutions, are generally reluctant to lend to smallholders, in the absence of external investors, the most likely source of finance for infrastructure is grants from international donor/development partner programmes. But at present no such programmes focus on the rice value chain in Malawi.

eSwatini

Cotton

A case can be made for a body such as FinMark Trust to conduct a study of the potential and feasibility of weather-index insurance (WII) as a catalyst for dryland smallholder producers to gain access to the production credit needed to bring them back into production.

Until the early 2000s, cotton was the most important cash crop produced by smallholders in eSwatini, assisted by the presence of two major off-takers, Clark Cotton and Cotona. But in the years that followed, production declined as international prices declined, arguable caused primarily by over-production by US farmers in response to the incentives offered by successive US Farm Bills. The increasing incidence of drought in eSwatini also led to a decline in yields.

With Clark and Cotona withdrawing, eSwatini's Cotton Board took over the gins that they had operated and assumed responsibility for the well-being of the industry. After a decade or more of further decline, prices have started to improve in recent years and yields likewise, brought about by the long-delayed introduction of drought resistant genetically modified 'Bt' varieties.

Government is guaranteeing a line of credit whereby the eSwatini Bank is advancing a revolving loan fund managed by the Cotton Board. Loans are advanced in the form of fertilizer, cotton seed, chemicals, etc., which are delivered to farmers, who repay the costs incurred from the revenue payable to them on delivery of the crop. The rate of non-performing loans (NPL) is low, but a weakness of the revolving loan fund is that it is undercapitalized. This is not related to 'leakage' from non-performing loans, but to the growth in demand for credit from more farmers wanting inputs and technical support from the Board. It is of high importance for the Board to bring production up again, both to help make the gin profitable again and to attract more private sector players back into the ginning and downstream businesses – spinning, textile manufacture, etc.

Bt cotton is now permitted by legislation in eSwatini and will reduce cotton's vulnerability to drought conditions. Based on these developments, eSwatini Bank will probably be willing to lend more money to the Board for irrigated cotton production. But it is key to attract a substantial number of traditional dryland cotton farmers back into production. One of the major obstacles that they have always faced is access to credit and eSwatini Bank may feel less inclined to provide a line of credit to the Cotton Board for on-lending to such farmers.

Given the absence of irrigation and of collateralizable land a possible alternative is crop insurance to cover weather risks. This requires the presence of a low-cost insurer, most likely an organisation that is using WII techniques to reduce transaction costs and risks.

This approach has been used successfully in Zambia to make weather-related insurance available to small crop farmers. However, at least to introduce such a system, subsidies or other forms of incentive, both to insurers and to the insured, are usually necessary, partly because of the need to convince farmers of the value of the cost. In Zambia, government made payment of the premiums a pre-condition for farmers to qualify for inclusion in its subsidy programme, while a grant from the World Bank/International Finance Corporation's Global Index Insurance Facility (GIIF) assisted the company that provided WII. With many farmers able to take advantage of this cover to make good drought-induced losses in 2019, it may now be less necessary to convince them of the value of the outlays.

Taking into account the need for sufficient scale to justify its establishment, it would be valuable to undertake a study of the potential for cross-country, cross-value chain WII in the Southern African region, that could include dryland cotton production in eSwatini and crops, such as soya in Malawi (see below). And, if the findings were favourable, work with the governments of the respective countries to approach donors/development partners, such as GIIF, for assistance, as well as design appropriate incentives for producers to take up the cover provided.

Scope for worthwhile interventions

Botswana

Beef

There appears to be an important opportunity to help smallholders use cattle as collateral for production credit and/or for the purchase of animals that would upgrade their herd's genetic and gender composition.

Smallholders generally find it difficult to access credit to purchase supplementary feed during the long dry winter months, during which the condition of their livestock tends to deteriorate. They are also locked into the informal marketing practice of selling older animals (which produce C-grade meat) infrequently, as cash needs determine, as opposed to the commercial practice of marketing a greater number of young animals – 9 to12-month-old 'weaners' which produce potentially exportable A-grade meat – annually. While the latter usually fetch a lower price per animal than older, larger animals, farmers' income is increased by the greater level and frequency of marketing.

However, to move successfully from informal to commercial marketing calls, inter alia, for herds' genetics to be upgraded, for the percentage of young, breeding females to be increased and for animals to be given supplementary feed when natural grazing is in short supply. This, in turn, requires access to adequate credit. To date, commercial lenders have been unwilling to use livestock for collateral, partly because identification and traceability has been lacking. However, this requirement is now being widely met through Botswana Animal Information and Traceability System (BAITS), though the system is not without its challenges. BAITS may offer a route to improved access to finance for smallholders if some of these challenges -notably theft, which can be insured against – can be overcome and lenders perceive BAITS registration as sufficient for accepting livestock as collateral.

Lesotho

Wool and mohair

A crucial role is emerging for a non-profit organisation with financial expertise to support the commodity associations and parastatals that will be taking over the operation of revolving credit funds established by an international development partner to ensure the availability of credit for annual production and for upgrading smallholder herds' genetics.

Wool and mohair production generate the overwhelming bulk of Lesotho's agricultural exports and are the mainstay of rural incomes in its poorest communities, who are concentrated heavily in its mountain districts. With rangelands' grazing capacity already exceeded and with few alternatives for generating income, the industry has been the focus of successive interventions by major international donors/development partners. The most recent and arguably the most successful of these, IFAD's Wool and Mohair Promotion Project (WAMPP) is due to terminate in 2022.

A key component of the project has been to establish and capitalize two revolving credit funds, one to provide smallholders with production credit, most importantly for supplementary feeds during the cold winters, when livestock losses are often serious. This has become of still greater importance since changes to Lesotho's agricultural marketing legislation in 2018 led to the cessation, at least for the present, of lines of credit previously advanced to some Lesotho wool and mohair growers by South African brokers, even if sometimes later than when most needed.

The second fund was established as part of the thrust to incentivize the reduction of livestock numbers by enabling farmers to exchange several genetically inferior animals, which were then culled through marketing for slaughter, for one superior male, thereby compensating for the loss of output by raising the yield per animal over time. The intention was for the income from marketing to cover the cost of purchasing – and increasingly breeding – superior stud stock, but this has not always been realized.

In both instances, a critical part of WAMPP's exit strategy has been to transfer the operation of the funds to established local players – the Lesotho Wool and Mohair Growers' Association (LNWMGA), in respect of the facility providing production credit, and the parastatal, Lesotho Highlands Development Authority (LHDA), in respect of the culling-herd upgrade facility. Both have expressed willingness in principle to perform these roles, but even large private sector agribusinesses – of which there are none in Lesotho – almost invariably need considerable capacity building and on-going support in initial years to operate such funds successfully.

WAMPP has started to build the capacity of LNWMGA, but not yet of LHDA and is looking for an established non-profit organisation to assist, possibly with some funding from the successor project now being planned by IFAD to commence in 2023. This will continue IFAD's support for the industry, but more at a national, non-operational level.

Further down the value chains, the cottage industry that processes locally produced wool and mohair not up to export standard into fabrics, artefacts and functional items has also suffered from poor access to finance for production and capital equipment. It was part of the design of WAMPP to address these needs, but, in the event, supporting primary production has absorbed all of the project's human and financial resources. A potentially valuable add-on for an organisation that provides technical assistance to LNWMGA and LHDA would be to seek ways to extend the ambit of the two revolving credit funds to include the cottage industry.

Malawi

Soya

Accessing export markets to a far greater extent than at present is seen as key to increasing the flow of credit to smallholder producers through the Agricultural Commodity Exchange's (ACE) warehouse receipt finance (WRF) facility.

There are approximately 150,000 smallholder soybean producers in the country, very few produce soya as a primary crop. Soya offers a strong alternative cash crop as farmers diversify away from tobacco, given that several high cost and high demand value-added products can be derived from soybeans. Malawi's smallholder farmers largely produce GMO-free strains of soya, which command a premium on international markets, relative to the GMO-heavy soya produced by much of the global industry. More than 60% of total production is consumed domestically at present. Supply is constrained by a number of factors, including the use of sub-optimal seed and quantities of fertilizer, inter alia, because of poor access to finance.

Through facilitating the flow of exports, Malawi's Agricultural Commodity Exchange (ACE) is hoping to encourage the increase of production, in particular of soya beans. To this end, it is currently developing a task team to design and implement structured trade finance solutions, working alongside financial institutions and industries involved in inter-regional and global trade.

