



Banana Commercialisation and Investment Options for Malawi

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Key Messages

- Bananas are the most widely marketed fruit in Malawi, produced year-round, which keeps value chain actors continuously engaged and makes the sector highly attractive.
- Despite limited off-farm linkages and a largely informal market, actors still achieve decent gross margins.
- However, Malawi remains a net importer, importing around 15% of domestic banana consumption from Tanzania and Mozambique.
- This heavy reliance on imports, alongside limited exports, underscores both the untapped potential for scaling local production and Malawi's lack of export competitiveness.
- Unlocking this potential requires addressing weak seed systems, incidences of pests and diseases, low productivity from poor management practices, and limited irrigation investment.

Introduction

The banana value chain is one of Malawi's largest and most significant crop-based value chains, contributing to food and nutrition security, household incomes, and rural employment. It also presents strong market potential and notable resilience to climate shocks¹. Within the Policy Prioritisation through Value Chain (PPVC) framework developed through the collaboration of the International Food Policy Research Institute (IFPRI), the Bureau for Food and Agricultural Policy (BFAP) and the African Network of Agricultural Policy Research Institutes (ANAPRI), bananas were ranked the third most strategic crop-based value chain in Malawi, after mangoes and macadamia¹.

Recognising its importance to the economy and its commercialisation potential, the Government of Malawi, through the Ministry of Agriculture, Irrigation and Water Development (MoAIWD), and consistent with the long-term development aspirations of Malawi as espoused under Pillar 1 of Malawi 2063, has designated bananas as a national flagship value chain, attracting donor and partner investments to tackle persistent challenges, chief among them being the Banana Bunchy Top Virus (BBTV) disease. The BBTV disease has devastated the banana industry since its discovery in Malawi, in Nkhotakota, in 1994, decreasing total annual production from 450,000 tonnes in 2010 to just 157,000 tonnes in 2017². Despite continued interventions, the country's

recovery from the BBTV disease has remained elusive, leaving the sector vulnerable and underperforming relative to its potential.

To sustain investments in revitalising and commercialising the banana value chain, the Government of Malawi, with technical and financial support from the European Union (EU), United Nations Development Programme (UNDP), and other partners, has designated bananas as a priority value chain under the Ulimi ndi Chilengedwe m'Malawi (UCHI) – Strengthening Agricultural Commercialisation project.

This policy brief presents policy and investment options to accelerate the commercialisation of the banana sector in Malawi in line with the objectives of the UCHI project. The recommendations are based on a deep-dive value chain analysis conducted by the MwAPATA Institute with financial support from UCHI.

Methodology

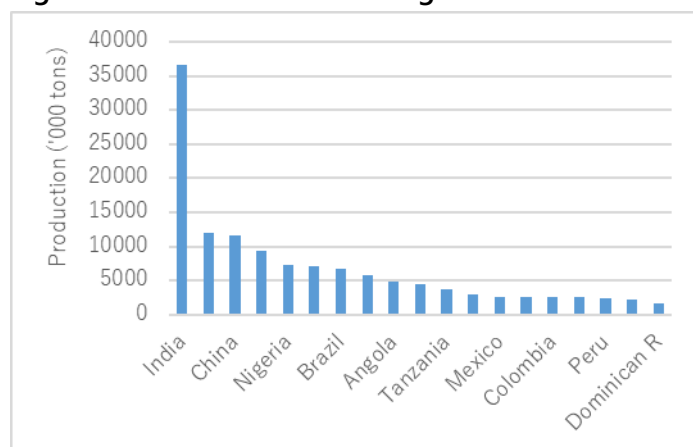
The deep-dive approach consolidates existing evidence and stakeholder perspectives to identify actionable policy and investment reforms that can unlock the banana sector's potential. The analysis drew on primary data from key informant interviews with input suppliers, farmers, traders, importers, transporters, processors, policymakers, and financial institutions, as well as secondary data from FAOSTAT, the International Trade Centre, and the Agricultural Production Estimate Survey (APES).

Global and regional banana market overview

Bananas are produced in over 130 countries globally, with India leading other major producing countries, accounting for 24% of the total global

production (Figure 1). The remaining 76% of the global banana production is supplied by top 20 producers.

