

Title of Proposed Program: Spice Promotion in Commercial Enterprises (SPICE)

Sector: Microenterprise

Type of Grant: Development Grants Program for Local NGOs (APS # M/OAA/GRO/ALPS-09)

Principal Organization: Total Landcare Malawi

Partner Organizations: Agribusiness for Sustainable Natural African Plant Products (ASNAPP)
NALI Limited

Organization	Percent of Overall Program Activities by Partner
Total Landcare	60
ASNAPP	15
NALI Limited	25

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Executive Summary

USAID has come up with a new initiative under the Development Grants Program (DGP) to provide opportunities to indigenous Non-Governmental Organizations (NGOs) to implement development activities that are in line with USAID programmatic goals. Development activities will be based on six priority sectors, and TLC has chose to implement the microenterprise sector. The grant will be used to facilitate development of the paprika and bird's eye chilies value chains so that these products have a competitive age on the local, regional and international markets under the project called Spice Promotion in Commercial Enterprises (SPICE).

The spice industry currently faces five major challenges which include lack of information flow across the value chain due to poor linkages among the players, low production of generally poor quality paprika and bird's eye chillies, unorganized producer groups and unfavorable policy and regulatory environment to support the industry by the government. Despite these challenges, there is high potential to develop the industry based on the following opportunities: good agronomic management practices coupled with irrigation which can result into high yields of both paprika and bird's eye chilies of up to 2500 kg/ha; established markets in the region; contract farming arrangements between buyers and MSEs; existence of both local and international buyers; and increased interest for investment by processors and commercial farmers.

SPICE project will be implemented in the districts of Nkhotakota, Salima, Ntchisi, Dowa and Nkhata-bay. The districts are suitable for the production of paprika and bird's eye chilies. The target group will include 5,000 smallholder producers, 15 entrepreneurs, 4 input suppliers, 2 processors, 8 local and international buyers, 2 lending institutions and other key service providers such NGOs, government departments and lending institutions. The proposed approach of SPICE will target all the major players in the value chain with NALI Ltd being the main driver. The overall objective of the project is to link small scale producers of spices to profitable market outlets and develop competitiveness of paprika and bird's eye chilies through commercial upgrading of the major players in the value chain. Specifically it aims at increasing linkages among various players in the value chain, increasing yields and improving quality of paprika and bird's eye chillies, improving knowledge and skills of producers in post harvest handling, increasing volume of value-added paprika and bird's eye chillies products and improving favourable policy and environmental framework for paprika and bird's eye chillies.

Total Landcare (TLC), ASNAPP and NALI Ltd will be the implementing partners with TLC being the lead agency. TLC will be responsible for the project management, training and organizing meetings among the various players in the value chain. ASNAPP will concentrate in the introduction and evaluation of promising cultivars through research and demonstration, strengthening and establishing linkages in the regional markets, market integration and identification of emerging markets. NALI Ltd will take the lead in providing training in post harvest handling techniques to field staff, producer and entrepreneurs. Since the project will have a private sector as a main driver of the project and work with various players in the value chain, it is believed that the project will be self driven and activities as designed will be functional.

The total estimated cost of the project is **US\$ 546,840** of which TLC and its partners will contribute **US\$ 146,840**.