Greater scale will benefit farmers, ACE, exporters and logistics firms, and can be expected to elicit a corresponding increase in liquidity for the exchange from banks. This will flow to farmers through the WRF provided by ACE for crops delivered and stored on behalf of farmers. In addition to gaining access to this source of credit, farmers also benefit from the ability to hold their crops to sell as prices rise in the months following harvest time. ACE is looking for an organisation with appropriate expertise to set the agenda for and lead the task team. This is a role that FMT should be well equipped to play.

While extension services and adequate agricultural information ranging from agronomic practices and the availability of farm inputs to instant pricing data are crucial to smallholders' success and profits, they are often inaccessible. There is a need for these services to be delivered via mobile and ICT solutions, which might be facilitated through partners such as the National Small Farmers' Association of Malawi (NASFAM) or One Acre Fund, in collaboration with Malawi's mobile provider corporations. FMT could consider partnering with organisations such as these to facilitate farmers' access to these services.

The development of a comprehensive insurance scheme geared to the needs of farmers would also give a boost to output and farmers' incomes. WII would reduce costs and risks and make cover more affordable to smallholders, but appears not to have been implemented in Malawi to date. Opportunity International, a private sector-led initiative operating in Malawi, is looking for a partner with a similar interest in financial inclusion to work with to facilitate the development of WII in Malawi. This is another role that FMT should be well equipped to play and could coordinate with the cross-value chain study identified in relation to cotton in eSwatini.

COUNTRY EXECUTIVE SUMMARY

BOTSWANA

This report is the result of one of four scoping studies commissioned by FinMark Trust to identify opportunities to facilitate and accelerate agricultural development in Botswana, Lesotho, Malawi and eSwatini, with a focus on making markets work for the poor by promoting financial inclusion and regional financial integration. A value chain shortlisting exercise was undertaken on the strength of a preliminary country review, serving to identify three value chains for in-depth research. In the case of Botswana, these value chains are beef, leather and horticulture.

Agricultural economy of Botswana

Whilst Botswana has maintained fairly robust economic growth over the last decade, the effects of the Covid-19 pandemic are being felt and the diamond and tourism industries that bring in the bulk of its foreign exchange earnings have been particularly hard hit. The prevalence of severe food insecurity has also been increasing in recent years, in part due to the frequency and intensity of droughts. Favourable rainfall in 2020 resulted in improved pasture conditions and increased cereal production, but Botswana is a net importer of cereals and with the additional pressure from Covid-19 and outbreaks of African migratory locusts, food and nutrition insecurity is expected to become more prevalent.

Botswana's *Vision 2036* sets out a plan to transition to a high-income country, underpinned by a strong drive towards economic diversification and improved productivity and competitiveness of the agriculture sector. The contribution of the agriculture sector to GDP has declined steadily over the last 40 years, now standing below 2%. Livestock production accounts for more than 80% of income from agriculture, beef and meat products being the only agricultural sector outputs that contribute significantly to exports. Arable agriculture is mainly rain-fed subsistence farming with little mechanisation and limited use of inputs such as fertilizer and certified seed. There have been gradual but significant shifts in the demographics of agriculture in Botswana. Men still dominate farming activities, particularly large livestock farming, owning 85% of the total cattle population and majority of productive assets. However, the number of women who own land has increased due to changes in the legal system and there have been positive steps towards gender mainstreaming and promotion of entrepreneurship opportunities for women.

Botswana's Vision 2036 sets out a plan to transition to a high-income country.

The contribution of the agriculture sector to GDP now stands below

2%.

Livestock production accounts for more than

80%

of income from agriculture, beef and meat products being the only agricultural sector outputs that contribute significantly to exports.

Men still dominate farming activities, particularly large livestock farming, owning

85%

of the total cattle population and majority of productive assets.

The beef value chain

Beef cattle production is of huge importance in Botswana, culturally, economically and in support of rural livelihoods. Despite having significant production potential and well-established markets, the sector is struggling and there has been a ***dramatic decline in cattle production in recent years*** for reasons including losses from stock theft and straying, and higher mortality rates due to drought and disease. The decline in production has led to a ***reduction in beef export earnings*** from $130 million in 2010 to $80 million in 2018. Botswana's beef exports are highly concentrated in South African and European markets. Though it benefits from duty and quote free access to EU markets, the country's beef export performance lags behind that of its competitors and there is increasing concern over the threat of competition, particularly from Brazil. This is in part due to a lack of strong branding and certifying capacity resulting in limited differentiation of Botswana's high quality beef. In spite of the challenges it faces, Botswana is exploring new export opportunities and is having some success in China and the Middle East.

The majority of Botswana's cattle are smallholder owned, raised under traditional management systems (both subsistence and semi-commercial) which are often inefficient and unprofitable. There has been an ***increase in commercial production and feedlotting*** in recent years; the Botswana Meat Commission (BMC) has promoted weaner-based production in an effort to reduce seasonality of supply. These systems utilize modern husbandry practices, specialized breeding and strategic feeding, producing high-value beef. They offer the benefits of improved breeding and off-take performance, but they are expensive to run and there is increasing aversion to weaner-based systems and feedlot production methods amongst some consumers due to concerns relating to animal welfare and the environment.

Beef cattle production requires substantial funding, particularly when operating on a commercial basis. Capital investment is required for purchasing land and supporting infrastructure, and the production cycle is long at 3-5 years, necessitating significant working capital to maintain operations. Producers operating traditional livestock farming systems often require finance to purchase feed during winter, when it is dry and there is little grazing; those who lack available funds sometimes resort to selling some animals in order to feed others. A range of support to the beef sector is available through the various departments of the Ministry of Agriculture, through targeted support programmes such as Livestock Management and Infrastructure Development, and through concessional lending by the Citizen Entrepreneurial Development Agency (CEDA).

Access to concessionary finance options can be difficult for smaller producers. Many smallholders aren't able to provide personal surety and lack land or other fixed collateral, making it difficult to develop their farms in order to operate on a more commercial basis. Cattle are rarely accepted as collateral at present, though they are the primary asset of many rural households. Proper identification and traceability is one of the requirements for supplying formal markets on a regular basis. This requirement is now being widely met through Botswana Animal Information and Traceability System (BAITS), though the system is not without its challenges. BAITS may offer a route to improved access to finance for smallholders if some of these challenges can be overcome and lenders perceive BAITS registration as sufficient for accepting livestock as collateral.

Fewer than half of farmers within the traditional sector engage in supplementary feeding. Traditional farming systems mostly rely on open grazing, in part due to cultural preference, but also due to cashflow constraints which limit farmers' ability to purchase feed and other inputs. Whilst some are able to purchase feed to see them through difficult periods, others resort to selling some animals in order to feed others. Many farmers lose cattle during droughts due to the lack of grazing and inability to purchase feed. There is an opportunity to improve smallholder capacity to access finance to purchase feed. CEDA is looking at options for funding feed producers growing lablab and lucerne and could be supported to explore funding requirements that ensure minimal constraints to access for smallholder producers.

Herd composition is a key factor inhibiting the development of commercial livestock production amongst smallholders in Botswana. Export markets such as the EU require top grade meat from suitable breeds, slaughtered young, as weaners, whilst the meat is still tender. Many smallholder producers don't have the knowledge or resources to invest in good genetics and controlled breeding practices, or prefer to raise indigenous and drought-resistant breeds which are not suitable for commercial production. The low prices offered by feedlots and the BMC for weaners also disincentivize investment in commercial practices. Many smallholder producers prefer to hold onto their animals until they are 4 or 5 years old and sell them opportunistically to butcheries or on the informal market where they are assured of up-front payment and a good price. For the return on commercial production to be greater, it is essential for a high percentage of the herd to comprise young breeding female animals, so as to enable the increased number of weaners marketed to more than offset the higher prices realized for older animals marketed less frequently. However, both improving genetics and increasing the percentage of young females entail substantial capital outlays. Only with access to adequate volumes of credit can most smallholders find the necessary funds. Infrastructure is also a significant barrier to commercial production for smallholders who operate from remote cattle posts making high volume production systems very costly to implement.

