Unlocking the Full Economic Potential of Malawi's Poultry Value Chain through Targeted Investments.

Reducing feed costs through targeted reforms in maize and soybean markets can unlock substantial gains in Malawi's poultry productivity, output, and profitability, leveraging strong broiler genetics. Stabilizing maize supply, removing VAT on soybean cake, and formalizing exports to Mozambique can enhance affordability, reduce price volatility, and support sustained sector growth.

Christone J. Nyondo, Tracy Davids, Marnus Gouse, Levison Chiwaula and Tinashe Kapuya

April 2026

The poultry value chain in Malawi presents a strategic opportunity to improve household nutrition and incomes while contributing to foreign exchange earnings and broader economic diversification. As a relatively fast-growing and nutrition-sensitive sector, poultry aligns closely with the country's long-term development aspirations under Malawi 2063, particularly in advancing agricultural commercialization and productivity.

However, the sector's growth potential remains constrained by structural inefficiencies—most notably high feed costs driven by elevated maize and soybean prices, and the high cost of day-old chicks. Together, feed and chicks account for approximately 70–77% of total production costs, significantly limiting producer margins and consumer affordability.

Additional constraints include foreign exchange shortages, which increase the cost of vaccines, animal health inputs, and equipment, as well as administrative delays in securing export licenses. These challenges are further compounded by volatile maize and soybean supply, driven by erratic rainfall, limited access to inputs, and inconsistent trade policies such as export bans that weaken production incentives and encourage informal cross-border trade.

To comprehensively assess these constraints and identify actionable, market-oriented reforms, a joint analytical effort was undertaken by the MwAPATA Institute, the Bureau for Food and Agricultural Policy (BFAP), and the International Food Policy Research Institute (IFPRI) in 2023 and 2025. This work applies the Policy Prioritization through Value Chain (PPVC) framework, a structured, evidence-based approach that integrates both quantitative and qualitative metrics—including market potential, competitiveness, inclusiveness, and climate resilience—to evaluate the current performance of the value chain and identify priority interventions required to achieve a higher-growth trajectory. The methodology also incorporates forward-looking scenario analysis and policy sequencing to ensure that proposed reforms are both feasible and impactful.

This policy brief synthesizes the key findings of the analysis, with a focus on identifying high-impact reforms and practical mechanisms for their implementation. It further contextualizes recent market developments and outlines a targeted reform pathway aimed at reducing production costs, improving market efficiency, and unlocking sustainable growth in Malawi's poultry sector.

Malawi's poultry sector can drive growth through demand and exports

Malawi's poultry sub-sector presents a strong growth trajectory, underpinned by favourable structural conditions on both the supply and demand sides. At the production level, Malawi already utilizes globally competitive broiler genetics, meaning that productivity gains are less constrained by technology and more dependent on input efficiency—particularly feed costs and the availability of complementary inputs such as supplements. This positions the sector to respond rapidly to targeted cost-reducing reforms, with immediate gains in output and profitability.

On the demand side, chicken remains a preferred and increasingly important source of protein for Malawian consumers. Despite relatively low-income levels, consumption patterns are robust. As illustrated in Table 1, Malawi's per capita poultry consumption is higher than that of Kenya and comparable to Zambia, despite significantly lower per capita income levels. This suggests a structurally strong domestic preference for

poultry, reinforcing its role as a key driver of food and nutrition security. However, constrained household purchasing power continues to limit the pace at which demand can expand.

Looking ahead, per capita consumption is projected to increase further, driven by population growth and sustained dietary preferences. However, affordability has weakened in recent years, as reflected in rising chicken prices relative to incomes (Figure 2). These price pressures are primarily attributable to high and rising feed costs, which have increased substantially in real terms due to elevated maize and soybean cake prices.