Figure 1: Global Banana Leading Producers



Source: Authors' own computation from FAOSTAT data

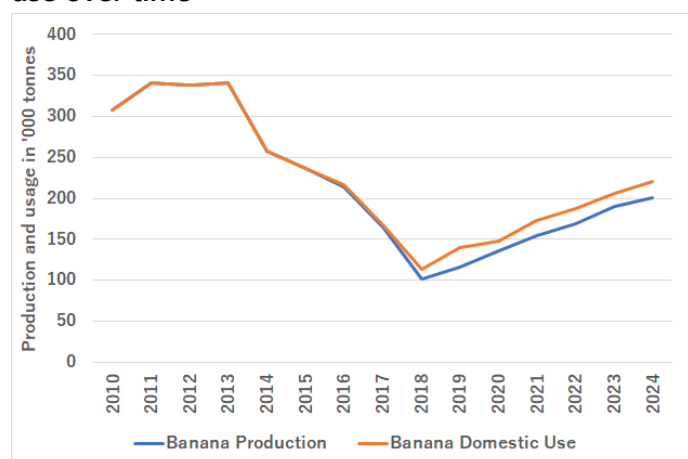
While global banana production has been fluctuating, owing to weather-related challenges, banana trade has increased over the years, mainly driven by strong consumer demand³. Global banana imports and exports rose to over 60% between 2000 and 2023, with the United States and Ecuador being the leading importer and exporter, respectively⁴.

On the African regional level, Nigeria, Angola, Tanzania, Kenya, and Rwanda dominate production. Malawi ranks 38th globally and 15th in Africa among the leading producers⁴.

Local banana market overview

As of 2024, national banana production was 201,000 tonnes, while banana utilisation was at 220 000, leaving a 19-tonne demand gap. This gap has been there since 2017, with roughly 15% of bananas imported from Tanzania and Mozambique to fill it (Figure 2).

Figure 2: Banana local production and domestic use over time



Source: Authors' own computation from deep-dive value chain analysis

This underscores the opportunity to scale local production, which is critical for reducing import dependence, enhancing food security, and tapping regional markets. Agroecological conditions across Malawi are generally suitable for banana cultivation. However, commercial production is most viable in the Central and Northern regions, as fragmented and small land holdings in the Southern region limit the potential for large-scale commercialisation.

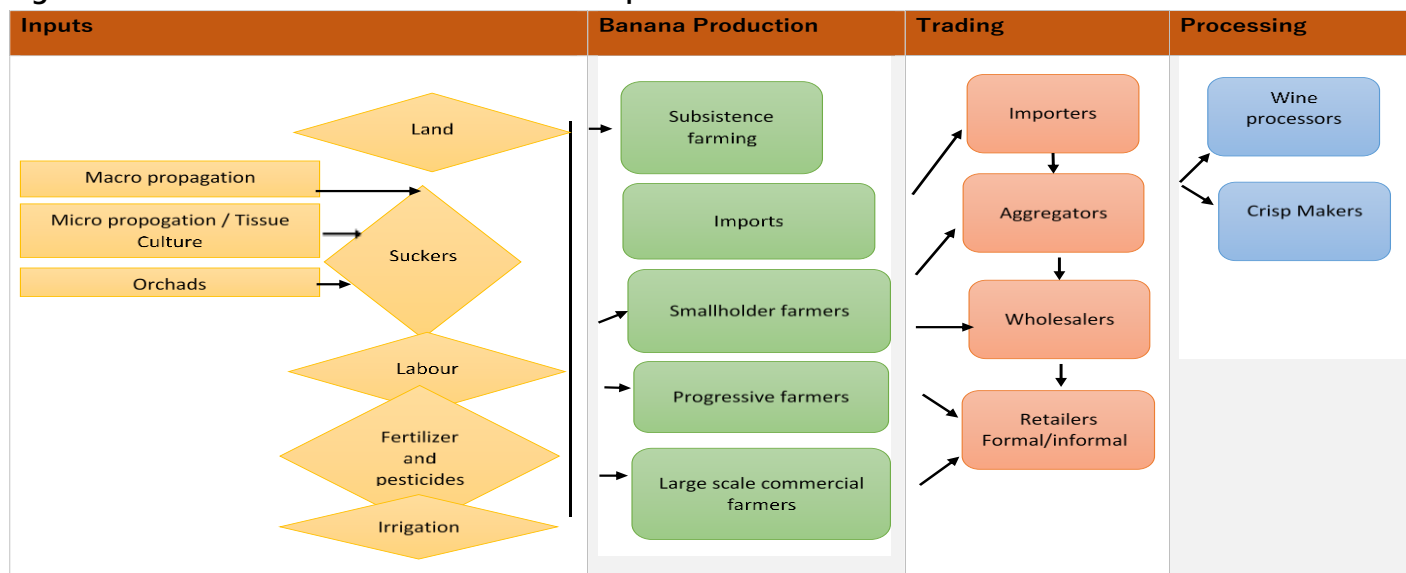
Banana Value Chain Stakeholder Map

Several actors are involved in the banana value chain, including input supply, production, trading and processing. Suckers are a key input into banana production. Currently, suckers are multiplied through macro-propagation, while micro-propagation remains limited due to the high cost of laboratory facilities and imported inputs. Nevertheless, sucker sharing among farmers, which was widely reported during the field visits, continues to fuel the spread of BBTv.