There are significant constraints to establishing sustainable feedlot operations in Botswana, particularly in more remote areas. The cost of inputs – mainly maize-soya feed – is high, most being imported from South Africa. Supporting infrastructure, technical expertise and significant working capital are required. Feedlots also need a steady flow of animals in order to operate efficiently, which is increasingly difficult to secure. Together these factors make it difficult to make small, deep rural feedlots work well in Botswana without heavy and unsustainable subsidies. Those feedlots that are operating sustainably are owned by large, vertically integrated and centrally situated players, and conditions are challenging even for them. However, the number of smallholder producers moving into commercial production and selling to feedlots is slowly increasing, and for that reason ***the most promising opportunities to catalyse commercial production are those that facilitate investment in herd composition and effective herd management involving better feeding. Helping enable BAITS-compliant livestock to be used as collateral would be a very valuable contribution towards achieving this.***

The leather value chain

Trade in leather and leather products exceeds $80 billion a year worldwide, and there is large untapped growth potential within developing economies with large livestock populations such as Botswana. ***Whilst the leather sector is a key focus of efforts to diversify Botswana's economy it is currently only in the nascent stages of development.*** Hides and skins are exported almost exclusively in their raw form, and the supply of hides has dwindled due to the decline in the cattle population. The value of raw hide and skin exports dropped from over $8 million in 2015 to just over $200,000 in 2019. Commercial value addition is very limited within the country; ***there are currently no operational tanneries***. Some cottage yard vegetable tanning takes place, but the volumes are small, and the resultant leather is of low quality. Leather products manufactured locally mainly use imported leather. Because hides are exported in their raw form the development of domestic leather processing and manufacturing activities is stunted and ***important value addition opportunities are missed***.

Hides and skins are exported almost exclusively in their raw form, and the supply of hides has dwindled due to the decline in the cattle population.

The value of raw hide and skin exports dropped from over

$8 million

in 2015 to just over

$200,000

in 2019.

The BMC is the main processor of cattle hides and used to process up to the wet blue stage, serving the Italian market. Having ceased tannery operations in 2006 due to serious environmental concerns the BMC now only salts and preserves hides. ***Opportunities for smallholder farmers to benefit from the leather industry are currently very limited*** because BMC purchases the whole animal, attributing no additional value to the hide above and beyond the value of the beef. This disincentivises further investment in good herd management practices for optimal hide quality which will be essential to the sustainable development of the sector. Interventions that facilitate good herd management practices, such as ***supporting the transition to solar fencing*** to reduce the incidence of snagging hides, will help to ensure the steady supply of good quality hides that will be required for the development of the sector.

The development of a leather park is soon to be underway in Lobatse and it is hoped that this will attract investors and open up new value addition opportunities. However, tanneries are hugely capital intensive, as the very costly failure of a public-private partnership (Tannery Industries Botswana) demonstrated, and it is unclear whether sufficient investment has been secured for the development of the park. There is also uncertainty over how the development will be managed, and how it will secure the steady supply of hides that will be needed to operate efficiently. There is strong political support for the development of the leather sector and the existing systems and infrastructure of the beef sector are a good foundation to build on. However, ***significant progress is required in several key areas before the promise of the***

sector can be realised, including i) securing private sector investment, ii) skills development to address the current lack of technical capacity, iii) securing the supply of quality hides through good herd management practices, iv) developing regional trade links for processed leather, v) environmental policy review and support to compliance with regulations.

The horticulture value chain

Botswana's horticulture sector has demonstrated encouraging growth in recent years, though it is still small by SADC standards. The value of vegetable imports declined from $34 million in 2015 to $31.5 million in 2019. However, growth is mainly attributable to an increase in land area under production; the level of production has not kept up with this increase so ***yields per hectare are actually lower***. Challenges to production include drought, poor soils, shortage of water, insufficient infrastructure, the high cost of imported inputs, pests and diseases, insufficient investment in technology, weak support services and limited adoption of good farming practices.

The value of vegetable imports declined from

$34 million

in 2015 to

$31.5 million

in 2019.

The bulk of horticultural production takes place on large farms concentrated in the Central District. Large farms are usually managed on a more commercial basis than smaller farms, though many still don't adopt the latest available technology or modern farming methods. ***Small and medium-scale farms are often poorly resourced and unprofitable***; these are distributed more widely around the country. ***Technology uptake is generally very limited amongst producers,*** though the number of farms using simple shaded structures, tunnels or greenhouses is increasing. A lot of farms remain under traditional open production systems which tends to limit productivity and means producers are restricted by seasonality, resulting in inconsistent supply of produce and high post-harvest losses. The quality of vegetables produced in Botswana is reportedly much improved, but ***a lack of grading and certification capacity means that the benefits of quality improvements are often lost***.

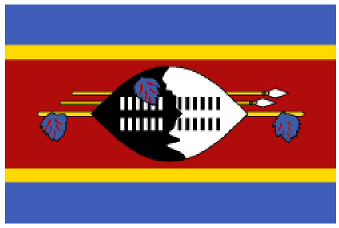
Horticultural producers require access to finance both for capital investment (e.g. drilling boreholes and laying irrigation equipment) and for working capital (e.g. purchase of inputs, labour costs). Programmes such as the Integrated Support Programme for Arable Agriculture Development have helped some producers to address these needs. However, ***smaller farmers often struggle to make the necessary contributions*** for such schemes, and the funding available is usually limited to specific costs, leaving significant gaps. Whilst these gaps are increasingly being addressed by lenders such as the Citizen Entrepreneurship Development Agency (CEDA), producers still face difficulties accessing finance. For example, ***many fail to pass due diligence due to lack of understanding of eligibility criteria*** and how to position themselves to meet them. Whilst some support is available to applicants (e.g. the Local Enterprise Authority offers subsidised pre-business training), the level of support is insufficient for people with no business background. ***Collateral and personal surety requirements are also a huge impediment to many smaller producers***. The development of the horticulture value chain could be catalysed through ***targeted support measures to strengthen the capacity of smallholder producers to access existing financial products and services***.

There is limited cooperation between farmers to coordinate production and marketing. This has had a significant impact on pricing, with producers often undercutting each other in order to sell their produce before it spoils, driving prices down across the sector. The lack of quality grading and sorting also contributes to pricing pressure. ***Post-harvest losses are a particular challenge to producers*** due to a range of factors including seasonal gluts and a lack of adequate storage facilities. Interventions to optimize value addition opportunities, such as ***facilitating access to solar drying technologies***, have the potential to reduce spoilage rates whilst also presenting new income generation opportunities for women and youth.

Supermarket chains and large food retailers such as Shoprite, Pick n' Pay and Choppies are a large and growing market for horticultural produce in Botswana. Supermarket chains face increasing pressure to up the volume of produce procured domestically and present a good market opportunity for producers. However, it is not easy for suppliers to access these supply chains which often have exacting quality standards. ***Supplier development programmes can be effective***, helping to develop market linkages and provide targeted technical assistance to producers, or establishing fully-fledged outgrower systems. Whilst such an intervention may prove effective in Botswana's horticulture sector, experience suggests that ***it can be difficult to get adequate buy-in from retailers*** to intervene in meaningful ways, e.g. covering the cost of technical assistance and extending credit to suppliers.

Though the sector faces challenges, the technical capacity of producers is improving and there is real potential to scale up production and further reduce reliance on imports. Strong political support for the sector is evidenced in the recently launched Horticulture Impact Accelerator Subsidy and the Feed the Nation Campaign, as well as ongoing support through institutions such as CEDA, the Glen Valley horticulture incubator, and Botswana University of Agriculture and Natural Resources' agripreneur incubator. ***Horticulture is perceived to hold good employment opportunities, particularly for women and youth.*** Initiatives such as the Youth Development Fund and the Women's Economic Empowerment Programme have seen an increase in the number of women and youth entrepreneurs in horticultural production. However, ***further issue-specific support in areas such as access to markets, financial and business skills development is required to ensure business sustainability***.

COUNTRY EXECUTIVE SUMMARY



ESWATINI

The objective of the scoping study is to identify the most promising opportunities for interventions by FinMark Trust to make markets work for the poor by promoting financial inclusion, regional integration and the use of clean energy in eSwatini's agricultural economy. To this end, a high-level review of the country's agricultural sector was undertaken to provide the basis for selecting three commodity value chains to research in depth in order 'to identify areas for support and to provide appropriate guidance on the types of interventions necessary, to whom these should be provided and in what manner they would best be delivered'.

Overview of eSwatini's economy

The Kingdom of eSwatini is a landlocked country bordering Mozambique to the east and South Africa to the north, west and south. Even though the landscape is partly rough and the infrastructure poor, the monarch as head of state rules through the traditional system of chiefs and headmen. This system is accepted with little resistance in the most rural areas. Thus, there is a complete monopoly on the use of force by the government.

It has a total area of 17,000 square km with a population of 1.14 million. eSwatini has a GNP of US$4,711 billion and GNI per capita (2018) of US$ 3,930.

Poverty is prominent in eSwatini with approximately 58.9% living under the national poverty line in 2017. Based on international poverty standards, 39.7% of Swazis lived below the 2017 purchasing power parity (PPP) of $1.90 per person per day.

