

**TALKING POINTS FOR AGRA PRESIDENT, DR. AGNES KALIBATA, AT MALAWI  
AGRICULTURAL PRODUCTIVITY AND COMMERCIALIZATION CONFERENCE, BICC,  
LILONGWE, MALAWI**

**30 AUGUST 2023**

**Keynote address on the Theme:** Diversified agricultural value chains for improved trade balances and foreign currency reserves.

1. Thank you Programme Director, Theresa Ndanga
2. All **protocols** observed
3. I feel honoured and pleased to be here and I am **grateful to have been invited** to this important Conference. I would have loved to be here in person but prior engagements did not allow. I thank you for providing for the virtual option.
4. I wish to salute the leadership of the Government of the Republic of Malawi for the contribution to not only national development but also to our continent's progress.
5. I wish to thank especially H.E The President of the Republic of Malawi for an active role in **championing food systems transformation** on the continent. I saw this especially at the time I was Special Envoy of the UN Secretary-General for the 201 Food Systems Summit. We are encouraged that Malawi has since embarked on translating food systems pathways into strategies and investment plans.
6. I am proud as leader of AGRA to be partnering with you. We look forward to our **continued partnership** in furtherance of this important progress.
7. I am very happy to have been invited to give a **keynote speech** at the Malawi 2023 Agriculture Productivity and commercialization conference under the theme "Diversified agricultural value chains for improved trade balances and

foreign currency reserves”. This is indeed a pertinent topic and it is line with the overall vision of the African continent to transform its agriculture **from subsistence to agriculture as a business**. It is also pertinent given the times we are living in especially imposed by climate change and the Russia-Ukraine crisis which has been a wake up call for all of us to not only boost our own agriculture **production** but also to **diversify**.

8. AGRA places **smallholder farmers** at the centre and I note that the agricultural sector in Malawi is dominated by smallholder farmers (4.5 million) who account for 75% of production. The average farm size among the smallholder sector is 0.5 hectares (GoM, 2020<sup>1</sup>). Most of the crop production is subsistence-based. The top 5 produced crops are Maize, Tobacco, Soyabeans, Groundnuts and Cassava (GoM, 2020<sup>2</sup>). However, maize is the dominant, cultivated by 70% of Malawians, and contributes high share of dietary energy. Tobacco, tea, and sugar are Malawi’s principal exports with tobacco accounting for over 60% of exports, while wheat is among the leading agricultural imports. In total, the agricultural sector accounts for over 80% of Malawi's export earnings. Overall, Malawi is a net agricultural produce exporter, exporting \$1.9 billion of agricultural produce in 2017 against \$0.4 billion imports. In terms of sector performance,

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<sup>1</sup> Guide to Agriculture Production (2020)

<sup>2</sup> Agricultural Sector Performance Report (2020)

productivity levels are generally low, with yields of the main crops, including as maize, soybeans, rice and groundnuts, currently 30% of potential yields (GoM, 2020<sup>3</sup>). Frequent droughts and floods, and an overdependence on maize, a drought sensitive crop, are among the major factors affecting agricultural productivity. Fertilizer use is at 35kgs/ha<sup>4</sup> against an optimal rate of 200kgs/ha<sup>5</sup>, while the adoption of improved seed is at 50% for maize.

9. AGRA in its new strategy 2023-2027 as placed a spotlight on **youth and women**. I know that Malawi's population is largely youthful with 80% of its population aged below 35 years and with a median age of 17. The youthful population is acknowledged as being one of Malawi's strongest assets (WB, 2020). The Malawi economy is heavily skewed towards the agriculture sector which generates over 80% of national export earnings. About 85% of the rural population depends on agriculture as a source of their livelihood. National poverty headcount stands at around 50%. Hence, Agriculture has steadily been a key priority of Malawi's national policies over the past 30+ years and will remain key to the development of the Country.

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<sup>3</sup> Ministry of Agriculture, Third round crop estimates

<sup>4</sup> IFDC Report (2018)

<sup>5</sup> Ministry of Agriculture, Guide to Agriculture Production (2020)

10. It is encouraging to see **efforts and progress** being made by Malawi.

According to the CAADP Biennial Review report of 2021, **Malawi is among the countries that are on track to achieving at least 6% annual growth rate**, with budget allocation to the agricultural sector exceeding the 10% CAADP target since 2019. There is a general readiness to restructure the AIP to be more efficient through a graduation process based on latest engagements with Government.

11. I wish applaud the fact that this country has a **2063 Vision (MW2063)**, which sets out a clear framework for policy and a roadmap providing a guideline for the country's long-term development, including agricultural productivity and commercialization (GoM, 2021).

12. We all know the **catalyst that trade provides for production** and I am glad that this conference is highlighting the importance of trade. Malawi had a trade deficit of US\$138m in March of 2022. Inadequate crop diversification plays a significant negative role in the nutrition status of Malawians (NSO, 2017). Agriculture and food systems play a crucial role in Malawi's economy and contribute 23.2% to the National Gross Domestic Product (GDP) in 2021, while supporting the livelihood of about 85% of the population. Around 82.6% of the population is rural, with a population density of 170

people/km<sup>2</sup>. Despite the policy and political significance of the agricultural sector in the country, domestic food supply does not meet the goal for sustainable healthy diets for all Malawians.

