

## One Village One Product Programme in Malawi

Presentation for OVOP International Seminar

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### 1. Background of Malawi OVOP

#### (1) Historical Background

- Visit to Oita by high ranking government officials;
  - Minister of Agriculture (Dec. 1997)
  - Former President of Malawi (Oct. 2003)
- Malawi Government Institutional set-up;
  - OVOP National Workshop to launch the Programme (Nov. 2003 )
  - Establishment of OVOP Secretariat in the Ministry of Agriculture (Dec. 2003 )
  - OVOP Secretariat was shifted to Ministry of Local Government & Rural Development (June. 2005 )
  - OVOP Model Projects (2003 - 2008)

#### (1) Historical Background - 2

- JICA Support to Malawi OVOP;
  - JICA Project Formulation Mission on OVOP (Oct. 1998)
  - JICA Training on OVOP in Oita for 14 Malawian Government Officers (1998 - 2007)
  - JICA Expert on OVOP to Ministry of Finance (2000 – 2002)
  - JICA Technical Cooperation Project “Institutional & Human Resource Development Project” (2005 - 2010)

#### (2) Socio-Economic Background

- 85% of population in Rural Area dominated by small-scale farmers
- Agricultural based economy
- Maize centered farming for food supply
- Dependency on Tobacco Export
- Heavy imports of South African Products

#### (3) Opportunities

- Strong Political Will
- Strong Community Interest
- National Policy for Decentralization
- National Policy of “Malawi Growth Development Strategy (MGDS)”
- Plenty of Under-utilized local resources
- High predictability of Donor Support

## 2. Malawi OVOP Programme

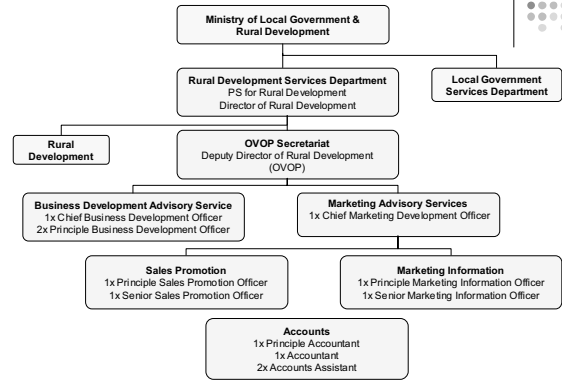
### (1) Programme Concept

- Super Goal  
An empowered community generating wealth
- Overall Goal  
To generate incomes and wealth for the Malawian society by community mobilisation to produce value added goods and services that are marketable in order to reduce wealth disparities

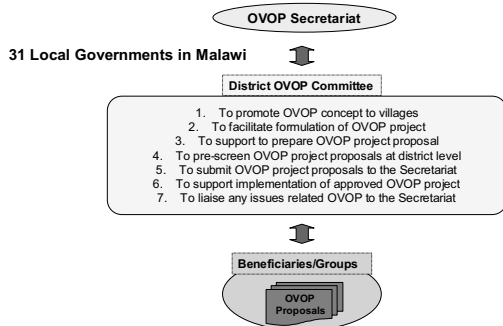
### (1) Programme Concept - 2

- Programme Objective  
To support communities to achieve sustainable economic growth by producing OVOP products which are marketable nationally & internationally, by using locally available resources
- Specific Programme Objectives
  - To promote OVOP concept approach of economic development at community level.
  - To promote value adding technologies such as agro-processing and craft making at community level.
  - To facilitate product quality control and packaging.
  - To facilitate small-scale business skill development at community level.
  - To promote market linkages between producing communities and domestic/international markets.