The economy of eSwatini has close economic linkages to South Africa (Approx. 85% of its imports and 60% of its exports) and is a member of the Common Monetary Area (CMA), with includes Lesotho, Namibia, and South Africa. The domestic currency is pegged at 1:1 to the South African rand, which is also legal tender in the country.

The eSwatini government relies heavily on customs duties from the Southern African Customs Union (SACU) for almost half of its revenue. It is a lower to middle-income country, with more than one-quarter of the adult population infected by HIV/AIDS. Having the world's highest HIV prevalence rate, places huge financial strain on the country and a constant source of economic instability.

The manufacturing sector diversified in the 1980s and 1990s, but has not grown much in the last 10 years. Sugar and soft drink concentrate are the largest foreign exchange earners. Overgrazing, soil depletion, drought, and floods are persistent problems in the agricultural sector. The mining sector has declined in recent years and coal, gold, diamond, and quarry stone mines are small scale. Due to an estimated 28% unemployment rate, eSwatini's is in urgent need to increase the number and size of small and medium enterprises and to attract foreign direct investment.

The GDP contribution by sector for 2017 was estimated at 6.5% for Agriculture, 45% for industry and 48.6% for services.

Poverty is prominent in eSwatini with approximately

58.9%

living under the national poverty line in 2017.

The economy of eSwatini has close economic linkages to South Africa (Approx.

85% of its imports and 60% of its exports).

Due to an estimated

28%

unemployment rate, eSwatini's is in urgent need to increase the number and size of small and medium enterprises and to attract foreign direct investment.

Primary infrastructure (roads, electricity, water, and telecommunications) is relatively well developed and modern. Macroeconomic performance has continued to stagnate, with real GDP growth averaging 0.5 percent in 2018. (Central Bank of eSwatini Annual report 2018)

Recent positive developments include the country's January 2018 reinstatement under the African Growth and Opportunity Act (AGOA) and the enactment of the Special Economic Zones (SEZ) Act.

Value chain selection

The choice of value chains to be researched in depth entailed narrowing down a 'long list' of ten potential value chains to a 'short list' of three. A key requirement for inclusion in the 'long list' was that production of the commodity had already to be well established in eSwatini.

The mechanism used to select the three proposed involved:

- identifying criteria most suitable for the needs and objectives of this assignment
- developing a scoring model against the criteria identified, by allocating a weight to each criterion in accordance with its perceived importance
- scoring and ranking all 'long list' value chains in an internal research team workshop, with the assistance of an in-country expert
- selecting three value chains (based on scoring and value chain profiles) to go forward for presentation to and consideration by FinMark Trust.

The criteria adopted were:

- market demand, growth potential, competitiveness
- in-country value addition potential
- income, employment, beneficial inclusion
- environmental/health/food safety risks
- food and nutrition security
- national priority
- access to finance/ additionality (for FMT).

The three composite value chains selected, after consultation with FinMark Trust, were:
(i) Cotton; (ii) Bananas, and; (iii) Vegetables.

The cotton value chain

Cotton farming was once considered to be one of the country's best crops to grow for farmers for its ability to withstand hot and dry weather, especially in the low veld where maize farming was not so productive. Due to the unpredictable weather conditions, the distribution of cotton farming and production is predominately scattered around the low veld and dry middle veld.

Cotton farming in the past 10 years has not been fruitful as in previous years such as 1990/91 when the cotton yield reached a high of 26 341 metric tonnes or 1998/99 when it reached 16 885 metric tonnes. Cotton has traditionally been the most important cash crop in the smallholder sector. The number of farmers engaged declined from 4 440 in 2005 to just less than 2000 in 2015. This was accompanied by a drastic reduction in the area under cotton from 4 961ha to just 730ha over the same period. During this period, the industry lost many of its producers and major private sector players, notably Clark Cotton and Cotona. Both operations closed down because they became unprofitable to operate. The parastatal Cotton Board (which has been around since the 1960s, but not in an operational role) took over the gins, in order to keep the industry alive. Even though Cotton Board has not been able to enable growers to reach the tonnages achieved in the late 1990s, cotton output has increased substantially in recent years.

The number of farmers engaged declined from 4 440 in 2005 to just less than 2 000 in 2015. This was accompanied by a drastic reduction in the area under cotton from 4 961ha to just 730ha over the same period.

FMT FINMARK TRUST

The cotton production has been affected by drought, pests (Mealy Bugs and Aphids) and the lack of suitable varieties that can withstand the increasingly drier and longer droughts. The country's cotton supports the country's textile industry which is a valuable contributor to the country's foreign exchange earnings.

Droughts and a drop in the international price of cotton crippled the industry in the early 2000s, leading to the subsequent shutdown of ginneries. The government of eSwatini has since engaged in the revitalisation of the cotton industry, especially in the dry regions where many cotton farmers mainly reside.

The kingdom passed the Biosafety Act in 2012 and allowed the release of its first genetically modified product, Bt cotton, in 2018. The introduction GM cotton has improved the profit margin as it eliminates over 10 (insecticide) sprays per season, and the yields are much higher. It is also more resistant to drought. Since the introduction of the GM cotton, the ginnery has been able to double its consumption, meaning production has doubled by planting an additional 250 hectare of cotton under irrigation. The ginnery employs 120 seasonal workers. The lint that is produced by the ginnery is consumed locally by spinners who increased employment from 850 to 1,400 in the 2019 season.

The industry has many strengths and opportunities which include the introduction of Bt cotton, new high yielding varieties, access to the ginnery, enabling legislation, market for the ginnery products (fuzzy seed & lint) and the opportunity for largescale farmers on irrigated farms. Another positive factor is the access that cotton farmers have to the Cotton Board's revolving loan fund, which, in turn, has access to a line of credit from eSwatini Bank, backed by a Government guarantee.

The textile industry in Swaziland consists of one operational spinner (Spintex), one knitting mill (Texray), and the YKK zip manufacturing plant. It is unlikely that there will be any significant increase in textile production capacity in the near future.

The Swaziland apparel and textile industries are highly dependent on the Multi-Fibre Agreement (MFA) and AGOA and exports to the U.S. With one exception, all apparel manufacturers in Swaziland were established post 2000 following the enactment of AGOA. Following the demise of MFA in January 2005, 9 foreign owned manufacturers closed down virtually halving employment in a single year, with employment declining from 30,000 employees in mid-2004 to 15,000 in mid-2005.

However, it also has many ongoing challenges to contend with, such as absence of research funding and policy; a disintegrated information system; low ginnery throughput resulting in low economies of scale; dependence on fluctuating world market prices and currency exchange rates; inadequate extension services; and a revolving loan fund that is inadequate to support industry expansion.

The government is guaranteeing a line of credit whereby the eSwatini Bank is advancing a revolving loan fund managed by the Cotton Board. Loans are advanced in the form of fertilizer, cotton seed, chemicals, etc., which are delivered to farmers, who repay the costs incurred from the revenue payable to them on delivery of the crop. The rate of non-performing loans (NPL) is low, but a weakness of the revolving loan fund is that it is undercapitalized. This is not related to 'leakage' from non-performing loans, but to the growth in demand for credit from more farmers wanting inputs and technical support from the Board. It is of high importance for the Board to bring production up again, both to help make the gin profitable again and to attract more private sector players back into the ginning and downstream businesses – spinning, textile manufacture, etc.

Bt cotton is now permitted by legislation in eSwatini and will reduce cotton's vulnerability to drought conditions. Based on these developments, eSwatini Bank will be more willing to lend more money to the Board for irrigated cotton production. But it is key to attract a substantial number of traditional dryland cotton farmers back into production. One of the major obstacles that they have always faced is access to credit and eSwatini Bank may feel less inclined to provide a line of credit to the Cotton Board for on-lending to such farmers.

Given the absence of irrigation and of collateralizable land a possible alternative is crop insurance to cover weather risks. This requires the presence of a low-cost insurer, most likely an organisation that is using weather Indexing to reduce transaction costs and risks. This approach has been used successfully in Zambia.

Taking into account the need for sufficient scale to justify its establishment, it would be valuable to undertake a study of the potential for cross-country cross-value chain weather index-based insurance in the Southern African region, that could include dryland cotton production in eSwatini.

The banana value chain

The banana sector is growing constantly in eSwatini. Trade is split into the formal and informal market channels. The informal market trade is off-farm selling directly to vendors who purchase large quantities to supply to the markets in the towns and cities, on roadside side or directly to mini-markets. The formal market channels are supplying their produce directly to NAMboard for processing and distribution or supply directly to chain stores. The export sector also forms part of the formal sector with green bananas being bulk exported to South Africa and the remainder to other countries.

