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2022 Malawi Agricultural Productivity and Commercialization Conference

Conference Proceedings Summary Report

“Driving Agricultural Diversification in Support of the Aspirations of MW2063”

Bingu International Convention Centre, Lilongwe, Malawi
9th to 10th June 2022

Executive Summary

The 2022 Malawi Agricultural Productivity and Commercialization Conference (MAPCC) took place on the 9th and 10th of June 2022. The Ministry of Agriculture (MoA), the National Planning Commission (NPC), and the MwAPATA Institute brought together a total of 471 participants at the conference venue (323 males, 148 females), representing various stakeholder organizations including representatives from government ministries, departments, and agencies (MDAs), farmers' organizations, the donor community, civil society, private firms, the media, and academia for the two-day event.

The theme of the conference was “Driving Agricultural Diversification in Support of the Aspirations of Malawi 2063 (MW2063).” This aligned with the MW2063 first 10-year Implementation Plan (MIP-1), in which Pillar 1 focuses on agricultural productivity and commercialization, with an emphasis on a strong diversification program.

The 2022 MAPCC delegates reflected on the following:

- i. They identified strategies to foster the transformation of the agricultural sector into a more commercial and diversified sector for improved agricultural productivity and a more sustainable agri-food system.
- ii. They investigated barriers to growth and lock-ins that inhibit private sector growth, as well as enablers of investing in agricultural diversification, including emerging success stories replicable in the country.
- iii. They identified information gaps related to commodity value chains that hinder agricultural diversification, focusing on fostering interactions between producers, consumers, researchers, small and large farmers, and policymakers.
- iv. They identified practical solutions, policy recommendations, and incentive structures to promote agricultural diversification and ensure a sustainable agri-food system.

Conference delegates cited the slow growth of the agricultural sector in Malawi as an issue needing urgent attention. The slow growth is associated with Malawi's limited range of agricultural commodities (crops and livestock). In particular, export revenue depends largely on tobacco, for which Malawi's share in the quantity and value of global supply has been declining. The decline in tobacco exports is exerting significant pressure on the country's

Balance of Payments (BoP). Consequently, the Government is keen on prioritizing agricultural diversification to strengthen BoP and the agri-food system.

It was widely agreed that agricultural diversification is an integral part of the structural transformation of an economy and an important strategy for increasing agricultural productivity and spurring commercialization. It is expected to bring increased employment, greater foreign currency holdings, and improved food security in line with the Tonse Alliance Government's focus on wealth creation for all Malawians.

While the Government recognizes the urgent need to transform agriculture through the production of diverse, competitive, and high-value niche commodities destined for the export market, efforts to make this happen are limited. These efforts could include investing in physical infrastructure, crop-specific research and development, and extension services, and introducing policies that encourage private investment in high-value non-staple value chains, such as coffee, sugar, tea, macadamia nuts, oil crops, livestock, and fisheries.

Conference delegates emphasized that political will, demonstrated urgency and speed in action, and deliberate inter- and intra-sectoral synergies are essential to accelerate the implementation of MIP-1. This is of utmost importance if Malawi's goals of achieving most of the Sustainable Development Goals and graduating into a lower middle-income economy are to be realized. It is also consistent with the President of the Republic of Malawi, His Excellency, Dr. Lazarus McCarthy Chakwera's clarion call that *"within 6 months, [he] would want to see results that the whole nation can appreciate that our agriculture is being transformed."*

Conference resolutions and action points will be considered for inclusion in the Agricultural Diversification Strategy and the new National Agricultural Policy, which are currently being prepared by the Ministry of Agriculture.

1. Background of the Conference

The Malawi 2063 (MW2063) has identified agricultural productivity and commercialization as one of the three pillars necessary to transform the country into a middle-income economy. However, the agricultural sector in Malawi is characterized by a limited scope of agriculture commodities, such that export revenue depends largely on tobacco, a crop facing declining international demand. This decline has been exerting significant pressure on the country's BoP, such that the Government has been compelled to prioritize agriculture diversification. The Government aims to (i) improve the BoP situation in the country and (ii) make significant strides in agri-food system transformation.

Nevertheless, support for other non-staple commodities, such as coffee, sugar, tea, and macadamia, and livestock and fisheries, has been limited. As such, there remains a need to transform agriculture to adopt a more diversified focus with the production of more competitive and high-value crops/commodities largely destined for the export market. Diversification is therefore an important strategy for increasing agricultural productivity and commercialization, and it is an integral part of the structural transformation process. Agricultural diversification, if properly implemented, can generate employment, build foreign currency reserves, and increase national food security.

The first 10-Year Implementation Plan (MIP-1) of the MW2063 has set out specific actions, timelines, and indicators related to the contribution of the agricultural sector to Malawi's quest to graduate into a middle-income economy and achieve most of the Sustainable Development Goals by the year 2030.

It is against this background that the 2022 MAPCC was organized to provide an opportunity for stakeholders to explore how to achieve agricultural diversification in Malawi and to discuss practical solutions and policy recommendations to make this happen.