Depending on their levels of operation, banana farmers can be categorised as subsistence, smallholder, progressive, or commercial (Figure 3). Subsistence farmers usually produce bananas solely for food on unmanaged fields like bush plots. Smallholder farmers, however, manage more organised orchards and produce bananas both for food and markets, but with low input use. Progressive farmers manage larger banana orchards with improved varieties, higher inputs, and, in some cases, irrigation. Commercial producers specialise in market-oriented production using irrigation, fertilisers, and pesticides.

One of the key contrasts among banana producers is varietal preference. The Mulanje variety is the most popular among farmers in the UCHI project implementation districts (Chiradzulu, Thyolo, Mulanje, Salima, Nkhosakota, Kasungu, Nkhatabay, Mzimba, Karonga, and Chitipa), followed by Sweet William and Grand Naine, valued for their high productivity and sweet taste. However, these varieties are highly vulnerable to the BBTv disease. In contrast, Zomba Red and plantain varieties are less popular with farmers because they take longer to bear fruit and have lower yields. Despite this, they are more resistant to BBTv, and plantains, in particular, are the preferred choice for processors because they are only consumed when cooked, are highly demanded by consumers, and have a longer shelf life.

Figure 3: Banana Value chain stakeholder's map



Source: Authors' characterisation based on stakeholder consultations

Bananas in Malawi are sold in all market channels, from local village markets to district markets and supermarkets. Due to low production volumes, smallholder farmers usually rely on the local markets and sometimes engage roaming vendors from their localities. Smallholder farmers, organised in cooperatives, however, are able to find premium off-takers. For instance, farmers in high banana production areas in Chitipa (Misuku hills) and Nkhatabay districts are able to sell over 16 tons in one consignment through agreements with off-takers coming from as far as Blantyre. Furthermore, some cooperatives, especially from Salima and Kasungu districts, benefited from the school feeding program by supplying bananas to the schools in their localities on a formal contract. On the other hand, commercial farmers face high demand for their bananas. Traders bring trucks right to the farms, and commercial farmers are sometimes pressured to sell immature banana

bunches. Some commercial farmers located in big cities like Lilongwe supply to supermarkets such as Shoprite and Chipiku.

Bananas imported from Tanzania are transported into Malawi in large truckloads and are primarily distributed to five major markets: Mzuzu, Kasungu, Lilongwe (Mchesi), Ntcheu, and Blantyre. In these markets, the importers either sell directly to banana wholesalers and retailers or engage agents. These five major markets also serve as distribution hubs for smaller markets. For instance, Mchesi market has traders coming from all areas around Lilongwe, such as Mitundu, Namitete, Area 25, and Nathenje.

While large-scale importers import mainly from Tanzania, small-scale traders mainly import from Mozambique, using bicycles to carry 5 to 8 banana bunches on average. The bicycles come through Mimosa market close to the Muloza border in

Mulanje district. At Mimosa market, traders, the majority of whom are women, buy the bananas from these small-scale importers. The bananas are transported either using public transport (minibuses or Taxis) or small trucks (between 2 and 5 tons) to markets in the southern region of Malawi: Bvumbwe in Thyolo, Limbe, Blantyre, and Zomba markets.

Processors making crisps, wine, and other types of snacks from bananas have good markets for their products with formal agreements. Processors certified by the Malawi Bureau of Standards (MBS) have access to supermarkets such as Shoprite, Chipiku stores, and Ekhaya Farm Foods. Uncertified processors sell to individuals, local shops, coffee shops, and restaurants with whom they have an established relationship.

Banana policy and development initiatives

To boost domestic banana production and self-sufficiency, the Government of Malawi, through the Ministry of Trade, imposed an import ban on certain agricultural products, including bananas, in March 2025. The ban was later lifted in April 2025 after it became clear that local production was insufficient to meet demand. In the short term, the ban reduced supply and drove up domestic prices.

To address these challenges, the government convened the inaugural Banana Growers Conference in May 2025, aiming to foster a stronger and more competitive banana sector through coordinated stakeholder efforts. This

episode highlights the urgent need to scale domestic production and strengthen the value chain to reduce reliance on imports, stabilise prices, and ensure that policy interventions do not unintentionally disrupt supply.