Table 1: Malawi has comparatively high poultry consumption despite significantly lower purchasing power relative to regional peers

Benchmarking Malawi's income (US$/person/year) and demand (kg/person/year)

	Malawi	Mozambique	Zambia	Kenya
Per Capital Consumption (kg/capita/yr)	3.2	5.5	3.2	1.6
Per Capita GDP (US$ 000, Current Value)	0.6	0.7	1.4	2.1

Source: PPVC Poultry Deep Dive Report

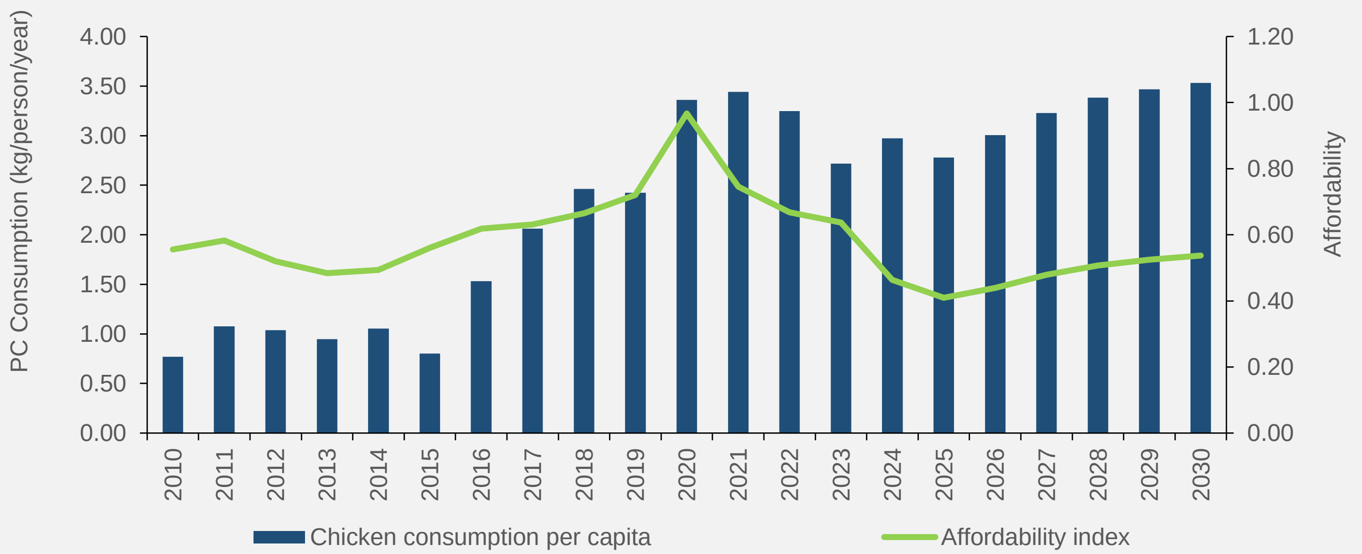
As a result, affordability constraints risk dampening future consumption growth unless input cost pressures are addressed (Figure 1).

The poultry value chain is also deeply integrated with the maize and soybean sectors, creating strong backward linkages. Expansion in poultry production can therefore stimulate growth across these upstream value chains, reinforcing broader agricultural transformation objectives. In this context, poultry is well aligned with Malawi's diversification agenda, particularly as the country seeks to reduce its historical dependence on tobacco exports amid declining global demand. The sector offers a viable pathway to generate alternative sources of income, employment, and foreign exchange earnings.

Beyond domestic markets, there is a clear and immediate opportunity to expand into regional export markets—most notably in Mozambique. Demand for poultry imports in central and northern Mozambique is substantial and growing, with annual imports exceeding 30,000 tons. As shown in Figure 2, imports have increased significantly over time, reflecting sustained demand growth. Currently, much of this demand is met by suppliers from South Africa and South America via Maputo. However, Malawi holds a distinct geographic and logistical advantage in supplying central and northern Mozambique, particularly through shorter transport corridors relative to Maputo and Beira.