**13. Youth in agriculture:** The World Bank estimates that a demographic shift of youth back to agriculture in Africa can generate 11–15% increase in gross domestic product (World Bank, June 2022). However, the potential of the agricultural sector to provide dignified and fulfilling work opportunities for Malawi’s young women and men is affected by a number of key constraints including: 1) lack of awareness amongst youth of viable opportunities in agriculture, 2) lack of entrepreneurial skills to build agribusiness enterprises, 3) limited access to land, 4) limited access to affordable finance, and 5) limited access to sustainable markets, including the market information needed to exploit market opportunities.

**14. Agri-food sector:** Across most of the developing world, including Malawi, the agri-food sector remains a critical driver of economic activity, and has considerable potential to provide dignified and fulfilling employment opportunities for young women and men. Despite the soaring unemployment levels for both trained and unskilled youth, agriculture accounts for the largest share of total youth employment (58.4%) in Malawi, followed by employment in wholesale and retail trade (9.8%) and manufacturing (7.7%) (OECD, 2018).

**15.Challenges:** Malawi has been negatively impacted by COVID-19, climate change with recurring droughts and floods including the latest cyclone Freddy. This has brought Malawi on a backward economic trend with a significant proportion of the population in Southern Malawi threatened with hunger.

**16.AGRA-Malawi Partnership:** AGRA's operations in Malawi date back from more than a decade ago. During its first ten years, AGRA focused its investments on capacitating leadership of seed and fertilizer systems. We supported the release, commercialization, production and distribution of improved inputs including seed of diversified crop varieties, and the establishment of local seed companies.

**17.Over the past five years between 2017 and 2022, we focused on scaling the adoption of improved technologies;** we enhanced farmer awareness of good agronomic practices, including integrated soil fertility management and strengthened post-harvest capacities and marketing. Through AGRA's scaling models for transformation, our support promoted government ownership and coordination of resources in the sector. We facilitated policy reforms, national flagship development and fundraising in addition to helping expand farmer extension networks through incentive-based Community Agribusiness Advisors (CAAs). AGRA's support notably reduced distances travelled by farmers to access inputs and increased technology adoption. This downstream delivery model was implemented in 11 out of 28 districts

and is now ready for nationwide scale-up towards bundling of agri-food entrepreneurship services while creating demand from SHFs and supporting aggregation and value addition for the market under an integrated digital technology system.

18. From implementation of the above interventions, AGRA recognized the importance of **matching on-farm productivity increases with substantial market “pull” opportunities** for commodity off takers as well as requisite access to finance for market actors. Addressing systematic constraints in markets and access to finance is critical when building strong agri-food markets and trade at national and regional levels.

19. **AGRA Malawi developed the current country strategy for 2023-2027 to sustainably contribute to the transformation of the country’s agri-food system.** This strategy aligns with the country in achieving its 2063 Vision, the overarching policy framework whose main aim is to achieve upper middle-income status by the year 2063. The strategy specifically contributes to the first pillar of the initial 10-year implementation plan (MIP-1) – on Agricultural Productivity and Commercialization.

20. AGRA identified the key challenges that persist in the Malawian food sector before further interrogating the existing gaps and assessing the depth and

breadth of national flagships and other relevant projects. This approach enabled us to have an ecosystem viewpoint before proposing areas for AGRA's interventions, after taking into consideration our comparative advantage to lead, invest or leverage other partners' investments that could best sustainably accelerate food systems transformation in Malawi. AGRA held consultative as well as validation meetings with various stakeholders in the country on our recently launched strategy to enhance shared ownership. We have supported government ministry of Agriculture under a multi-stakeholder approach to develop its food system strategy and investment plan aligned to the mega farm/anchor farm concept. We applaud government of Malawi for its leadership in food systems transformation starting from the Head of State to Ministers and Senior Government officials.

21. Our entry point, **“Advancing sustainable agricultural productivity and diversification through inclusive markets and trade”** is well aligned with today's theme and Malawi's agenda. AGRA plans to deliver its strategy through inclusive markets and trade, Sustainable Farming, Seed systems and Policy and state capacity while addressing climate change, ensuring inclusivity of youth and women, addressing nutrition issues and access to finance for Malawian farmers and agribusinesses and especially youth and



women. We believe that if farmers are empowered to increase productivity of diversified, priority high value, nutrient dense and drought resistant crop varieties; if they are supported to sustainably access high value markets at national and regional level, the result will be increased availability of forex arising from increased balance of payments (more money flowing into the country at a particular time) due to high export value/earnings and low import value/payments. Farmers are motivated to produce if assured of markets.

22. AGRA is committed to continue partnering with Malawi Government and applauds the support and willingness to extend the **Memorandum of Understanding** to the next 5 years under the current strategy just launched.

23. We will continue partnering with key development partners **to leverage investments into the agri-food sector** to ensure additionality of proposed activities.

24. We consider **AGRA contribution as being catalytic** and that this is not adequate to transform the economy. Success will only be achieved through

collaborative partnership with private sector, non-state actors, donors and most of all with Government at the center of providing a conducive environment for a private sector led transformation and the needed evidence based inclusive policy guidance that will support youth and women as key contributors and players.

**25.** Let me end by thanking you all for your attention and AGRA looks forward to an exciting collaborative journey towards improving Malawi's economy in the years to come, together.