The country has four main commercial producers in United Plantations (Tambuti, Ngonini), Kubuta, Nisela and Canterbury. Canterbury, in Nsoko, does their own packaging, but uses United Plantation brand for logistics, branding and marketing purposes for the "green" export market to South Africa. Current legislation only allows bananas to be exported green to South Africa due to the prevalence of fruit fly in eSwatini. The parastatal, ESWADE, is currently promoting the planting of bananas on irrigated small holder farms on LUSIP II irrigation scheme.

Approximately 5 – 20% of the banana produced by large scale producers is sold in the local market through formal retail outlets. About 19,347 tons per year of banana is exported (A- grade) per annum, mainly to South Africa, Mozambique, Europe, China, Taiwan and Netherlands. eSwatini imports approximately 25,266 tons per annum of B and C grade bananas, via hawkers and traders, from South Africa (Mpumalanga) and Mozambique. This is sold through the informal market sector. Most of the bananas in eSwatini are sold fresh - if they are not exported.

*About **19,347** tons per year of banana is exported (A- grade) per annum, mainly to South Africa, Mozambique, Europe, China, Taiwan and Netherlands.*

*eSwatini imports approximately **25,266** tons per annum of B and C grade bananas, via hawkers and traders, from South Africa (Mpumalanga) and Mozambique.*

Approximately 5,868 tons of bananas are sold to the supermarket chains, only a small percentage of the total annual procurement by the chain stores. The majority of the bananas procured by the chain stores (South African) are procured in South Africa and brought into eSwatini.

The two main facilitators promoting the banana sector in eSwatini are ESWADE and another parastatal, NAMBoard.

The smallholder banana industry has a number of ongoing challenges to contend with such as, poor farm management practices, crop maintenance, pest and disease chemical applications and lack of supplementary irrigation during drought, poor market information, poor marketing system, inadequate handling and cold storage facilities and transport, poor country infrastructure - power, roads and communication (poor cell phone reception), climate change and limited access to financing from banks, as smallholder farmers are seen as high risk. Smallholder farmers also tend to be disorganized and are often reluctant to form farmer groups to increase bargaining power for inputs and reduce the costs of marketing.

The banana industry also has many strengths and opportunities which include political/ government will to improve banana production, improved varieties (drought/disease tolerant seeds to improve yields), a strong development agency, ESWADE, to help develop new small-scale farmers and extension services with existing farmers. New banana farmers have an opportunity to supply directly to supermarket chains if quality and consistent supply issues are addressed. There is potential for increasing yields through irrigation and water storage schemes that reduce reliance on erratic rainfall.

Access to finance is similar to that of vegetables, with finance available for the conversion of land currently used for sugar cane production to high value crops, such as bananas and vegetables, on irrigated schemes by eSwatini Bank, FINCORP and Nedbank (reinsured product). Access to finance under these circumstances seems to be adequately covered by the main banks and with the aid of grants from EU for cane-growing smallholder communities wishing to diversify into bananas. Smallholder 'farmer associations' being established on land to be irrigated under the LUSIP II scheme should also be able to access finance from commercial sources with the support that is being provided by the European Investment Bank.

While other groups of smallholders wishing to upgrade to commercial banana production may not be able to access credit through such arrangements, it appears that most such groups that have adequate access to water are likely already to be associated with an established commercial producer and to gain the support needed through this channel.

The vegetables value chain

Vegetables are grown in all four administration regions in eSwatini, namely Hhohho, Manzini, Lubombo and Shiselweni regions. The climate is favourable for year-round production of different vegetables depending on rainfall. Production is conducted by both small and large-scale farmers. Most of the vegetables are grown on Swazi Nation Land (SNL).

The main vegetables grown include cabbages, spinach, lettuce, green peppers, beetroot, and butternuts. There has been an increase in the production of baby vegetables such as baby marrow and patty pan. There has also been an increase in vegetable imports (particularly from South Africa) mainly due to scarce and erratic rainfall patterns.

The informal market consists of either the farmer selling on roadside or at mini markets or vendors collecting directly at farm-gate. Vendors can sell produce directly to informal marketing channels comprised of hawkers (vending in local towns and street corners) and individuals.

Formal marketing channels comprise of selling via market intermediaries (private packhouses, NAMBoard) and directly to supermarkets, the hospitality industry (hotels, fast food restaurants, etc.) and through exports.

There has been a rapid growth in the chain store sector mostly dominated by the South African large chain supermarkets, namely Spar, Pick 'n Pay, Shoprite, Woolworths, Boxer and Savemore. It was reported that in 2007 there were 21 large chain supermarket outlets in eSwatini; Shoprite and Spar had seven stores each that number has more than doubled to 49 by 2017, and new chain stores such as Boxer and Food Lovers Market have entered the market.

*in 2007 there were **21** large chain supermarket outlets in eSwatini; Shoprite and Spar had seven stores each.*

*That number has more than doubled to **49** by 2017, and new chain stores such as Boxer and Food Lovers Market have entered the market.*

FMT FINMARK TRUST

The vegetables industry has many ongoing issues to contend with such as, inconsistent supply of vegetables by smallholders, poor quality produce; poor access to transport, seasonal production by farmers, lack of policy regulation governing the industry, limited training and technical support; lack of processing and packaging facilities and small-scale farmer's lack of business acumen.

Finance is often a problem for small scale farmers who are not part of the larger irrigation schemes due to their high-risk profiles. Chain stores often enforce a long payment duration (long credit period) which is not sustainable for small scale farmers.

The vegetables industry has a number of strengths and opportunities, which include being able to market through NAMBoard, which overcomes many smallholders' logistical problems and may help realize better prices, introducing a produce specialisation strategy (this may be difficult for a small-scale farmer); and implement collective action to improve bargaining power. Services provided by ESWADE can also help with producing better quality produce to specification, as well as helping with logistics and marketing.

However, there are many challenges facing smallholder farmers who wish to enter commercial production. Inadequate access to credit for production and fixed improvements is one of these. It will not be easy to address this constraint sustainably, without overcoming all of the other industry constraints mentioned. NAMBoard and other parastatals, such as ESWADE, have not added the provision of credit to their activities, being well aware of the multiplicity of the challenges.

Past initiatives by international donors/development partners, such as the EU and the EIB, who have the capacity and the willingness to provide substantial volumes of grant and/or concessionary loan finance to solve infrastructure challenges, such as irrigation, have had the most success in overcoming some of the challenges. ESWADE has dealt with smallholders' needs for technical and business support. Jointly, such interventions have been successful in opening up access to finance through commercial banks.

In addition, the feasibility of weather index-based insurance as a substitute for irrigation as a catalyst for accessing finance, is really not possible for vegetables. Banana plantations can sustain dry periods far longer than vegetables and the areas on which bananas are planted are far more extensive than those used, even for large-scale vegetable production. Such small areas are not amenable to this type of insurance. There is no substitute for irrigation for producing vegetables on a commercial scale.

COUNTRY EXECUTIVE SUMMARY

LESOTHO

The objective of the scoping study is to identify the most promising opportunities for interventions by FinMark Trust to make markets work for the poor by promoting financial inclusion, regional integration and the use of clean energy in Lesotho's agricultural economy. To this end, a high-level review of the country's agricultural sector was undertaken to provide the basis for selecting three commodity value chains to research in depth in order 'to identify areas for support and to provide appropriate guidance on the types of interventions necessary, to whom these should be provided and in what manner they would best be delivered'.

Overview of Lesotho's agricultural economy

A number of external developments have affected Lesotho negatively in recent years: revenue from the Southern African Customs Union, on which it is heavily dependent have declined; opportunities for employment of its citizens on South African mines have contracted steadily; and climate change is putting the country's water revenues increasingly at risk. The rate of unemployment stood at 23.5% in 2019.

Agriculture is being required to absorb a disproportionate part of these negative developments and is being put under enormous strain. Most of the migrants who were employed previously in South Africa's mines come from Lesotho's rural areas and, with the diminishing growth rate of both South Africa and Lesotho's economies, have been obliged increasingly to try to make a living from the land. This is occurring at the same time as climate volatility is making farming more difficult and the capacity of the fiscus to support agriculture is even more tightly constrained.

In terms the value of output, agriculture is a small and diminishing contributor to GDP. From the roughly 80% of GDP that it contributed in the 1960s, agriculture's percentage fell to no more than 4.38% in 2018-19. Productivity in Lesotho agriculture is low by almost any comparison, with the value added per worker averaging only about $400 p.a.