1.1 2022 MAPCC Theme

The overarching theme of the 2022 MAPCC was "Driving Agricultural Diversification in Support of the Aspirations of MW2063." The conference focused on strategies to attain a more diversified economy for improved agricultural productivity and sustainable value chains. The conference also looked at the role of women and youth, innovation, investment, and entrepreneurship in driving the country's agricultural diversification agenda.

1.2 2022 MAPCC Objectives

The purpose of the conference was to create a platform for strategic dialogue and to showcase evidence relevant to promoting meaningful and practical diversification in the country. Thus, the aim was to guide the Malawi Government and other stakeholders by highlighting the necessity and value of a more diverse agricultural sector.

The 2022 MAPCC delegates reflected on four key objectives:

- i. They identified strategies to foster the transformation of the agricultural sector into a more commercial and diversified sector for improved agricultural productivity and a more sustainable agri-food system.
- ii. They investigated barriers to growth and lock-ins that inhibit private sector growth, as well as enablers of investing in agricultural diversification, including emerging success stories replicable in the country.
- iii. They identified information gaps related to commodity value chains that hinder agricultural diversification, focusing on fostering interactions between producers, consumers, researchers, small and large farmers, and policymakers.
- iv. They identified practical solutions, policy recommendations, and incentive structures to promote agricultural diversification and ensure a sustainable agri-food system.

2. 2022 MAPCC Conference Highlights

The conference highlights below summarize the major issues, deliberations, and recommendations from each of the main sessions. This section begins with an overview of the opening ceremony, which was graced by the Guest of Honor, the President of the Republic of Malawi, His Excellency Dr. Lazarus McCarthy Chakwera. Thereafter, an overview of each session is presented on a range of topics that are critical for promoting agricultural diversification, including (i) improved access to agricultural inputs, (ii) improved soil health, (iii) agricultural mechanization, (iv) access to structured markets, and (v) the role of youth and women in agricultural diversification. Lastly, synthesized recommendations and practical actions are presented in Table 1 to provide a road map for achieving agricultural diversification in Malawi.

2.1 The Official Opening Ceremony

Mr. William Chadza, the Executive Director of MwAPATA Institute, offered a warm welcome to participants and expressed gratitude for the conference steering committee and all institutions that technically and financially supported the conference. In his remarks, he noted that the conference was structured to provide solutions and *“not lamentations but to showcase what is working and what needs to be done now to improve the transformation of the agricultural sector in the context of agricultural diversification.”* He committed to sharing a briefing note on the outcomes of the conference with all to ensure accountability and to facilitate the speedy implementation of the policy recommendations and practical actions.

A member of the MwAPATA Institute Board of Directors, Dr. Agnes Mwangwela, who is also Deputy Vice Chancellor for the Lilongwe University of Agriculture and Natural Resources (LUANAR), noted that the nation is moving in the right direction towards agricultural transformation with the establishment of a platform such as the MAPCC. She noted that the conference affirms that Malawi can use home-grown think tanks to facilitate knowledge generation and sharing to inform policy actions in the agricultural transformation arena. She highlighted that the conference delegates ought to think about *“evidence-based reform processes that can spur agricultural transformation in line with the priority areas of the first 10 years of the MIP-1.”* She appreciated the presence of the Guest of Honor, the President of the Republic of Malawi, Dr. Lazarus McCarthy Chakwera, and presented a symbolic gift of a Brahman Cross calf on behalf of the MwAPATA Institute.

Thereafter, Dr. Thomas Munthali, Director General of NPC, presented a keynote address. He noted that the conference theme was timely because it came when the country is challenged with foreign exchange shortages, hence the need to accelerate the commercialization agenda. In addition, the nation is in the MIP-1 implementation phase, hence the need to come up with practical and candid solutions for diversifying the agricultural sector. He emphasized that *“having a vision is one thing, but implementation is another; hence the need for all actors to come together to efficiently implement the MIP-1.”*

He recommended seven key game changers to catalyze agricultural diversification:

- i. Fast-track land titling to offer land tenure security for long-term investments in the agricultural sector;
- ii. A strong agricultural diversification program backed by effective extension services for the production of high-value crops such as industrial hemp and medical cannabis,

edible nuts, legumes, high-value horticulture, and livestock and fisheries, with niche products largely destined for the export market as defined in the second National Export Strategy;

- iii. Sustainable access to high-quality, affordable inputs and modern production technologies (including mechanization), given that currently, only 13% of Malawian farming is mechanized;
- iv. Mandatory use of structured markets for all strategic agriculture commodities (as prioritized under the existing National Export Strategy) to increase the volumes and quality and to preclude farm products from entering informal markets that offer low prices and deprive the Government of taxes;
- v. Formation and scaling-up of vibrant cooperatives to ease access to markets, financing, extension services, and inputs;
- vi. Investment in infrastructure, especially for large-scale irrigation and roads connecting rural areas to markets, especially given that only 25% of the irrigable land across the country is being irrigated; and
- vii. Predictable policies that do not get reversed “overnight” to spur long-term investments in the agricultural sector.

“The economy needs a huge jump-start in investments for us to graduate into a middle-income country. We will not need the usual incremental investments by smallholder farmers, nor just the Micro, Small, and Medium Enterprises (MSMEs). Truth is, we need investments of the size of mega-farms running on huge irrigation tracks and a highly mechanized farming system so we perennially meet the demands of the huge markets that we dismally fail to supply currently.”