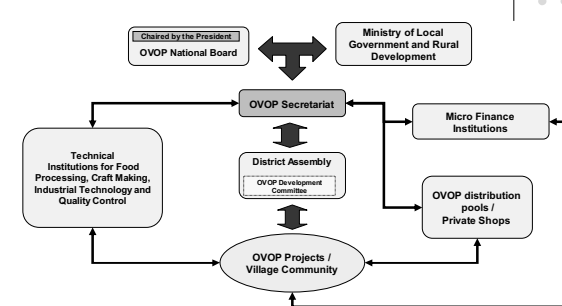
### (2) Institutional Establishment



### (3) Institutional Establishment at Local Level



### (4) Institutional Linkage



### 3. Achievements of OVOP Programme Since Inception

#### (1) OVOP Project Formulation and Implementation

Fiscal year	2003-04	2004-05	2005-06	2006-07	2007-08	total
Number of Project	14	4	14	7	7	46
Number of Group Member / Beneficiary	1,273	3,151	7,785	505	229	12,943
Funded Amount (1000 MK)	9,891	1,176	14,259	14,993	18,302	58,621
(US\$=MK140)	(70,650)	(8,400)	(101,850)	(107,093)	(130,729)	(418,721)

#### (2) Marketing of OVOP Products



#### (3) Concept Awareness



#### (4) Trainings



- Training for 377 District Level Extension Workers in OVOP concept, Participatory Business Training, Agro-Processing Introduction, Package Designing, OVOP Project Formulation, Project Assessment

- Training for on-going OVOP Groups in business management, food processing and packaging designing

#### (5) Package Designing Support



## 4. Challenges

### (1) OVOP Project formulation

- Inadequate understanding of the OVOP concept by communities
- Distorted beneficiary identification
- Lack of community initiative
- Inadequate business planning
- Huge amount of investment request to the groups with very little business experience
- Lack of necessary infrastructure for the proposed business such as electricity and water

### (2) Loan management

- Malawi Government has been supporting OVOP projects on loan basis by providing machineries, building materials and initial capital.
- Inadequate capacity of OVOP Secretariat to manage loans
- Mismanagement of loan money by some OVOP Group leaders

### (3) Quality of OVOP Products

- Most of the OVOP products are still not competitive on the markets due to standardization and packaging as prescribed by Malawi Bureau of Standard (MBS)

### (4) Market Access of OVOP Products

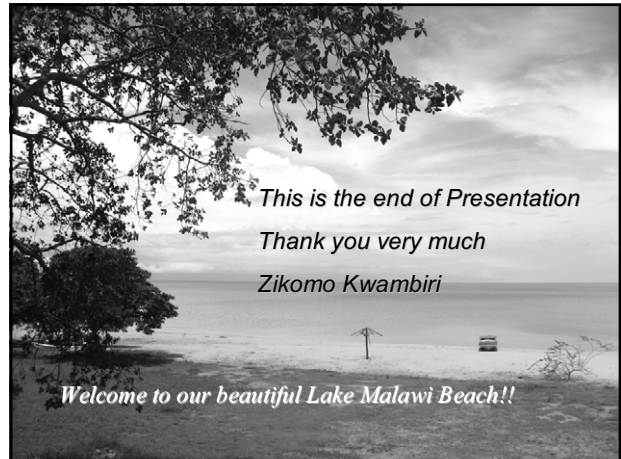
- Uncompetitive quality of the products
- Inadequate promotion of OVOP Products to the public through advertisement on Media such as newspapers, radio and TV.
- Inadequate marketing knowledge and initiative of OVOP Groups

### (5) Business Management of OVOP Groups

- Most OVOP Groups are characterized by low business management capability, such as;
  - group management,
  - record keeping,
  - profit/loss analysis,
  - marketing,
  - inventory control

### **(6) OVOP Institutional Setup**

- Absence of OVOP officers at the district level to support implementation of OVOP activities at district and village level.
- Inadequate staffing at the OVOP Secretariat to cover entire nation as a national programme and to deal with several technical fields such as financing, processing, marketing and package-designing.
- Inadequate resources to satisfy the demands from the communities as well as monitoring the projects throughout the country.