Rising poultry consumption increasingly constrained by declining affordability and rising production costs

Figure 1: Trend in chicken consumption and affordability, 2010-2030

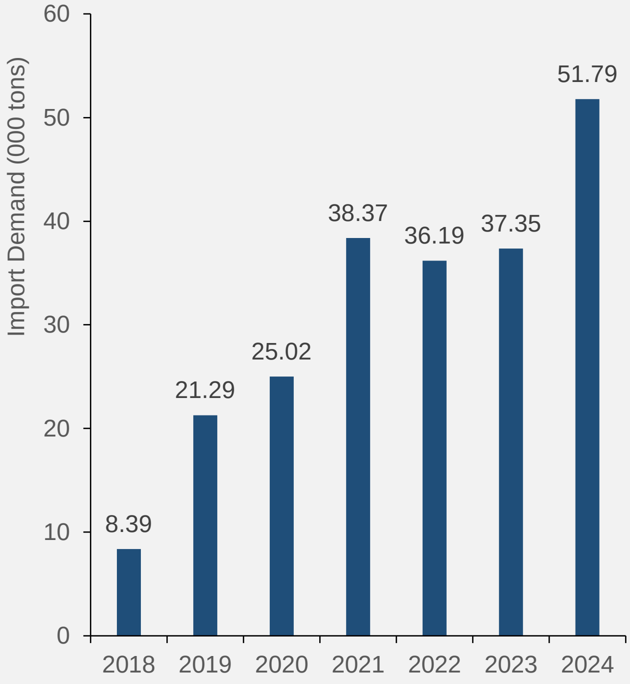


Source: PPVC Poultry Deep Dive Report

Tapping into this export market would not only expand Malawi's poultry market size but also play a stabilizing role domestically. By absorbing excess supply as production scales up, exports can help prevent downward pressure on domestic prices, thereby supporting producer margins while maintaining affordability. In this regard, the formalization and facilitation of poultry exports to Mozambique represent a critical lever for unlocking sustained, market-driven growth in Malawi's poultry value chain.

Mozambique's growing poultry demand is an opportunity for Malawi

Figure 2: Mozambique's imports of poultry products between 2018 and 2024, 000 tons



Source: International Trade Centre historical data

Critical Constraints Driving High Costs, Low Affordability, and Limited Market Expansion

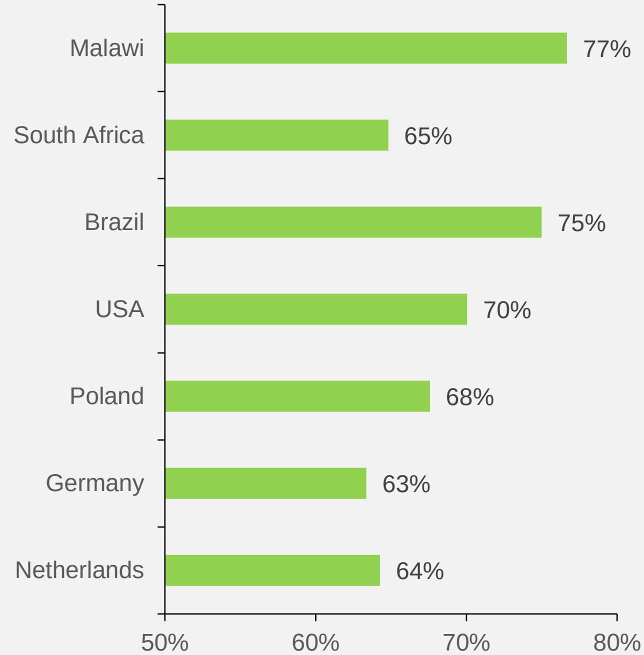
Despite its strong growth potential, Malawi's poultry value chain is constrained by a set of interrelated structural and policy-driven challenges that limit productivity, affordability, and market expansion.

High feed costs driven by input price pressures

Feed costs remain the single largest constraint to poultry production in Malawi. Prices are both elevated and highly volatile, largely due to fluctuations in maize and soybean markets—the two primary inputs into poultry feed. As illustrated in Figure 3, feed accounts for approximately 77% of total production costs in Malawi, placing it among the highest globally.