Despite this, almost 40% of the economically active population were still employed in agriculture in 2010, revealing just how poor most households that rely on agriculture as a major source of income are relative to those whose income is derived mainly from other economic activities. 57% of those economically active in agriculture are women. Women therefore make up a disproportionately large percentage of the poorest economically active group in the country.

At 52%, livestock production is the dominant contributor to agricultural GDP by value, followed by crops (28%). Most smallholder families keep small and/or large livestock for food security, to complement their annual crops, and, in some instances, for marketing, but, especially in the mountains and foothills, sheep and goats are kept primarily for income generation. In respect of crops, maize, produced by small and some medium scale farmers, is much the most widely grown, accounting for about 62% of land harvested. Sorghum, (dry) beans, wheat, potatoes, vegetables and fruit follow, at 11%, 10%, 7%, 4%, 2% and 2% respectively.

A number of external developments have affected Lesotho negatively in recent years: revenue from the Southern African Customs Union, on which it is heavily dependent have declined.

From the roughly 80% of GDP that it contributed in the 1960s, agriculture's percentage fell to no more than 4.38% in 2018-19.

Productivity in Lesotho agriculture is low by almost any comparison, with the value added per worker averaging only about $400 p.a.

FINMARK TRUST

Of the most widely produced crops, the performance of horticultural annual crops – potatoes and vegetables – is best, achieving yields of a little more than half of the regional average. This is noteworthy, given that most production is in home gardens. Many households also grow horticultural perennial tree crops, mainly peaches, for primarily for own consumption. Despite its favourable climate for deciduous fruits, almost no fruit is currently produced primarily for commercial purposes. Taking advantage of Lesotho's favourable climate to enter commercial production and generate export income has been the focus of a World Bank programme for most of the past decade and will be a high priority for a major programme now being launched.

Infrastructural and market access challenges are important for horticulture, where much of the potential is located in higher, more remote areas. Over and above the capital, expertise and management demands of producing fruit and vegetables for high value export markets, distance from markets and the poor quality of roads makes the logistical challenges substantial.

A potentially significant addition to this group of long-established crops, from the perspective of income, employment and exports, is cannabis. But the high cost of licenses and of the tunnels and other equipment needed for controlled environment production, as well as the technical and management skills involved, appear to preclude small growers from participating, even were they to start growing hemp for medicinal use in place of, or in addition to, traditional cannabis.

In law, the rights of women in agriculture are the same as those of men. The Land Act (2010) entrenches gender equality in land ownership and land transactions. However, the Act conflicts with other statutes and practices and the Constitution gives priority to customary law, which relegates women to the status of legal minors. Social structures also still appear to prejudice women in respect of decision-making and access to resources.

Access to electricity is poor for most agricultural producers and the use of solar and wind power is minimal.

Value chain selection

The choice of value chains to be researched in depth entailed narrowing down a 'long list' of ten potential value chains to a 'short list' of three. A key requirement for inclusion in the 'long list' was that production of the commodity had already to be well established in Lesotho.

The mechanism used to select the three proposed involved:

- identifying criteria most suitable for the needs and objectives of this assignment
- developing a scoring model against the criteria identified, by allocating a weight to each criterion in accordance with its perceived importance
- scoring and ranking all 'long list' value chains in an internal research team workshop, with the assistance of an in-country expert
- selecting three value chains (based on scoring and value chain profiles) to go forward for presentation to and consideration by FinMark Trust.

The criteria adopted were:

- market demand, growth potential, competitiveness
- in-country value addition potential
- income, employment, beneficial inclusion
- environmental/health/food safety risks
- food and nutrition security
- national priority
- access to finance/ additionality (for FMT).

The three composite value chains selected were: (i) Wool and Mohair; (ii) Deciduous Fruit, and; (iii) Vegetables, including potatoes.

The wool and mohair value chain

The wool and mohair value chains play a pivotal role in the rural economy of Lesotho. Not only do they account for the greatest part of the country's agricultural exports, but they provide livelihoods for the majority of the community in most rural districts, especially in the mountain areas which are home to the highest percentage of poor households. All of Lesotho's wool and mohair is produced by smallholders of varying sizes on communally owned rangelands.

Given that there are so few alternative ways of sustaining livelihoods, the natural resource base of mountain areas has been used to the maximum by rural communities to graze sheep and goats. Indeed, Lesotho's rangelands are overstocked and overgrazed. So there is little potential for expansion of wool and mohair production. However, there is an ever-present danger of contraction. Farming in these areas is always a challenge and when the wool and mohair value chains are not doing well, poverty and out-migration deepen significantly.

Consequently, efforts have been made down the years by government and by international development partners to assist the industries. The most recent of these, IFAD's Wool and Mohair, Promotion Project (WAMPP), begun in 2016, has engaged in greater depth with the challenges facing primary producers and in-country value adders than any of its predecessors. Much has been, or is being, achieved in the areas of climate-smart rangeland management; improved livestock rearing and management; and wool and mohair processing and marketing.

To a greater or lesser extent, all of the activities conducted by farmers, individually or collectively, and downstream value adders need access to credit for their sustainability. Yet few, if any, can currently reckon on being able to source this reliably from an established financial or commercial non-financial service provider. Until Lesotho's wool and mohair marketing legislation changed in 2018, some farmers were provided with credit and technical support by South African brokers. It would be of great value to the industry for private sector-led support of this nature to be re-established and the shortcomings of pre-2018 arrangements – the delay in accessing credit and its availability only to some farmers – ameliorated.

To address the gap not only in respect of production credit, but also relating to farmers' longer-term needs, WAMPP has set up and capitalized revolving loan funds to assist farmers to meet their needs for recurrent and capital expenses timeously. Grants cannot sustainably be used for these purposes. These funds are now being used widely. The project is also assisting some value chain players to meet their needs for finance through designing and implementing appropriate business models. It is vital that these initiatives be sustained and that the benefits being derived be broadened.

With little more than a year left before WAMPP terminates, attention is being focused on ensuring that the exit strategy included in the design of the project achieves this objective. The essence of this strategy is for in-country organisations with an on-going presence in the wool and mohair industries to assume responsibility for the continuation of the project's initiatives.

In respect of the revolving loan funds and other finance-related initiatives, the organisations that have agreed in principle to take on this role are the Lesotho National Wool and Mohair Growers' Association (LNWMGA), a voluntary commodity association, and the Lesotho Highlands Development Authority (LHDA), a public entity. Though both are well established, respected bodies, and LNWMGA has been intimately involved in WAMPP since the project's inception, neither is understood to have expertise in the areas of lending and credit recovery.

Given that there are so few alternative ways of sustaining livelihoods, the natural resource base of mountain areas has been used to the maximum by rural communities to graze sheep and goats.

Indeed, Lesotho's rangelands are overstocked and overgrazed. So there is little potential for expansion of wool and mohair production.

FINMARK TRUST

A further component of exit strategy has been to develop a network of NGOs and other organisations to provide support for the wide range of activities that LNWMGA, LHDA and other successor organisations will be taking on. The Basotho Enterprise Development Corporation (BEDCO) has indicated willingness to assist business model development, but is also unlikely to have expertise in respect of small client loans. In addition, it is known to have substantial capacity limitations of its own and may welcome the presence of external technical assistance, if it called on by LNWMGA or LHDA to help develop their loan administration capacity. There is an important role for an NGO with expertise in the area of financial services to play.

The deciduous fruit value chain

Building a competitive horticulture industry in Lesotho will require incentivizing the establishment of new, large-scale commercial farms and upgrading existing smallholders.

The horticulture industry remains in the start-up stage due to skill constraints, poorly functioning land markets, lack of linkages within the supply chain and weak access to finance. There are few large, well-managed horticulture farms that can serve as role models and mentors for smallholders.

Building a competitive horticulture industry in Lesotho will require incentivizing the establishment of new, large-scale commercial farms and upgrading existing smallholders. Land titling and improving access to serviced land are key measures for encouraging foreign and large-scale domestic investment in commercial farming. Incentivizing private investment in aggregators and supporting productive alliances are among important measures to support smallholders. It will also be necessary to strengthen the availability of specialized skills to provide better technical support to smallholders and develop crop varieties that are adapted to Lesotho's high-altitude conditions.

The most important of these requirements – land titling and improving access to serviced land – fall almost entirely within the realm of public policy and programmes, as do strengthening the availability of specialized skills and developing appropriate crop varieties, though external partners could also assist.