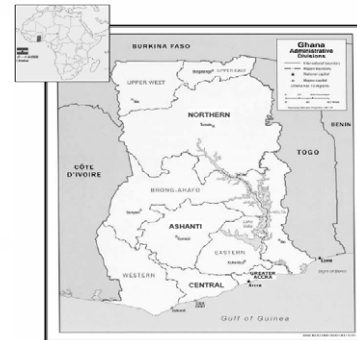
## Local Industry Promotion in Ghana: Lessons Learned for OVOP

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1

## Map of Ghana



2

## Outline of the Presentation

0. Purposes of the Presentation
1. Background
2. Outline of Pilot Project on “Standardization of Shea Butter Processing”
3. Outline of Pilot Project on “Yield Increase of Palm Oil Processing”
4. Lessons Learned
5. Future Policy Implications

3

## 0. Purposes of the Presentation

- ❖ To share Ghanaian experiences of successful local industrial promotion;
- ❖ To draw lessons learned from pilot projects; and
- ❖ To provide policy implications for future OVOP projects (*or District Industrialization Program: DIP*)

4

## 1. Background

- ❖ Problems of shea butter and palm oil processing: low product quality and low productivity
- ❖ The Study on Promotion and Development of Local Industries in the Republic of Ghana (Feb 2006-Jan 2008)
- ❖ Formulation of Pilot Projects: Shea Butter and Palm Oil, etc.

5

## SWOT Analysis of Shea Butter Production

**Core Problem:** It is difficult to increase sales.

### Related Problems

- ❖ Processors do not have enough business management techniques.
- ❖ It is difficult to access buyers' information.
- ❖ Shea nuts are not available in large quantities.
- ❖ Shea butter quality is low.
- ❖ Product development is poor.

6

### Supply Chain of Shea Butter Production

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- ❖ Shea nuts collection
- ❖ Shea nuts marketing
- ❖ Shea butter processing
- ❖ Shea butter marketing

7

### Crashing Kernels

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### Crashed Kernel

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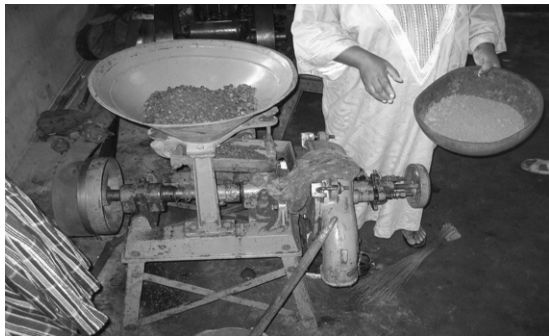
### Roasted Crashed Kernel

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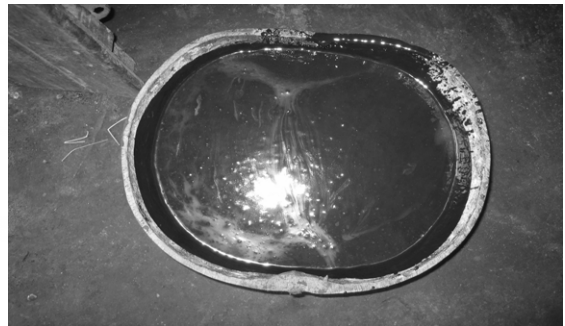
### Milling

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### Paste

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### Kneading by Hand



13

### Adding Fat and Boiling



14

### Sediment



15

### Shea Butter (after filtering)



16

### Virgin Shea Soap



17

### Shea Soap for Sale



18

## 2. Outline of Shea Butter Project

- ❖ Implementation Period: Aug 2006-Sep 2007
- ❖ Target Group: processing groups
- ❖ Project Purpose: Upgrading of shea butter quality through standardization
- ❖ Outputs:
  - (1) Clarification of quality requirements in the markets
  - (2) Establishment of Code of Practice
  - (3) Dissemination of Code of Practice and quality management method

19

## 2. Outline of Shea Butter Project (cont'd)

- ❖ Partner
  - Local university (University for Development Studies)
  - Local NGO (Africa 2000 Network)
- ❖ Achievements
  - Pictorial manuals and video manuals
  - Dissemination of Code of Practice among target groups through workshops
  - Standardized by Ghana Standard Board (GSB)

20

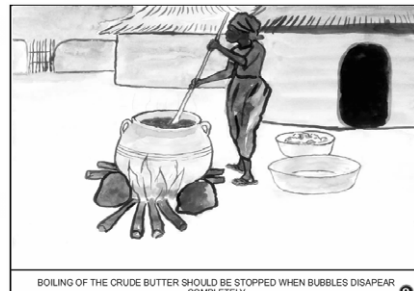
## Pictorial Manual (a)