Dr. Thomas Munthali, Director General, NPC

Thereafter, a high-level panel discussion featuring (i) Mr. Lekani Katandula, President of Malawi Confederation of Chambers of Commerce and Industry (MCCCI); (ii) Mr. Wilfred Kasitomu, Farmer, Mtendere Tea Association; (iii) Prof. Address Malata, Vice-Chancellor, Malawi University of Science and Technology (MUST); and (iv) Mr. Sandram Maweru, Principal Secretary of Ministry of Agriculture reflected on the matters raised in the keynote address.

Some of the key takeaway messages included (but are not limited to) the following:

- i. There are already positive investments in the agricultural sector that need to be replicated and leveraged, such as the Agricultural Commercialization Project (AGCOM) and Shire Valley Transformation Program (SVTP);
- ii. Graduation from rain-fed agriculture to irrigated agriculture is a key pathway for agricultural diversification;
- iii. A thriving, revamped, and recapitalized Agricultural Development and Marketing Corporation (ADMARC) operating on a competitive commercial basis is key to opening up the agricultural sector;
- iv. There is a need to put in place policy incentives and an enabling environment to foster both domestic and international investment;
- v. Revision of the Affordable Inputs Program (AIP), a focus on productive farmers, and the organization of farmers into formal clubs and cooperatives are critical for accessing inputs; and
- vi. Revision of our curricula to ensure that everyone across all education levels learns agriculture—regardless of their career path—will stimulate a changed mindset towards the agricultural revolution.

Before inviting the Guest of Honor to address the conference, The Minister of Agriculture, Hon. Lobin Lowe, MP, offered remarks. He noted that the Ministry of Agriculture is leading efforts in agricultural diversification through strategic investments such as AGCOM, which has seen cooperatives accessing capital financing. He emphasized the need for greater coordination among stakeholders in the agricultural sector. He bemoaned the proliferation of informal markets that do not benefit the nation in terms of foreign exchange and recommended that structured and formal markets be enhanced. He closed his remarks by saying that his ministry is working on a policy for agricultural diversification that will guide the sector towards the investments needed to fast-track the commercialization agenda, including the revision of the National Agricultural Policy (NAP).

“Private sector should invest in operations that would help farmers gain from farming and development partners, and the private sector should align their investments to government quick wins priorities as espoused in the MW2063 MPI-1.”

Hon. Lobin Lowe, MP, Minister of Agriculture

The Guest of Honor, His Excellency Dr. Lazarus McCarthy Chakwera, set the tone for the 2022 MAPCC with an emphasis that the time to act is “*NOW*.” His Excellency challenged the 2022 MAPCC, saying that “*within 6 months, [he] wants to see results that the whole nation can appreciate that our agriculture is being transformed.*” He noted that the “*time is gone to think subsistence but go to a substantial mindset.*” He issued a clarion call towards “*massive scale production going beyond piecemeal interventions.*” He noted that it was now 18 months since he had launched the MW2063; 18 months since the African Continental Free Trade Area (AfCFTA) ratification; 13 months since he delivered an agenda on wealth and job creation; and 9 months since MIP-1 was launched with a focus on the need to diversify our commercial crops. He noted that what Malawi lacks are not policies but actions to implement the policies and that the machinery is available, but there is a need for implementation at a large scale. He noted that in the week following the 2022 MAPCC, the private-sector labs under the Presidential Delivery Unit (PDU) will be launched to resolve private-sector barriers and propose solutions. This is an opportunity to engage the private sector and attract private-sector investment in the agricultural sector.

“Let the Ministry of Agriculture and all other key sectors be there to listen (not to defend), for example, on how to drive investment in the mega-farms since this is a priority of my government.”

The President of the Republic of Malawi, His Excellency, Dr. Lazarus McCarthy Chakwera

2.2 MAPCC 2022 Conference Session Highlights

2.2.1 Session 1: Enhancing Agricultural Productivity: Improving Access to Agricultural Inputs

This session was based on the premise that enhanced access to inputs is needed to drive agricultural productivity and catalyze agricultural diversification beyond maize as a food crop and tobacco as a cash crop, as espoused in the MW2063.

The session, facilitated by Dr. Joseph Nagoli of NPC, focused on highlighting pathways to build strong agricultural input systems that will support agricultural diversification. Dr. Christone Nyondo of the MwAPATA Institute gave an opening presentation entitled “*The role of agricultural input systems in achieving the MW2063.*” Thereafter, Mr. Ronald Ngwira of Pyxus Agriculture Limited and Dr. Geoffrey Kananji of the Centre for Agricultural Transformation (CAT) shared practical experiences on access to agricultural inputs. Crowning the session was a panel discussion that featured various panelists; (i) Mr. Cosmas Luwanda, Executive Director, Cotton Council of Malawi, (ii) Dr. Alexander Bulirani, Controller of Agricultural Services, Ministry of Agriculture, (iii) Ms. Chikondi Ng’ombe, Chairperson of Seed Traders Association of Malawi, (iv) Ms. Tendai Saidi, Acting National Director, CISANET, and (v) Ms. Temwani Simwaka, Deputy Chief Executive Officer of NBS Bank.