Off-takers/aggregators/processors are usually the main source of production credit for farmers, as well as inputs and expertise. But without an adequate scale of supply of primary product, it is unprofitable for aggregators to set themselves up – at least within Lesotho. However, a viable alternative appears to be for one or more of the off-takers/aggregators/processors that serve fruit and vegetable producers in the eastern Free State, just over the border, to play the same role for primary producers in Lesotho. It is likely that this is the mechanism that has been used for the small volume of deciduous fruit that Lesotho has been able to export to date.

The World Bank's Smallholder Agriculture Development Program II (SADP II) will provide matching grants for off-takers/aggregators that include deciduous fruit in their catchment basket to establish themselves. It is assumed that these are envisaged to be located in Lesotho. However, start-up (aggregator) enterprises will not be eligible for project support. As there are no firms that currently play this role for any horticultural crops in Lesotho, production and exports being so small, the most likely well-established enterprises that could do so are South African ones.

Bearing this in mind, it would not be unreasonable for the Bank to consider making South African aggregators eligible for at least some of the purposes for which the grant is designated, if they undertake to source certain, increasing quantities of fruit and vegetables from Lesotho. While the grants are intended to incentivize the setting up of physical facilities for aggregation and/or value addition in Lesotho and South African firms might not be prepared to do this until greater scale has been achieved, they are also intended to elicit the supply of production credit, inputs and expertise. This South African firms might be more willing to provide, as it would simply entail extending existing activities over the border. As SADP II is being conducted in collaboration with the government of Lesotho, any such amendment to the design would need government's support, but it would seem in the interests of the fruit and vegetable industries in Lesotho for it to do so.

There might be a valuable role for an external agency with an interest in increasing access to finance for smallholder farmers to play by lobbying for this, helping broker mutually acceptable arrangements for the supply of production credit, inputs and expertise between government of Lesotho, the World Bank and one or more South African aggregators and by helping bed implementation down, especially in respect of the advance and repayment of credit.

If South African firms are drawn in to play these roles for vegetables, it would be logical to extend the arrangement to include vegetables. In both instances this would not only provide competent technical and business support for producers, but also open up or enlarge an existing channel for export, thereby addressing another of the challenges facing the two value chains – although there is no reason why the produce purchased could not be marketed in Lesotho. Furthermore, as banks are almost always more willing to provide a line of credit to a single intermediary with a proven track record for on-lending to smallholders than to lend direct, using South African off-takers/aggregators could overcome the challenge of gaining access to bank finance to provide working capital for the value chains.

If no opportunity of this nature arises, it is questionable whether other interventions aimed at increasing smallholder farmers' access to finance would be likely to bring about the growth of commercial fruit production in Lesotho, in the absence of other important changes needed, notably those relating to land tenure and the development of a land market.

The vegetables value chain

Developing the vegetable value chain in Lesotho faces many of the same challenges as deciduous fruit, most importantly in the present context, in respect of access to credit. However, vegetable production does have some important advantages, notably in respect of land tenure, scale and cashflow. Commercial production can take place on very small areas of land, far less fixed investment is needed – thereby side-stepping the need for major external investors who look to land ownership for security – and cashflow cycles can be as short as three months. These characteristics open up possibilities for interventions that are not present for deciduous fruit.

In addition, because vegetable production is so widely engaged in across Lesotho, the number of potential beneficiaries from such interventions is far greater and reaches right down to the vast majority of growers who produce mainly for own consumption. It also impacts positively on food security, nutrition and income from sales.

As vegetable production is so widely engaged in across Lesotho, the number of potential beneficiaries from such interventions is far greater and reaches right down to the vast majority of growers who produce mainly for own consumption.

At a commercial/commercializing production level, a promising opportunity for external intervention relates to playing the lobbying, brokering and technical support role identified in respect of deciduous fruit, to help realize the potential that well established South African firms operating in the fruit and vegetable industries offer to assist smallholders in Lesotho.

At a commodity association level, a further valuable role could be to work with Potatoes Lesotho Association to guide it in respect of the savings and credit cooperative that it is hoping to establish. This could also help prove a model for replication in other value chains.

At a household level, whether to improve own consumption/nutrition or to help those that want to climb onto the lowest rung of the commercial ladder by earning more from marketing vegetables, another valuable intervention would be to collaborate with Catholic Relief Services and CARE for Basotho to enhance the innovations that they have they have introduced – or that savings and credit groups have initiated themselves – to provide working capital for individual and group vegetable production and value addition.

As women make up about 90% of the membership of these groups, an intervention of this nature could be expected to be of particular advantage to women. This could be amplified by collaboration to explore the possible replication in Lesotho of Financial Sector Deepening Zambia's 'Working Capital Access' pilot that has had success in increasing rural shopkeepers' access to credit by using a blend of capital from savings and credit groups and formal sector finance. This, too, would be of particular advantage to women, both because they make up the majority of rural shopkeepers and because increased access to credit for shopkeepers can be expected to translate into increased credit for vegetable production.

Clean energy

About a quarter of the electricity consumed annually in Lesotho is imported from Mozambique and South Africa, the latter mainly coal generated. However, 99.7% of Lesotho's installed electricity generating capacity is hydro-based. Consequently, interventions to increase access to clean energy in Lesotho's low income agricultural and rural sectors might best seek to take advantage of the thrusts now being mounted by two international financial institutions to extend the reach of Lesotho's electrical grid and to make the grid still 'cleaner'. This could be more productive and sustainable than focusing on facilitating access to finance for solar or wind power. There is evidence that, even with subsidies, for most rural households, acquisition of solar and wind power systems does not rank as a priority.

9.7%

of Lesotho's installed electricity generating capacity is hydro-based.

COUNTRY EXECUTIVE SUMMARY

MALAWI

This report presents the landscape for access to agricultural finance in Malawi, exploring current product offerings as well as the sector's shortcomings and opportunities to expand and improve accessibility for Malawi's agricultural clients identified. Following the provision of context for the agricultural finance landscape, the report assesses the statuses of three selected value chains (groundnut, soya, and rice) in Malawi, identifying current linkages, constraints, and opportunities for growth in terms of primary production actors and structure, environmental repercussions, and the institutional frameworks facilitating the sectors. For each value chain, current constraints and potential options for growth are enumerated, and ongoing interventions by prominent actors are explored.

Following in-depth analyses of each value chain, bespoke recommendations informed by these analyses and consultations with relevant stakeholders are presented. The recommendations provided herein offer potential pathways to facilitate increased access to finance and financial inclusion for smallholders and other actors within the groundnut, soya, and rice value chains.

Agri-finance in Malawi

Access to finance is one of the key challenges faced by various value chains in Malawi, including groundnut, soya, and rice. While a combination of microfinance institutions, cooperatives, extension service providers and banks offer formal and informal agricultural finance in Malawi, the offerings are insufficient and oftentimes inaccessible by the smallholders, traders, and processors who would most benefit from access to capital. A lack of financing options impacts all segments of the value chains, from smallholder farmers' abilities to procure affordable farm inputs in a timely manner to processors' abilities to making capital investments in improved infrastructure and marketing for value-added agricultural products.

Formal sector financial institutions find it nearly impossible to lend directly to smallholders on a profitable basis as the transaction costs of assessing creditworthiness are high relative to the loan sizes. Hence, there is a need for specialised intermediaries, who possess better understanding of the industry and can relate to smallholders. These are generally nonbank financial intermediaries.

A lack of segmentation also hinders Malawi's agricultural finance sector, with financial institutions failing to offer tailored financial products and services based on the needs and capacities of various value chain actors. Financial institutions also lack internal capacity to provide lending to agricultural actors who lack established credit histories and available collateral, and credit-seekers lack the capacity to demonstrate their creditworthiness through record keeping and documentation. These challenges culminate in excessive wait times for loan approvals, frequent denials of requests for credit, and high interest rates.

The first section, entitled "Agri-Finance Sector Landscape in Malawi", expands on these analyses.

Access to finance is one of the key challenges faced by various value chains in Malawi, including groundnut, soya, and rice.

Formal sector financial institutions find it nearly impossible to lend directly to smallholders on a profitable basis as the transaction costs of assessing creditworthiness are high relative to the loan sizes.

Groundnuts

While Malawi is a notable exporter of groundnut across the region, its groundnuts are afflicted with high levels of aflatoxins, reducing their quality and safety for human consumption. The presence of aflatoxins makes Malawi's groundnut outputs unsuitable for high-value markets such as those of EU countries, which have maximum allowable level (MALs) standards and testing mechanisms in place to limit the concentration of aflatoxins in imported nuts. These regulations have been increasingly tightened since 2014, constraining Malawi to export its groundnuts to low-enforcement countries and failing to supply to high-enforcement, high-value markets, ultimately reducing its foreign earnings from groundnuts. Domestically, groundnuts have the potential to contribute to food security and nutrition with their high levels of protein, fibre, minerals and vitamins; however, Malawi experiences an average of 6,344 deaths annually due to aflatoxin-induced liver cancer, costing the economy more than $25M per year.