Feed costs in Malawi account for the largest share of total production costs, compared to other countries

Figure 3: Share of feed costs in total production costs.



Source: PPVC Poultry Deep Dive Report

This cost structure significantly erodes producer margins and raises consumer prices. Government-mandated minimum farmgate prices during harvest periods further exacerbate feed costs by keeping maize prices artificially high. In addition, high transaction costs on imported inputs—such as parent stock, veterinary products, premixes, and equipment—combined with persistent foreign exchange constraints, continue to inflate overall production costs.

Weak purchasing power and producer financing constraints

Demand-side limitations also play a critical role. Poultry products remain relatively expensive for the average Malawian consumer, with approximately 3.51% of per capita GDP required to purchase 10 kg of chicken—significantly higher than in comparator countries such as South Africa (0.24%) and Kenya (1.09%). This reflects constrained household purchasing power, which dampens consumption growth despite strong underlying demand. On the supply side, smallholder producers face financing and cash-flow constraints that limit their ability to scale operations, invest in productivity-enhancing inputs, or absorb price shocks.

Cumbersome export procedures and market access barriers

While regional export opportunities exist, particularly in Mozambique, the process of obtaining export permits remains administratively burdensome. Multiple layers of approvals and regulatory requirements delay market access, increase transaction costs, and reduce the competitiveness of Malawian poultry in regional markets. These inefficiencies limit the sector's ability to expand beyond domestic demand and fully exploit export-driven growth opportunities.

Erratic maize supply and distortionary market interventions

Underlying many of these challenges is the instability in maize supply. Production remains highly vulnerable to rainfall variability and constrained by limited access to inputs, with smallholder yields stagnating at approximately 1.9 tons/ha. Policy uncertainty—particularly the frequent use of ad hoc maize export bans—further distorts market incentives. While intended to safeguard domestic food security, such measures often discourage production, deter private investment, and inadvertently promote informal cross-border trade. The resulting supply volatility feeds directly into higher and more unpredictable feed prices, reinforcing cost pressures across the poultry value chain.

Taken together, these constraints highlight the need for coordinated, market-oriented reforms that address both input cost structures and broader policy inefficiencies to unlock the full potential of Malawi's poultry sector.

Policy Reforms are Advancing, but Cost Pressures and Market Distortions Continue to Constrain Poultry Sector Competitiveness and Growth

Recent policy and market developments have had a direct bearing on the cost structure, competitiveness, and growth trajectory of Malawi's poultry value chain. While some reforms signal progress toward improving market efficiency and trade facilitation, others continue to exert upward pressure on production costs and constrain sector expansion.

A notable recent development is the adjustment of the value-added tax (VAT) rate from 16.5% to 17.5%. This increase has compounded cost pressures across the value chain, particularly by raising the price of key inputs such as soybean meal, veterinary products, and ultimately chicken meat. In a sector already characterized by high feed costs, this policy shifts further strains affordability for consumers and compresses margins for producers.

At the macroeconomic level, foreign exchange constraints remain persistent, limiting access to critical imported inputs including parent stock, feed additives, vaccines, and equipment. This is occurring despite the poultry sector being identified as a strategic priority for export diversification, highlighting a disconnect between policy ambition and macroeconomic realities.

Encouragingly, ongoing reforms to the input subsidy programme aim to improve targeting, operational efficiency, and governance[12]. If effectively implemented, these reforms have the potential to enhance input access—particularly for maize and soybean production—thereby easing upstream supply constraints that feed into high poultry production costs.

Progress is also evident in trade facilitation. The establishment of One Stop Border Posts at key crossings such as Mwanza–Zobue, alongside digital innovations like the Malawi Trade and Investment Centre (MITC) Smart Connect/Trade Portal, are improving the efficiency of export processes. In addition, the launch of the Time Release Study (TRS) in November 2025 represents a critical step toward identifying and reducing administrative delays at borders[3]. These developments, if sustained, can lower transaction costs and improve the competitiveness of Malawian poultry in regional markets.