The key issues raised included: (i) Agricultural input systems are a critical ingredient for raising agricultural labor productivity; (ii) raising agricultural labor productivity is critical for increasing the rate of agricultural output growth; (iii) increasing agricultural output growth is critical for increasing economic output per person and achieving MW2063; (iv) increasing access to research and extension services on new agricultural technologies such as improved seeds is a prerequisite for diversification, especially in legume value chains; (v) scaling up appropriate technologies to the farmer level has the potential to trigger productivity; (vi) access to agricultural finance is critical to enhance farmers’ access to capital-intensive inputs that raise productivity and efficiency; (vii) timely access to inputs such as under the AIP is very important for efficient utilization of seed and fertilizer; (viii) reconfiguring the fertilizer mix and blends towards area/location-specific fertilizer recommendations is needed to increase productivity; and (ix) there is need to appreciate and promote “citizen science” so that farmers are at the center of the agricultural diversification agenda.

This session produced several key policy recommendations and practical actions to increase access to inputs: (i) Develop a national input planning system to sort out supply and demand issues; (ii) improve the legal and regulatory environment in the seed sector to facilitate private breeding programs and access; (iii) increase agro-industry competitiveness (i.e., for seed, fertilizer, services, etc.); (iv) improve institutional support to agri-businesses in the input supply ecosystem; (v) ensure vibrant extension systems that enhance farmers' potential utilization of inputs; (vi) enhance public and private sector collaboration for delivery of inputs to farmers; (vii) restructure agriculture with structured markets to facilitate access to finance through guarantee schemes; (viii) explore the greater role of agro-ecological systems and organic fertilizers, including in the AIP; and (ix) deploy both short- and long-term measures to curb fertilizer deficiency and skyrocketing prices, e.g., by establishing domestic fertilizer plants and utilizing the Malawi Fertilizer Company to blend appropriate location-specific fertilizers.

“Raising agricultural labor productivity is critical for increasing the rate of agricultural output growth. And increasing agricultural output growth is critical for increasing economic output per person and achieving MW2063.”

Dr. Christone Nyondo, MwAPATA Institute

2.2.2 Session 2: Enhancing Agricultural Productivity: Improved Soil Health

The MW2063 has identified sustainable land management practices as a key factor for increasing productivity with full acknowledgment that healthy soils are the foundation of a vibrant food system. Our soils are the basis for agriculture and the medium in which nearly all crops grow. Hence, having healthy soils is a prerequisite to producing healthy crops that, in turn, nourish people and animals.

This session, facilitated by Dr. Anderson Gondwe of MwAPATA Institute, focused on discussing ways to enhance the adoption of soil health innovations. Dr. Patson Nalivata of LUANAR gave an opening presentation entitled *“Sustainable soil management: Key to driving agricultural productivity in support of the Aspirations of MW2063.”* Thereafter, practical experiences in soil health-related technologies were shared by Mr. Goodfellow Phiri of Environmental Industries, which produces Bio-nitrate liquid fertilizers, and Dr. Jiehua Chen of

QED, which engages in data collection and precision agriculture innovations. Crowning the session was a panel discussion featuring (i) Mr. Stephen Nanthambwe, a soil health expert; (ii) Mr. Mazaza Nyirenda, farmer and Co-Owner at Prod-Hort Investment; and (iii) Mr. Mcloud Kayira from AGRA Malawi.

The key issues raised were: (i) Malawi is experiencing increased soil loss due to poor soil cover and inadequate soil management practices; (ii) weak policies and overlap of mandates in the soil health ecosystem are jeopardizing soil health promotion efforts; (iii) some soil health technologies are being used such as legume intensification, biofertilizer, organic fertilizer, conservation agriculture, and intensification/rotation, though these need to be scaled up; (iv) there is too much emphasis on inorganic fertilizers; (v) adopting soil health-enhancing technologies can help boost agricultural exports, especially with the growing interest in healthy foods and sustainable production systems; (vi) there is a need to ensure that soil healthy technologies are economically beneficial to the farmers in order to increase adoption; (vii) conflicting messages from different players in the agricultural sector derail the promotion of soil health technologies; and (viii) there is need to ensure adequate capacity in the extension system regarding soil health issues.

The key practical actions and recommendations were: (i) Revise policies and strategies related to soil health; (ii) promote the use of organic fertilizer and explore whether it should be included in the AIP; (iii) enhance the skills of farmers to adopt soil health technologies; (iv) establish soil testing facilities and labs to offer localized fertilizer recommendations; (v) explore precision agriculture, such as the use of satellite imagery to map land cover and monitor soils and agricultural activities; (vi) enhance coordination within the sector and harmonize messages to avoid confusing farmers; and (vii) promote sustainable farming practices such as the use of organic fertilizer, compost, or farm yard manure.

“The demand for organic fertilizer is very high, but the challenge is capitalization, which would enhance production capacity and distribution across the nation.”