Domestically, groundnuts have the potential to contribute to food security and nutrition with their high levels of protein, fibre, minerals and vitamins; however, Malawi experiences an average of ***6,344*** *deaths annually due to aflatoxin-induced liver cancer, costing the economy more than* ***$25M*** *per year.*

The presence of aflatoxins has also led to a large and unstructured informal market; less than 1% of traded groundnuts are marketed through either of Malawi's two commodity exchanges. A culture of noncompliance with internal MALs and standards has prevented the informal market from becoming more structured, causing value chain actors to miss out on more competitive prices and receive more comprehensive support from public and private sector partners. Government policies have been unsuccessful in incentivising actors to commit resources towards producing safe groundnuts and participating in formal markets.

To overcome Malawi's aflatoxin problem and unlock high value export markets and a more structured formal market internally, a combination of interventions to improve the quality and availability of farm inputs, develop improved and aflatoxin-resistant seed varieties, improve transport and storage infrastructures and best practices, and increase capacity for testing will be necessary, enabled by access to finance to facilitate these sector-wide changes. Farmers' organisations and increased extension services will be key to achieving these improvements.

The soya value chain

Many farmers who cultivate groundnuts also produce soya, an oilseed with similar growing conditions and input requirements to groundnuts. While there are approximately 150,000 smallholder soybean producers in the country, very few produce soybean as a primary crop. Soya offers a strong alternative cash crop as farmers diversify away from tobacco given that several high cost and high demand value-added products can be derived from soybeans. Malawi's smallholder farmers largely produce GMO-free strains of soy, which command a premium as compared to GMO-heavy soy produced by much of the global industry. Domestically, >60% of total production is consumed, either raw or after minimal small-scale processing by households or at the village level, and is nutritionally valuable for its high protein content. Many NGOs also procure soybeans for nutritional programming; maize flour is sometimes fortified with soy for additional protein.

On the supply side, low productivity is observed and attributable to lack of quality and accessible inputs (namely seed and fertiliser), poor agronomic practices despite the efforts of extension services, pests and diseases, drought, and poor soil fertility with limited phosphorous. Land constraints also present issues: with limited and small land holdings, farmers are forced to make difficult decisions about how to best allocate their lands between cash crops and subsistence farming, with soybeans often losing out in the equation.

Despite strong demand and increased production in recent years, the soybean market structure remains under-developed, and the value chain lacks infrastructure for storage and processing. Access to markets is limited, and prices are seen to be extremely volatile; cross-border trade is hindered by a lack of accurate and instant pricing data, as well as unforeseen costs that arise during the transport and marketing of soybeans. Improving yield as well as facilitating improved information and market linkages will be key to increasing revenues from the soybean value chain.

The rice value chain

Rice is an important staple crop in Malawi, consumed as a complement or alternative to maize; as such, the intensification of rice offers a viable option for diversification from maize. Much of Malawi's rice is cultivated under irrigation schemes, or in wetlands during the rainy season. Low yield remains a crucial bottleneck in the rice value chain, and domestic demand is not met by domestic production; in a 20-year period leading up to 2014, rice production in Malawi doubled from 60,000 tonnes to nearly 120,000 tonnes, yet during the same time the average yield increased by less than 20%.

In a 20-year period leading up to 2014, rice production in Malawi doubled from **60,000** *tonnes to nearly* **120,000** *tonnes, yet during the same time the average yield increased by less than* **20%.**

The rice value chain is particularly susceptible to the negative effects of climate change due to the crop's high water dependence and sensitivity to extreme temperatures. Adapting to the impacts of rising temperatures, reduced rains, and diminishing soil fertility will require high quality inputs and better farming practices, facilitated by access to credit and extension services. Increasing rice yields to meet national demand will also involve improved irrigation access and expanding the hectares dedicated to rice production. If challenges within the rice value chain are sufficiently addressed and production becomes both more widespread and efficient, Malawi will have the potential to end its reliance on imported rice and potentially expand into promising neighbouring markets across the SADC region. Where the installation of infrastructure, such as for irrigation, is the main constraint, it is not easy for off-takers play the role of credit provider. Infrastructure calls for multi-year loans, while off-takers seldom provide more than single-year revolving credit. As commercial banks, and even development finance institutions (DFIs), are generally reluctant to lend to smallholders, in the absence of external investors, the most likely source of finance for infrastructure is grants from international donor/ development partner programmes. But at present no such programmes focus on the rice value chain in Malawi.

RECOMMENDATIONS FOR FINMARK TRUST

Based on the opportunities for growth and expansion amongst these three value chains, as well as the present landscape for agricultural finance in Malawi more broadly, there are a number of interventions FinMark Trust has the potential to support in the pursuit of facilitating access to finance for Malawi's smallholders.

Through facilitating the flow of exports, Malawi's Agricultural Commodity Exchange (ACE) is hoping to encourage the increase of production, in particular of soya beans. To this end, it is currently developing a task team to design and implement structured trade finance solutions, working alongside financial institutions and industries involved in inter-regional and global trade. Greater scale will benefit farmers, ACE, exporters and logistics firms, and can be expected to elicit a corresponding increase in liquidity for the exchange from banks. This will flow to farmers through the warehouse receipt finance provided by ACE for crops delivered and stored on behalf of farmers. In addition to gaining access to this source of credit, farmers also benefit from the ability to hold their crops to sell as prices rise in the months following harvest time. ACE is looking for an organization with appropriate expertise to set the agenda for and lead the task team. This is a role that FMT should be well equipped to play.

While extension services and adequate agricultural information ranging from agronomic practices and the availability of farm inputs to instant pricing data are crucial to smallholders' success and profits, they are often inaccessible. There is a need for these services to be delivered via mobile and ICT solutions, which might be facilitated through partners such as NASFAM or One Acre Fund, in collaboration with Malawi's mobile provider corporations. FMT could consider partnering with organizations such as these to facilitate farmers' access to these services.

The development of a comprehensive insurance scheme geared to the needs of farmers is also proposed, given that affordable crop insurance is a key tool in developing a more robust and financially stable agricultural sector. The technique of reducing insurers' costs through weather indexing is now well established, but appears not to have been implemented in Malawi to date. Opportunity International, a private sector-led initiative operating in Malawi, is looking for a partner with a similar interest in financial inclusion to work with to facilitate the development of weather index insurance in Malawi. This is another role that FMT should be well equipped to play and could consider taking on.

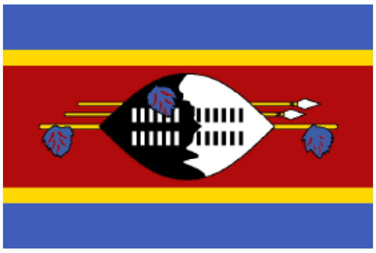
FinMark Trust could also consider supporting the development of credit reference profiles for credit-seeking agricultural smallholders, as a viable solution to resolve the asymmetry of information between borrowers and financial institutions. Malawi's agri-finance sector may benefit from the introduction of alternative credit scoring mechanisms similar to those which FMT has previously developed. To complement this, a capacity building programme to strengthen value chain actors' – especially smallholder producers' – capacity to access traditional loans and financing mechanisms could be very valuable, if implemented by an industry leader for financial inclusion, such as FMT.

FULL COUNTRY REPORTS

Follow the links to access the full country reports, by country.

Botswana country report:

Click here: **https://finmark.org.za/system/documents/files/000/000/510/original/FMT_SADC_FI_Agriculture_Botswana.pdf?1629903278**



eSwatini country report:

Click here: **https://finmark.org.za/system/documents/files/000/000/511/original/FMT_SADC_FI_Agriculture_eSwatini.pdf?1629903465**

Lesotho country report:

Click here: **https://finmark.org.za/system/documents/files/000/000/512/original/FMT_SADC_FI_Agriculture_Lesotho.pdf?1629903680**

Malawi country report:

Click here: **https://finmark.org.za/system/documents/files/000/000/513/original/FMT_SADC_FI_Agriculture_Malawi.pdf?1629903876**

Agricultural Finance Scoping in Botswana, eSwatini, Lesotho and Malawi | Scoping Report

Sanofi House, Second Floor,
44 on Grand Central Office Park,
2 Bond Street, Grand Central
Ext 1, Midrand

Tel: +27 11 315 9197
Fax: +27 86 518 3579

info@finmark.org.za
www.finmark.org.za