

 Early Warning System

IFC-602178

SVIP



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## Quick Facts

<b>Countries</b>	Malawi
<b>Specific Location</b>	Lower Shire Valley
<b>Financial Institutions</b>	International Finance Corporation (IFC)
<b>Status</b>	Active
<b>Bank Risk Rating</b>	U
<b>Voting Date</b>	2018-10-31
<b>Borrower</b>	*Borrower information not provided at the time of disclosure*
<b>Sectors</b>	Agriculture and Forestry
<b>Investment Type(s)</b>	Advisory Services



## Project Description

According to bank information, the proposed advisory project will be structured in two Components, each in two phases, the first phase providing advice on structural issues and the second phase assisting with implementing the agreed structure. The scope of IFCs work will cover:

- Component A: Commercial and legal structuring of the SVIP and associated WPAs.
- Component B: Procurement of an incentive-based Management and Operations contract.

Government of Malawi has for many years intended to develop irrigated agriculture in the Lower Shire Valley, which is the poorest region in the country and is most severely affected by weather shocks. A number of studies have been prepared in the past, but the project never advanced beyond preliminary studies due to its cost and complexity and general disengagement of financiers from large-scale irrigation in the region in the 1980s. The Government requested support for the development from donors who responded with a joint AfDB/World Bank/IFC project identification mission in January 2011. The mission established several key principles to guide the design and implementation of the project, including that: the project would focus on commercial production, including smallholders in high value chains; professional management and PPPs to be pursued.

In cooperation with other donors, the World Bank is now preparing a US\$265.9 million project, of which IDA will fund US\$160 million, for the development of SVIP. The SVIP will fund the phased development of up to 42,500 ha of irrigation and drainage services associated with the proposed agricultural development. The SVIP will initially cover 22,000 ha, of which over 12,000 ha are already developed and under commercial sugar cane production, mainly by Illovo where expensive electric-powered pumped irrigation will be replaced by gravity fed water from SVIP. An additional 9,300 ha will be developed for new for irrigated agriculture. Other components of the SVIP will fund smallholder-based agriculture modernization and commercialization and value chain support. The SVIP as proposed by the WB is a 15-year program (2017-2032) structured around three coordinated pillars:

1. Providing reliable, professionally managed and sustainably-financed irrigation services to a large number of farmers in a phased construction,
2. Supporting farmer organizations within a comprehensive land use plan; supporting land tenure strengthening and consolidation as well as natural resources management; and
3. Establishing smallholder-owned commercial farm enterprises, supporting the transition from subsistence farming to commercial agriculture, and supporting the development of supply chains and access to markets. IFCs involvement is with the first pillar only, the initial development and operation of the main irrigation infrastructure with a capital cost of approximately US\$170 million.

The irrigation infrastructure will be located in the south of Malawi on the west bank of the Shire River. The first component is the development of the bulk water infrastructure through a gravity-fed network of over 60 km of primary canals. The primary canals will start at the intake at the existing Kapichira hydropower dam, which is operated by Escom, Malawis state-owned power utility. In order to ensure water availability for the SVIP, there will be no further development of the power generation capacity of Kapichira. The primary canals will deliver bulk water to drinking-water treatment plants, to green-field irrigation projects (approximately 9,300 ha) and to the existing sugar cane farms: Illovo (about 10,000 ha); Kasinthula, Sande Ranch and Phata (about 2,180 ha in total). Secondary canals will distribute water from the main canals to the different farms.



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## Investment Description

- International Finance Corporation (IFC)



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## Contact Information

*\*Contact information not provided at the time of disclosure\**

## ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at [CAO@worldbankgroup.org](mailto:CAO@worldbankgroup.org). You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>