Mr. Goodfellow Phiri, Environmental Industries

2.2.3 Session 3: Enhancing Agricultural Productivity: Addressing Barriers to Agricultural Mechanization

The MW2063 has espoused that increased use of modern technologies and farm mechanization is necessary for catalyzing a commercially oriented agricultural system in Malawi. This session was facilitated by Professor David Kamchacha of Mtalimanja Holdings with the key objectives to discuss the current status of agricultural mechanization in Malawi and recommend ways through which constraints can be tackled to support the agricultural diversification agenda in the country. Dr. Hankie Uluko, an Associate Professor at MUST, gave a keynote presentation entitled “*Mechanize or Perish: Achieving production potential and commercialization aspirations*” and noted that mechanization in the country hovers at around 20-30% of its potential. Thereafter, practical experiences and success stories of mechanization were shared by Mr. Kondwani Nanchukwa, Executive Director of the Foundation for Irrigation and Sustainable Development (FISD), and Mr. Li Tie, Chairman and Managing Director of CAMCO Group. Crowning the session was a panel discussion that featured five panelists: (i) Dr. Hendrix Kazembe, Deputy Director, Chitedze Research Station; (ii) Dr. Grivin Chipula, Head of the Department of Agricultural Engineering, LUANAR; (iii) Mrs. Gift Kadzamira, Acting Director General, National Commission for Science and Technology; (iv) Mr. Sangwani Hara, Board Chairman, Tea Association of Malawi; and (v) Prof. Zachary Kasomekera, Chairperson, University Council, LUANAR.

Key issues raised in the session were: (i) Many government policies point to mechanization to achieve high agricultural production and productivity, including the NAP, NAIP, SDG, MW2063, and the Malabo declaration; nevertheless, mechanization in the country is limited; (ii) various challenges have hampered mechanization in Malawi, including a lack of finances to purchase machinery, land issues (scarcity, rights, and fragmentation), high energy costs, lack of coordinated efforts, unattractiveness of agriculture to young people, little emphasis on farm power and machinery at Department of Agricultural Research Services (DARS), generalized content and lack of specialization in the schools of higher learning, and low investment from both public and private sectors; (iii) the Government’s sourcing of equipment has faced challenges, and sometimes the equipment was not what was needed (as in the case of SONALINKA tractors, in which most of them broke down as they could not withstand the soils in Malawi); (iv) there is an overemphasis on mechanization in the crop industry relative to other parts of the agricultural sector; (v) policies in mechanization are dissonant; (vi) there is limited financing in equipment as a key factor of production; (vii) the declining

ADMARC has affected rural mechanization schemes; and (viii) there is need to look at the mechanization of entire agricultural value chains to ensure efficient systems.

Policy recommendations and practical actions for enhancing mechanization were: (i) Enhance stakeholder collaboration in strategic decisions and investments in mechanization to ensure appropriate and sustainable systems; (ii) harmonize agricultural mechanization policies in the sector and other related sectors such as irrigation; (iii) introduce Government subsidies for equipment and machinery; (iv) establish a standalone Department of Mechanization within the Ministry of Agriculture, as mechanization goes beyond just crop production; (v) create mechanization demand through demonstrations and efforts to raise awareness; (vi) deploy private sector-led machinery supply and introduce low-cost and appropriate equipment (such as “walking tractors”) to farmer groups; (vii) promote research and development of appropriate technology at DARS and higher learning institutions; (viii) provide investment funds/loans for equipment acquisition using land as collateral; (ix) build capacity for extension workers in the appropriate use of equipment; (x) provide zero-rate customs duty and VAT on all agri-machinery related to production and post-harvest processes; (xi) target the mechanization drive to all farmers (of small, medium, and large scale); (xii) explore land consolidation among smallholder farmers in order to fully mechanize, e.g., the Shire Valley Irrigation Scheme; (xiii) include mechanization in the AIP program and bring more projects similar to AGCOM to farmers; and (xiv) learn from private sector, such as Illovo Plantations, which is utilizing precision agriculture, and the Tea Industry, which has deployed high-tech mechanization and cost-recovery schemes with smallholder farmers.

“How did we change and transform from using mtondo for grinding maize to using a modern maize mill? Because the service was made available and provided in the localities (service providers brought the service to the people). Let’s go to where mechanization is needed.”

Prof. Zachary Kasomekera, Chairperson, University Council, LUANAR

2.2.4 Session 4: Enhancing Structured Agricultural Market Access

The important role of structured markets cannot be over-emphasized. It is critical to stabilize the volumes and prices of agricultural commodities and diversify foreign exchange earnings. If supported by export mandates, it limits informal cross-border trade of grains/cereals and

increases agricultural exports, potentially providing better data on volumes traded to aid in the planning, production, and marketing of crops in the country. The MW2063 acknowledges that the promotion of domestic and international structured market linkages is a prerequisite for the agricultural commercialization drive in Malawi.

