



**NATIONAL
PLANNING
COMMISSION**



Concept Note

The Impacts of the Russia - Ukraine Conflict on Malawi: Roundtable Dialogue on Harnessing the Opportunities

Venue: Capital Hotel, Lilongwe

Date: Wednesday, 20th July 2022

1. Introduction

The Russian Federation invaded Ukraine on the 24th of February 2022. In response, several countries have imposed sanctions targeting Russian individuals and the broader economy. As of this writing, the future duration and scope of this conflict remain largely uncertain. However, the potential – even likely – detrimental impact on Malawian livelihoods will be massive, and steps need to be taken now to mitigate against the effects and take advantage of the opportunities that arise from the Russo-Ukraine conflict.

To this end, a number of institutions have been independently investigating the implications of the Russian-Ukraine conflict on Malawi. The MwAPATA Institute, in partnership with the United Nations Development Programme (UNDP) and the National Planning Commission (NPC), organized a roundtable dialogue to consolidate the findings of the various studies being undertaken by the various stakeholders and agree on concrete strategies that the Government of Malawi could implement in the short-term, medium-term, and the long-term in order to ease the burden on the country and the people.

2. Objectives and outcomes

In consolidating the findings through the engagement of multiple stakeholders, the roundtable event sought to develop a clearer picture of the key impacts and opportunities of the Russia - Ukraine conflict. Where possible, attempts were made to achieve consensus from the stakeholders on the specific implications on the Malawian economy

and the strategies or major next steps that need to be undertaken in addressing the impacts and taking advantage of the opportunities.

3. Stakeholders

The event brought together the stakeholders in the economy including academia, government ministries, departments, and agencies (MDAs), the donor community, civil society, the media and private sector, and the UN agencies, among others, to the dialogue forum. A total of 65 physical participants and 35 online participants attended the dialogue.

4. Key Issues & Policy recommendations

There was consensus that while the Russia-Ukraine conflict is negatively affecting the economy it also presents opportunities in a number of sectors including rising global food prices and fuel shortages and transportation hiccups.

It was agreed that Malawi should take advantage of the supply gap created in the global markets and scale up production of some agricultural products including soya, sunflower, wheat, sorghum, and maize, among others.

It was further agreed that the global shortages, supply disruptions, and subsequent price increases pose challenges for fuel and fertilizer which take up a significant proportion of our import bill. This presents opportunities for investments in domestic/regional production of inorganic and organic fertilizers, and Investments in fuel storage and transport.

Proposed policy recommendations include:

- Investing in food processing;
- Increasing investment in agricultural extension services, and agricultural value chains with strong impacts on import substitution and forex generation through exports;
- Fast-track the operationalization of the Special Economic Zones (SEZ) as one of the enablers for private sector growth;
- Financing for mega-farms throughout the entire value chain by providing financial support for all stages i.e land acquisition to food processing either through a public-private partnership or private businesses financed through commercial banks;
- Diversify export revenue by investing seriously into commercial agriculture and mining for import and export trade balances;
- Promoting locally made commodities for import substitution as highlighted in Buy Malawi Strategy;

- Increasing exports of Malawian-made products and services under National Export Strategy II;
- Make use of the demographic dividends to capitalize on the opportunities created by the Russian-Ukraine war in various sectors of the economy (production, food processing, manufacturing);
- Investing in domestic fertilizer production;
- Promoting smallholder uptake of Integrated Soil Fertility Management for increased fertilizer use efficiency;
- Ensuring timely procurement & delivery of subsidized inputs for all growing seasons starting with the 2022/23 season;
- Expanding fuel storage reserves (to keep up with increased fuel demand and improve fuel security);
- Rehabilitating railways e.g. Salima-Lilongwe-Mchinji, in order to cut high costs associated with road transportation;
- Managing inflation and foreign rate stability – Adjusting the bank interest rate from 12 to 14% and currency devaluation;
- Controlling and managing debts by moving from consumption-oriented borrowing to credit investment in productive sectors including agriculture