However, policy uncertainty in staple food markets continues to pose a significant challenge. The government's reaffirmation of maize export restrictions in November 2025—under the Control of Goods Act (COGA)—aims to safeguard domestic food security[4]. Yet, such measures often have unintended consequences, including dampening production incentives, discouraging private investment, and perpetuating market volatility, all of which feed into higher and less predictable feed costs.

Overall, while there are clear signs of reform momentum—particularly in trade facilitation and subsidy programme improvements—the persistence of cost-inflating policies and macroeconomic constraints continues to limit the sector's performance. A coordinated suite of input and market reforms will be essential to improve producer margins, enhance affordability, and unlock the long-term competitiveness of Malawi's poultry sub-sector, thereby increasing its contribution to national growth, employment, and export earnings.

Targeted Reforms to Lower Feed Costs and Expand Poultry Market Opportunities

The analysis identifies a focused set of high-impact reforms that can unlock growth in Malawi's poultry value chain by directly addressing its most binding constraint—high production costs, particularly those linked to feed and day-old chicks. By lowering input costs and improving market efficiency, these reforms can enhance producer margins, improve affordability for consumers, and stimulate both domestic demand and export expansion. The proposed interventions are organized into four complementary reform areas: input, export, maize market, and irrigation.

Input reforms: lowering feed and production costs

Reducing the cost of key inputs offers the most immediate and scalable pathway to improving competitiveness. The removal or zero-rating of VAT on soybean cake and veterinary products—implemented over a 24–36-month horizon—could reduce overall poultry production costs by an estimated 10–15%. Given that feed alone accounts for up to 77% of total production costs, such measures would significantly ease cost pressures across the value chain. While the direct GDP gains are estimated at between US$1.7 and US$2.1 million above the baseline, the broader impact lies in catalyzing increased production, crowding in investment, and strengthening Malawi's regional competitiveness, particularly in export markets such as Mozambique.

Broiler export reforms: unlocking regional market access

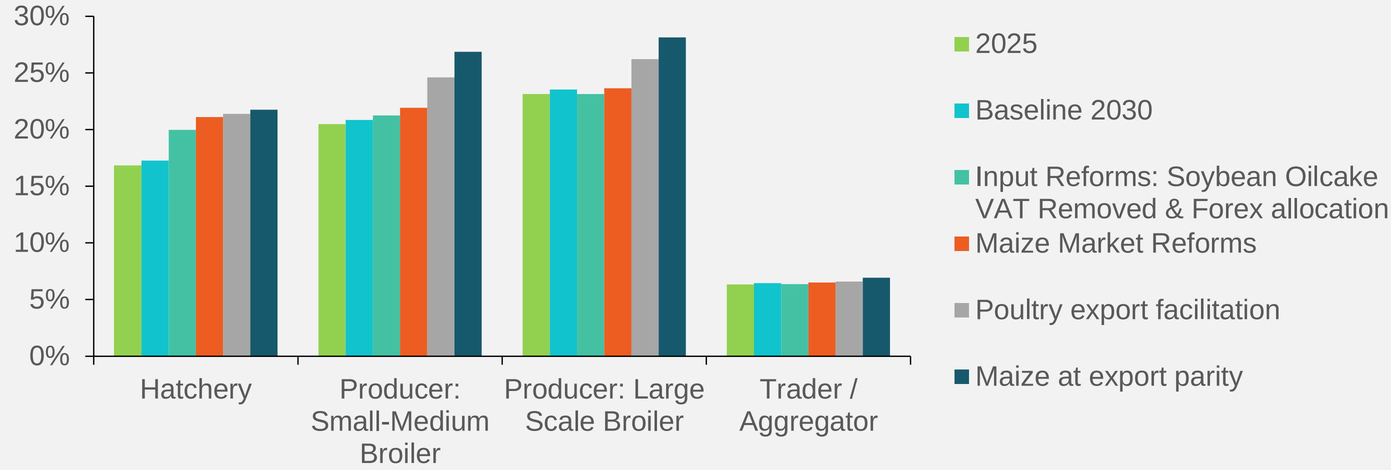
Facilitating efficient access to regional markets is critical for scaling production and stabilizing domestic prices. Current export processes remain cumbersome, characterized by delays in licensing, compliance, and border clearance. Streamlining these processes through the full operationalization of electronic "Single Window" systems, effective utilization of the Mwanza–Zobue One Stop Border Post (OSBP), and harmonization of sanitary and phytosanitary (SPS) standards with Mozambique can significantly reduce transaction costs and clearance times. This reform package is estimated to increase national GDP by approximately US$4.1 million, driven by expanded formal trade and improved export efficiency.