The session started with a high-level panel discussion on “*Structured agricultural markets in Malawi*,” facilitated by Mr. Chancellor Kaferapanjira, CEO of MCCCCI. The panel featured (i) Mr. Sandram Maweru, Principal Secretary for Agriculture; (ii) Mr. Mayeso Msokera, Ministry of Trade; and (iii) Mr. Joshua Nthakomwa, Private Sector Development Specialist at Malawi Millennium Development Trust. Thereafter, Prof. Levison Chiwaula of the University of Malawi gave a keynote presentation entitled “*Developing profitable marketing systems for high-value crops in Malawi: Insights from soya beans*.” Mr. Nicholas Mkandawire from AGCOM shared a practical presentation on the lessons learned on agricultural commercialization. Crowning the session was a panel discussion that featured (i) Mr. Paul Kwengwere, CEO, Malawi Investment and Trade Centre (MITC); (ii) Mr. Mayeso Msokera, Ministry of Trade; (iii) Dr. Joachim De Weerd, IFPRI; (iv) Mr. Felix Manda, Nambamba Cooperative; (v) Mr. Steven Kuliya, Oxfam Malawi; and (vi) Ms. Lucy Stambuli, Agricultural Commodity Exchange for Africa (ACE).

Key issues for enhancing structured agricultural market access were: (i) There is high demand for Malawi’s exports in the region and under the AfCFTA; (ii) although the commodity exchange is not mandatory, it is a good avenue for trading with a focus on export markets; (iii) providing small farmers and traders with price information alone is not enough to facilitate their access to structured markets; rather, there is need to standardize quality grades and lower costs of collateralized financing and warehousing charges in the warehouse receipt systems in Malawi; (iv) the development of better infrastructure (such as transport linkages and storage facilities) is expected to play an important supporting role in promoting structured markets in Malawi; (v) regulatory policies that aim to protect prices will never work without enforcement mechanisms; (vi) there is a need to encourage policies that disincentive smallholder farmers from participating in unstructured markets; (vii) there is limited financing to support structured market development for both farmers and buyers; (viii) pieces of legislation that inform trade decisions are un-coordinated and inconsistent; (ix) the nation has to start thinking of private sector-led industrialization and not state-driven campaigns; and (x) women are not involved in marketing, hence are not benefitting from the proceeds of marketing endeavors.

Key policy recommendations and practical actions to enhance structured trade were: (i) Develop aggregation strategies such as grouping farmers into clubs and cooperatives for easy aggregation and pooling of their resources, factors of production, finance, and produce, which enhances their access to technology, loans, and extension services and raises their bargaining power; (ii) enforce the Government's minimum farm gate prices; (iii) improve farmers' access to timely and value chain-specific market information and raise their awareness of existing structured market opportunities and associated requirements; (iv) scale up and replicate AGCOM, with the next phase potentially providing working capital in addition to assets; (v) when talking about structured markets, focus should also be on non-cereal value chains such as horticulture, hence the need to fast track the release of the horticulture policy and develop cold chain infrastructure to support the horticultural sector; (vi) enhance coordination among actors, especially the MITC, Ministry of Trade, Ministry of Agriculture, and Ministry of Finance to provide an enabling environment for structured trade; (vii) integrate structured markets into the revision of the NAP; (viii) recapitalize ADMARC to operate as a commercial player in order to catalyze formal and accessible markets for smallholder farmers; (ix) make agricultural marketing, value addition, and product development a core module in agricultural extension; (x) bring structured markets closer to smallholder farmers, as well as large farms and processing companies; (xi) de-politicize key trade institutions such as the MITC, Malawi Agricultural and Industrial Investment Corporation (MAICC), and ADMARC; and (xii) decentralize the registration of cooperatives to the district level so that smallholder farmers can more easily be organized in groups.

"There are too many roadblocks to export agricultural produce from Malawi that need to be looked into to exploit formal regional and international trade and take advantage of the AfCFTA ... Most farmers use the informal market systems in places such as the popular "Mgona" in Area 25, Lilongwe, which uses unchartered routes for exports especially legumes, with the government losing forex and taxes."

Conference Participant

2.2.5 Session 5: Youth, Women, and Agricultural Diversification

Women and youth play an integral role in the agricultural sector, though, more often than not, they have less access to productive resources and capital and fewer opportunities to apply their skills and knowledge. The MW2063 notes that reinforcing gender equality, as well as empowerment of women and girls, is critical in shaping decisions at the household, community, and national levels to achieve inclusive wealth creation. This session was facilitated by Mr. Dumisani Mambiya, Executive Director of Agri-jobs, to discuss practical approaches or pathways to the inclusion of youth and women in the agricultural diversification agenda. Dr. Theresa Gondwe from UN Women gave a keynote presentation entitled “*The role of women in driving agricultural diversification: The Case of UN Women.*” Practical experiences were shared by representatives from Noble Agri-Tech (hydroponics) and Thanthwe Enterprises. Crowning the session was a panel discussion that featured various panelists: (i) Mr. Blessings Chavula, CEO-MHub; (ii) Ms. Madalitso Chipekwe, Co-founder & Partnership Lead, ACADES; (iii) Mr. Modesto Gomani, Acting CEO, Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA); (iv) Mr. Wales Chigwenembe, ActionAid International Malawi; and (v) Mr. Pearson Soko, Director, Department of Agricultural Extension Services.

Key issues raised were: (i) Closing the gender gap in agricultural productivity and enhancing women’s income through the adoption of promoted agricultural technologies is a prerequisite for agricultural transformation; (ii) providing equal opportunities for women and youth in terms of skills development, extension services, and markets is critical in enhancing agricultural diversification; (iii) there is a need to address socio-cultural barriers that prevent women from claiming equal rights; and (iv) there is poor coordination among players; nevertheless, the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) tries to engage with partners such the Ministry of Agriculture and LUANAR for skills development.

