



Briefing note on Policy Actions from Roundtable Event on the Impacts of the Russia - Ukraine Conflict on Malawi: Dialogue on Harnessing the Opportunities

1. Background

- 1.1 The MwAPATA Institute, in partnership with the United Nations Development Programme (UNDP) and the National Planning Commission (NPC), organized a roundtable dialogue to consolidate findings from studies being undertaken by various stakeholders on the impacts of the Russia-Ukraine conflict on Malawi. The roundtable discussion took place on Wednesday, 20th July 2022 at the Capital Hotel in Lilongwe.
- 1.2 The event sought to develop a clear picture of the key impacts and opportunities arising from the conflict. Attempts were made to achieve consensus from stakeholders on specific implications for the Malawian economy and the steps that need to be undertaken to address impacts and seize opportunities.
- 1.3 The event comprised two presentations. First, the Department of Economic Planning and Development in the Ministry of Finance and Economic Affairs focused on impacts, then the MwAPATA Institute focused on the opportunities and strategies.
- 1.4 The presentations were followed by a high-level panel discussion and an open floor discussion with feedback from stakeholders. The audience included academia; government ministries, departments, and agencies (MDAs); the donor community; civil society; Malawian media; private sector actors; UN agencies; and other interested stakeholders.
- 1.5 There was consensus that while the Russia-Ukraine conflict is negatively affecting the economy it also presents opportunities in a number of sectors.
- 1.6 It was agreed that Malawi should take advantage of the supply gap created in the global markets and scale up the production of some agriculture products. The immediate apparent opportunities include sunflower and wheat, which are common exports from the conflict region. There will likely also be opportunities in markets where Malawi has historical experience (especially compared to wheat), such as soya, groundnuts, sorghum and maize.
- 1.7 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 Malawi's import bill. This presents added incentives for investments in domestic/regional production of inorganic and organic fertilizers and investments in fuel storage and transportation infrastructure.

2. Policy Actions and Recommendations

The detailed agreed policy actions and recommendations made at the event are presented in Table 1.

Table 1: Summary Policy Actions and Recommendations

Strategic Opportunity Area	Policy Actions & Recommendations	Champions and Responsible Actors
<p>1. Rising global food prices</p>	<p>1.1 Encourage consumers to consider bread substitutes such as cassava, sweet potato and bananas upon conducting appropriate consumer preference studies where necessary.</p>	<p>Ministry of Agriculture</p>
	<p>1.2 Stimulate increased production and productivity of oilseeds (e.g., sunflower and soya) and starches (e.g., sorghum, potatoes, and possibly wheat) by supporting farmers with market information and facilitating the acquisition of improved seeds and possibly other inputs, especially in areas of comparative advantage where suitable land is available.</p>	<p>Ministry of Agriculture</p>
	<p>1.3 Invest in food processing for oilseeds which is one of the industries booming as a result of the conflict and global shortages.</p>	<p>Ministry of Industry and Trade and Ministry of Agriculture</p>

	<p>1.4 Increase investment in agricultural extension services and agricultural value chains related to the production of aforementioned crops with the potential to replace imports or add to exports, thus conserving or building on domestic stocks of foreign exchange.</p>	<p>Ministry of Agriculture</p>
<p>2. Private sector support</p>	<p>2.1 Fast-track the operationalization of the Special Economic Zones (SEZ) as one of the enablers for private sector growth. An SEZ status is accorded by Government to companies producing solely for export.</p>	<p>Ministry of Industry and Trade and Malawi Investment Trade Centre</p>
	<p>2.2 Invest in the production and processing of identified opportunities such as wheat, sorghum, sunflower and other oil seeds to take advantage of the effects of the Russia-Ukraine conflict.</p>	<p>Ministry of Agriculture</p>
	<p>2.3 Provide awareness to the private sector on the available financing opportunities and incentives for investment in agriculture and other priority sectors.</p>	<p>Ministry of Industry and Trade, Malawi Investment Trade Centre, Reserve Bank of Malawi, Malawi Revenue Authority and Malawi Confederation of Chambers of</p>

		Commerce and Industry.
3. Mega-farm concept	<p>3.1 Align the government response to the conflict with the mega-farms concept by encouraging production and value addition of crops that take advantage of the emerging market opportunities for high-value crops.</p>	Ministry of Agriculture and Ministry of Lands
	<p>3.2 Financing for mega-farms throughout the entire value chain. Provide financial support for all stages from land acquisition to food processing either through public-private partnerships or private businesses financed through commercial banks.</p>	Ministry of Agriculture, Ministry of Finance and Economic Affairs, Malawi Agriculture and Industrial Investment Corporation
4. Export and Imports	<p>4.1 Diversify sources of export revenue by reducing dependence on Tobacco as a primary export crop and high dependence on agriculture by investing in other sectors of the economy such as mining.</p>	Ministry of Industry and Trade, Ministry of Agriculture and Ministry of Energy and Mining
	<p>4.2 Promote locally made commodities for import substitution as highlighted in the Buy Malawi Strategy which encourages consumption of locally produced goods and services in all sectors of the economy.</p>	Ministry of Trade, Malawi Investment Trade Centre and Malawi Confederation of Chambers of

		Commerce and Industry
	4.3 Increase exports of Malawian-made priority products identified in the National Export Strategy II (2018-2026).	Ministry of Trade, Malawi Investment Trade Centre and Malawi Confederation of Chambers of Commerce and Industry
5. University curriculum for relevant skills	5.1 Match university curriculum and industry needs. Conduct audit research to ascertain the relevance of skills from university graduates in comparison to the industry needs.	National Planning Commission, Ministry of Education, Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA), Universities and Colleges
	5.2 Make use of the demographic dividends – Malawi’s large youth population – to create entrepreneurial opportunities and harness the growing and youthful labour force for production, food processing and manufacturing.	Ministry of Labour and Technical, Entrepreneurial and Vocational Education and Training Authority.

<p>6. Fertilizer policy options for increased production and productivity.</p>	<p>6.1 Promote smallholder uptake of Integrated Soil Fertility Management for increased fertilizer use efficiency. For example, the use of organic fertilizers, manure production, biofertilizers and maize-legume intercropping and crop rotation, all supported by reinvigorated extension services.</p>	<p>Ministry of Agriculture</p>
	<p>6.2 Timely procurement & delivery of subsidized inputs and reduce the number of beneficiaries.</p>	<p>Ministry of Agriculture</p>
	<p>6.3 Invest in domestic fertilizer production. Support fertilizer blending companies to scale up production and conduct feasibility study for fertilizer production factories. Initiate regional collaboration in setting up fertilizer factory (SADC, COMESA, Bilateral/trilateral country agreements).</p>	<p>Ministry of Agriculture</p>
<p>7. Fuel storage and transportation</p>	<p>7.1 Expand fuel storage reserves (to keep up with increased fuel demand and improve fuel security).</p>	<p>Ministry of Finance and Economic Affairs and National Oil Company of Malawi.</p>
	<p>7.2 Rehabilitate railways (Salima-Lilongwe-Mchinji) in order to cut the high costs associated with road transportation.</p>	<p>Ministry of Transport and National Oil Company of Malawi.</p>

8. Macroeconomic Policies	8.1 Control and manage debts by moving from consumption-oriented borrowing to credit investment in productive sectors including agriculture.	Reserve Bank of Malawi
	8.2 Management of inflation and foreign exchange rate stability.	Ministry of Finance and Economic Affairs