Maize market reforms: stabilizing feed supply and incentives

A predictable and market-oriented maize policy

environment is essential for reducing feed price

Figure 4: Estimated margin gains relative to the 2023 baseline following reform implementation



Source: PPVC Poultry Partial Equilibrium Simulation Outputs

volatility. Reforms should consider phasing out minimum farmgate price distortions, maintaining a transparent and rule-based export regime, and allowing exports during surplus production periods. Frequent ad hoc export bans undermine farmer incentives, discourage private investment, and promote informal trade flows. Implementing a rules-based system—anchored in stock-to-use ratios, real-time market data, and monthly food balance sheets—would improve planning, reduce uncertainty, and safeguard national food security. These measures are expected to boost maize yields by approximately 22.3% above baseline levels and increase trade volumes by up to 20%, with positive spillovers into the poultry and oilseed sectors.

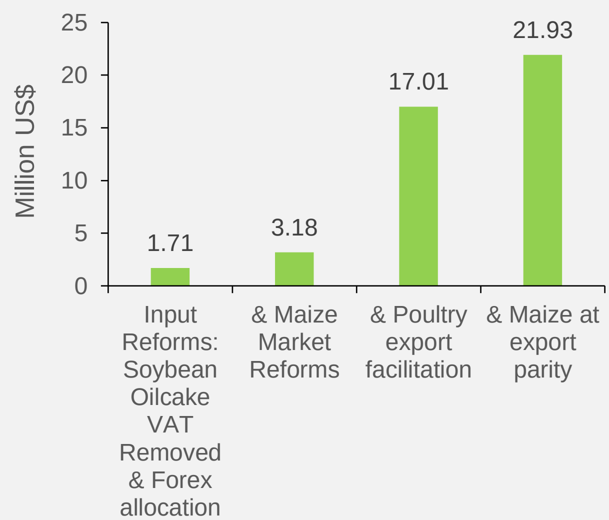
Irrigation reforms: reducing seasonality and strengthening supply

Addressing maize supply volatility also requires structural investments in irrigation. Expanding irrigated maize production in dambos and high-potential areas such as the Shire Valley, alongside winter production support programmes in districts like Salima and Nkhata Bay, can help stabilize off-season supply. Complementary input support—through subsidized seed, fertilizer, and soil amendments—will be essential to maximize productivity gains. These interventions can reduce seasonal price spikes, improve farm-level margins, and ensure a more reliable supply of feed inputs throughout the year.

Integrated Feed, Maize, and Trade Reforms Unlock US$308 Million in Growth, Driven Overwhelmingly by Upstream Input and Market Efficiency Gains

The combined reform package delivers both immediate cost reductions and sustained structural gains across the poultry value chain. As illustrated in Figure 5, input-focused reforms—particularly the

Figure 5: Estimated additional value added, in million US$, above baseline



Source: PPVC CGE Model Simulation Outputs removal of VAT on soybean cake and improved foreign exchange access—generate measurable increases in value added to the poultry sector above the baseline. While these gains appear modest in isolation, they play a catalytic role by lowering production costs, improving margins, and unlocking downstream growth through higher output and market participation.