Key policy recommendations and practical actions were: (i) Robust inclusion requires looking at household and inter-generational power relations, as well as gender dynamics; hence, all agricultural investments have to be designed with a women and youth lens; (ii) advocate for policies that promote increased access to finance by women and youth farmers, including having a quota for women and youth; (iii) policy frameworks need to prioritize creating employment opportunities for women and youth in smart farming, especially, as well as off-farm activities in support of digitalization/high tech in agriculture and a green economy; (iv)

facilitate the establishment of youth or women-led enterprises and farms; (v) make agriculture appealing to youths and include them in the “mega-farms” agenda; (vi) incorporate TEVETA programs in primary schools; and (vii) create spaces and sponsor youth and women to participate in similar agricultural conferences to speak for themselves.

“It is not true that youths are not interested in agriculture. The problem is that agriculture is not working for the youths, otherwise, we are ready to actively participate in the agricultural transformation process.”

Ms. Madalitso Chipekwe, Co-founder & Partnership Lead, ACADES

2.2.6 Session 6: Reflection on Highlights of the Conference and Policy Recommendations for Promoting Agricultural Diversification

The final session, facilitated by Prof. Chomora Mikeka, Director of Science, Technology and Innovation in the Ministry of Education, summarized issues raised and reflections from all the conference sessions to identify concrete policy action points and investments necessary for driving agricultural diversification in Malawi.

A high-level panel was constituted featuring (i) Dr. Rodwell Mzonde, Director of Agricultural Planning Services, Ministry of Agriculture; (ii) Ms. Sophie Kang’oma, Director of Monitoring and Evaluation, Economic Planning and Development; (iii) Mr. Maurice Shines, DCAFS Representative; (iv) Mr. Ronald Ngwira, Managing Director, Pyxus Agriculture Limited; and (v) Prof. Levison Chiwaula, University of Malawi. Conference delegates also had opportunities to share ideas and ask questions of the panelists.

Key recommendations and practical actions that have not already been discussed in the previous sections of this report were: (i) Government must scale up large-scale investments in agriculture beyond isolated projects such as AGCOM and the Shire Valley Transformation Project; (ii) the Government’s policies and programs in support of agricultural diversification should be promoted, the development of the Agricultural Diversification Policy should be accelerated, and there must be harmonization of policies under the revision process of the NAP; (iii) different stakeholder and development partners need to support the Government in

implementing diversification strategies; hence, donors/funding agencies should continue providing complementary finance, aligning their investments to the Government's priorities, providing technical assistance, and investing in catalytic game-changing infrastructure such as in the irrigation and energy sectors; (iv) the Government must address the current fertilizer price crisis through strategies such as buying in bulk directly from suppliers, establishing a fertilizer plant in the long run, and requesting that donors assist in procuring fertilizer this farming season, as it is a crisis; (v) the Government and stakeholders have to track different investments in the agricultural sector in order to measure progress and impact; (vi) the Government should desist from over-regulation of the agricultural sector because that hampers foreign direct investments; rather, the Government should put in place regulations that provide win-win solutions with the private sector; (vii) academia and research centers should aim to provide solutions and innovations in the agricultural sector such that Malawi's agricultural sector is competitive; and (viii) the Government should ensure continuity of its policies in order to enhance policy consistency and to better attract foreign direct investment.

“There is over-regulation in all spaces/systems when we want to do business. For example, you need 17 licenses to operate a hotel or a restaurant and 12 licenses to export groundnuts. When coming up with regulations in agriculture, the government should consult all stakeholders so that the decisions facilitate growth and do not hinder investments.”

Mr. Ronald Ngwira, Managing Director, Pyxus Agriculture Limited

Synthesized Policy Actions and Recommendations

The synthesized policy actions and recommendations that cut across all sessions are summarized in Table 1 below:

Table 1. Policy Actions and Recommendations

The delegates recommend the following policy actions and recommendations to be undertaken with speed:

Strategic Area of Focus	Policy Actions and Practical Recommendations	Champions and Responsible Actors
1. Sustainable input supply system to accelerate diversified production and commercialization	<p>1.1 Reform “NOW” the Affordable Inputs Program (AIP) towards either being a productivity-enhancing social protection program <u>or</u> a catalyst program for building a new niche of diversified, high-value, exportable farm products beyond tobacco, including broadening its scope to other value chains and types of inputs.</p> <p>1.2 Roll out short- and medium-term measures to curb the inorganic fertilizer gap in the country, e.g., promote in-country fertilizer blending and explore the feasibility of establishing a fertilizer plant locally.</p> <p>1.3 Ensure strict, transparent, and corruption-free procurement and disbursement mechanisms in the input subsidy programs to ensure meaningful benefits for the intended/targeted households.</p> <p>1.4 Reduce import taxes and fees for fertilizers.</p>	Ministry of Agriculture and Ministry of Finance and Economic Affairs
2. Soil health for increased productivity	<p>2.1 Revise policies and strategies in the soil health sector, enhance coordination within the sector, and harmonize messages to avoid confusing farmers.</p> <p>2.2 Promote the use of organic fertilizer and consider including it in the AIP.</p>	Ministry of Agriculture