SHEA KERNEL SHOULD BE SORTED TO REMOVE CONTAMINANTS AND NUTS WITH SIGNS OF FUNGAL GROWTH BEFORE THEY ARE USED TO PREPARE SHEABUTTER. SORTING SHOULD BE DONE ON A CLEAN MAT TO AVOID CONTAMINATION

21

## Pictorial Manual (b)



BOILING OF THE CRUDE BUTTER SHOULD BE STOPPED WHEN BUBBLES DISAPPEAR COMPLETELY

22

## SWOT Analysis of Palm Oil Production

Core Problem: Target groups can hardly possess sustainable market.

### Related Problems

- ❖ Quality of palm oil does not meet market requirements.
- ❖ Production cost of palm oil is high.
- ❖ Target groups have low capability to access market.
- ❖ Supply chain (from raw materials to marketing) is not streamlined.

23

## Supply Chain of Palm Oil Processing

- ❖ Raw material production
- ❖ Processing
- ❖ Marketing

24

## Palm Oil Processing

- ❖ Bunch reception
- ❖ Bunch sterilization
- ❖ Bunch threshing
- ❖ Fruit digestion
- ❖ Pulp pressing → nut and fiber
- ❖ Oil clarification → sludge recovery
- ❖ Oil drying
- ❖ Storage

25

## 3. Outline of Palm Oil Project

- ❖ Implementation Period: Aug 2006-Sep 2007
- ❖ Target Group: Processors' associations
- ❖ Project Purpose: Increase of yield rate of target group
- ❖ Partner: Local consultants and university (Kwame Nkrumah University of Science and Technology: KNUST)

26

## 3. Outline of Palm Oil Project (cont'd)

- ❖ Outputs:
  - (1) Establishment of implementation structure
  - (2) Measurement and comparison of target groups' performance
  - (3) Devising improvement plan of yield rate
  - (4) Dissemination of research results through workshops
- ❖ Achievements
  - 70-90% increase of yield rate
  - Manual of increase of yield rate
  - Dissemination of research results through workshops

27

## 4. Lessons Learned

- ❖ Formulation of pilot projects on the basis of stakeholders' SWOT analysis
- ❖ Clear-cut focus of the Pilot Projects: standardization (shea butter) and productivity enhancement (palm oil)
- ❖ Japan has been experienced in technical assistance with these areas.

28

## 4. Lessons Learned (cont'd)

- ❖ Good use of local expertise (research institutes, consultants, etc.)
- ❖ Basic knowledge about manufacturing technologies and production control techniques
- ❖ Project management: monitoring and evaluation process
- ❖ Training course in Kyushu and follow-up activities to its ex-participants

29

## 5. Future Policy Implications

- ❖ Sustainability (1): collaboration with MOTI's District Industrialization Program (DIP)
- ❖ Sustainability (2): good use of existing resources (micro finance schemes, BDS, etc.)
- ❖ Capacity development of local gov't agencies (i.e. MOTI/PSD/PSI and NBSSI)

30

### 5. Future Policy Implications (cont'd)

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- ❖ Capacity development of project members (e.g. project management)
- ❖ Dissemination of pilot projects' achievements (pictorial manuals, etc.)
- ❖ Supply chain management (raw material production, processing, and marketing)
- ❖ Marketing: especially, branding and development of new export destinations (e.g. Asia)

31

### For Panel Discussions

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- a. Presence of Strong Leadership: Further political commitment (at least Minister of Trade and Industry) is necessary.
- b. Presence of Policy and Strategy concerning OVOP: GRSP, TSSP, PSDS, etc.
- c. Presence of Regional Development System: District Industrialization Program (DIP: 1 District 3 Products)
- d. Presence of Appropriate Institutions: MOTI/PSD/PSI and NBSSI
- e. Presence of Business Support System: microfinance schemes and BDS providers

32

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**Thank you very much for your attention!**

**Merci beaucoup de votre attention!**

33