At the aggregate level, the full reform stack—spanning input, broiler export, maize production, and market reforms—is estimated to generate approximately US$308.3 million in additional GDP growth. The bulk of these gains is driven by maize and soybean-related reforms, which account for approximately 88% of the total impact, reflecting their central role in determining feed costs and overall sector competitiveness. This is followed by soybean market reforms (11%) and poultry sector spillover effects (3%), highlighting the strong interlinkages between upstream input markets and downstream livestock production.

Collectively, these reforms address Malawi's core structural constraints in the poultry value chain: high production costs, input and output market volatility, foreign exchange shortages, and policy uncertainty. Their coordinated implementation would:

- lower feed and poultry production costs,
- stimulate private investment in grain, oilseed, and feed processing industries,
- expand formal exports and strengthen foreign exchange earnings, and
- build a more resilient, competitive, and market-oriented poultry sector.

In this context, the reform package not only enhances sectoral performance but also contributes to broader agricultural transformation and economic diversification objectives. Table 2 illustrates this point by showing that feed cost reduction and maize market stabilization are the primary levers, with export facilitation acting as a critical enabler of scale and price stability. Together, these reforms deliver system-wide gains across production, trade, and affordability.

Malawi can unlock rapid and sustained growth in the poultry sector by prioritizing a focused set of coordinated market-oriented reforms. First, reduce feed costs immediately by zero-rating VAT on

Feed and maize reforms drive the largest gains, while export efficiency unlocks scale, stabilizes prices, and sustains poultry sector growth

Table 2: Summary of Key Constraints, Reforms, and Expected Impacts

Constraint	Key Reform	Impact
High feed costs (maize, soybean, VAT, forex)	Remove VAT on soybean cake & inputs; improve forex access	↓ Production costs (10–15%); ↑ margins, output, affordability
Costly and slow export processes	Streamline permits; use Single Window & OSBP; align SPS with Mozambique	↑ Exports; ↓ trade costs; +US$4.1m GDP
Unpredictable maize policies (export bans, price controls)	Introduce rules-based export regime; remove price distortions	↑ Production (+22% yields); ↑ trade (~20%); stabilised feed prices
Seasonal maize supply	Expand irrigation; support winter production	↓ Price volatility; ↑ feed availability; stronger farm incomes
Weak affordability and demand	Combined cost-reducing reforms	↓ Chicken prices; ↑ consumption and nutrition outcomes
Fragmented value chain growth	Integrated reform package	+US$308m GDP growth; stronger, more competitive poultry sector

Source: PPVC CGE Model Simulation Outputs soybean cake and key veterinary inputs for a defined period, while improving access to foreign exchange

for critical imports. Given that feed accounts for the majority of production costs, this is the fastest and most effective lever to improve affordability, margins, and output.

Second, stabilize maize markets through predictable, rules-based policies. Phasing out ad hoc export bans and price distortions, and adopting transparent export triggers based on stock levels, will restore producer incentives, increase production, and reduce feed price volatility.

Third, unlock regional export markets by streamlining export procedures, fully operationalizing border infrastructure, and aligning standards with Mozambique. This will expand demand, absorb surplus production, and support price stability.

Finally, invest in irrigation and off-season production systems to reduce maize supply seasonality and strengthen resilience. Implemented together, these reforms will lower costs, crowd in private investment, expand exports, and position Malawi's poultry sector as a competitive driver of growth, jobs, and food security.

Citation to this policy brief:
Nyondo, C. J., Davids, T., Gause, M., Chiwaula, L., & Kapuya, T. (2026). *Unlocking the full economic potential of Malawi's poultry value chain through targeted investments*. Lilongwe, Malawi: MwAPATA Institute, in collaboration with ANAPRI, BFAP, and IFPRI.

References

[1] https://www.worldbank.org/en/news/feature/2025/10/21/how-malawi-s-reform-is-just-the-beginning-for-smallholder-farmers
[2] https://www.nyasatimes.com/government-reaffirms-ban-on-maize-exports-to-safeguard-national-food-security/
[3] https://allafrica.com/stories/202511120068.html
[4] https://www.malawitradeportal.com/upload/files/Legal_1624097927.pdf