	2.3 Establish soil testing facilities and labs to help in the generation of localized fertilizer recommendations.	
3. Functional, vibrant, and profitable structured markets for a diverse range of commodities	<p>3.1 Revitalize, restructure, and recapitalize ADMARC “NOW” to operate on a commercial basis, de-link the social arm so that it acts as a produce aggregator for local and international markets, and leverage the changed fiscal year to start buying produce in time.</p> <p>3.2 Enforce mandatory use of structured markets that are fully developed for all strategic diversified agricultural commodities in line with the National Export Strategy to increase the volumes and quality, improve the profitability for farmers, and maximize taxes collected by the Government.</p> <p>3.3 Enhance policy harmonization, coordination, consistency, and predictability in the market and trade-related policies among relevant ministries, departments, and agencies (MDAs).</p> <p>3.4 Integrate “structured markets” in the new National Agricultural Policy being developed by the Ministry of Agriculture.</p>	Office of the President and Cabinet, Ministry of Trade and Industry, Ministry of Agriculture, and Ministry of Finance and Economic Affairs
4. Agricultural innovation, research, and extension	<p>4.1 Reorganize the Ministry of Agriculture budget vote to ensure meaningful allocation of resources to research and development and extension services to spur the country’s own tailor-made agricultural research agenda in line with MIP-1 and reorient the extension services towards agricultural commercialization.</p> <p>4.2 Develop a plan for reform of the extension system in consultation with key stakeholders.</p>	Ministry of Finance and Economic Affairs and Ministry of Agriculture

5. Robust private sector participation, investments, and engagement in the diversification drive	<p>5.1 Enhance public-private partnerships (PPPs) for increased investment in diversified higher-value crops and investment in MIP-1 flagship projects.</p> <p>5.2 Provide incentives for both local investment and Foreign Direct Investment (FDI) and ensure policy consistency and predictability to give confidence for large private-sector investments in the agricultural sector.</p> <p>5.3 Streamline policies for financing mechanisms for all types of farmers including smallholder farmers, small and medium enterprises (SMEs), and large commercial farming enterprises.</p> <p>5.4 Engage the financing and banking sector for affordable agricultural financing mechanisms including concessionary loans and credit guarantees to spur commercialization.</p> <p>5.5 Provide a more enabling environment for agricultural investments by streamlining and reducing redundancies in licensing requirements along agricultural value chains.</p>	Ministry of Finance and Economic Affairs, Ministry of Trade and Industry, Ministry of Agriculture, MCCCCI, MAICC
6. Large agricultural and infrastructural development commensurate with the commercialization drive	<p>6.1 Scale up and attract large-scale investments in agriculture such as the Agricultural Commercialization (AGCOM) Project's productive alliance models to increase productivity in diversified value chains.</p> <p>6.2 Pilot several alternative models of mega-farms in the next six months to assess how effective scaling-out of large farms will be undertaken in Malawi.</p> <p>6.3 Explore the feasibility of mega-farms under public-private partnership (PPP) mechanisms to catalyze increased productivity</p>	Ministry of Agriculture, Ministry of Finance and Economic Affairs, Ministry of Transport

	<p>and commercialization, including collaboration with already existing pipelines such as the Green Belt Authority and Press Agriculture.</p> <p>6.4 Scale-out investments in game-changing infrastructure across agricultural value chains such as large-scale irrigation at the level of the Shire Valley Transformation Project, electrification, cold chain systems, road and railway systems, and warehousing infrastructure to spur domestic value addition.</p>	
<p>7. Farmer organizational development for increased access to inputs, capacity, finance, and market linkages</p>	<p>7.1 Strengthen, scale up, and decentralize registration of vibrant cooperatives and farmer associations to ease access to markets, technologies, capacity development, financing, extension services, insurance services, and input supply.</p>	<p>Ministry of Agriculture, Ministry of Trade and Industry, and Farmers Union of Malawi</p>
<p>8. Enhanced mechanization of agriculture</p>	<p>8.1 Establish a Department of Mechanization separate from the Department of Crops in the Ministry of Agriculture to stimulate the mechanization drive and acknowledge that mechanization can occur throughout the agri-food system (not just in crop production).</p> <p>8.2 Zero-rate the customs duty and VAT on agricultural machinery to incentivize investments in mechanization.</p> <p>8.3 Attract investment in appropriate equipment and roll out rural-based hiring schemes in collaboration with the private sector, e.g., CAMCO and banks such as NBS Bank.</p>	<p>Ministry of Agriculture, Universities, TEVET, and Ministry of Water and Sanitation</p>

9. Maximizing land potential in Malawi	9.1 Expedite the land titling system to increase farmer access to financing and markets. 9.2 Explore land amalgamation mechanisms for smallholder farmers to facilitate the mechanization process.	Ministry of Lands, Ministry of Agriculture, and Ministry of Justice
10. Bridging the gender gap and exploiting the youth demographic dividend in agriculture	10.1 Establish a quota for women and youth in agricultural investment opportunities and acquisition of production enhancement assets to enhance women and youth participation in agriculture.	Ministry of Agriculture, Ministry of Gender, and Ministry of Youth