The Government of Malawi is implementing multiple policy and investment initiatives to revamp the banana industry. The Malawi 2063 first 10-year Implementation Plan (MIP-1) and the National Agricultural Policy (2024) prioritise improving banana productivity, expanding cultivation areas, and strengthening farmer organisations. The Ministry of Agriculture also maintains a dedicated National Banana Coordination Office to oversee all sector activities, reflecting strong policy commitment.

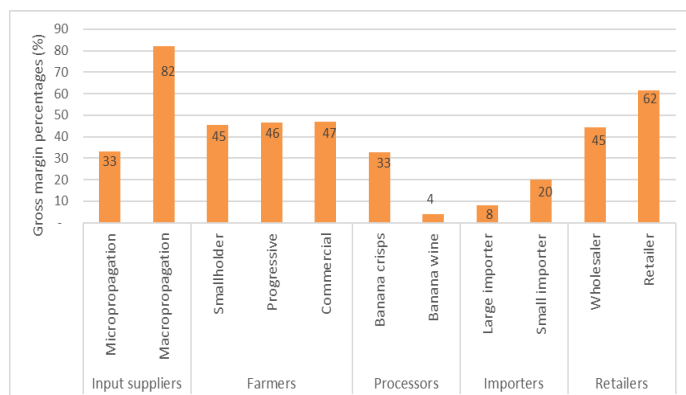
Over the past decade, several programs have sought to promote domestic banana production, including the Kutukula Ulimi m'Malawi (KULIMA) program, Agriculture Sector Wide Approach Support Project (ASWAP-SP), and Market Transitions to Enable New Growth Opportunities (MTENGO). Current initiatives such as the UCHI project and banana groups under the Agricultural Commercialisation (AGCOM) project continue this focus, aiming specifically at commercialisation of the value chain. Upcoming projects, including One Country One Priority product (OCOP) under FAO, further signal ongoing investments. However, past initiatives have not fully achieved their objectives, raising questions about underlying constraints.

Profitability of the banana value chain enterprises

Despite limited off-farm linkages and largely informal marketing, partly because most bananas are eaten fresh, Malawi's banana actors achieve

decent gross margins (Figure 4). Additionally, the demand-supply gap shows huge market potential for fresh bananas, which makes investments in banana processing less unattractive.

Figure 4: Estimated gross margin realised by actors across the nodes of the banana value chain



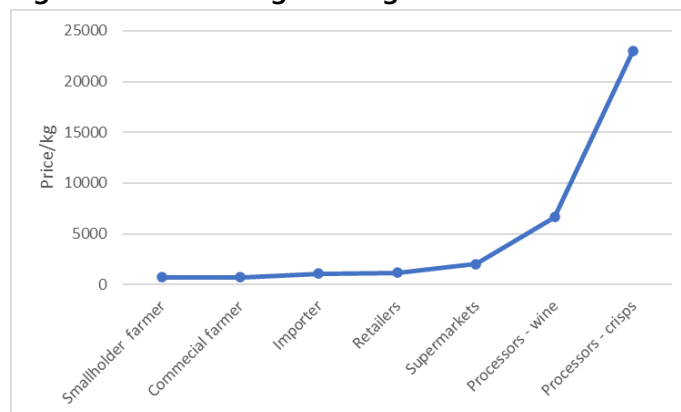
Source: Authors' computations

Macro-propagators earn the highest margins in the value chain, primarily due to increased demand for clean planting materials to combat Banana Bunchy Top Virus (BBTV) disease. Among farmers, commercial farmers achieve the highest margins, largely because they have access to lucrative markets like supermarkets that offer premium prices. Both large and small importers experience the lowest gross margins due to high transportation costs. Additionally, processors have low gross margins, which can be attributed to low installed processing capacity, inconsistent raw materials supply, and other structural inefficiencies. The demand for products processed from bananas, such as banana wine, crisps, and other products, is large and growing. The low installed processing capacity is mainly attributable to the fact that this component of the industry is still in its infancy. Boosting local banana production is likely to create more

processing opportunities for processors and their margins.

Price changes along the value chain confirm that processing inefficiencies significantly inflate banana product prices. Prices for banana crisps and wine are over 800% above the farmgate price (Figure 5). Packaging and labour costs are among the top operational costs for small-scale processors in Malawi. High labour costs are a result of manual operations, while packaging materials for crisps are imported from China. Investing in local packaging production and processing technologies could reduce costs and improve value chain competitiveness.

Figure 5: Price changes along value chain



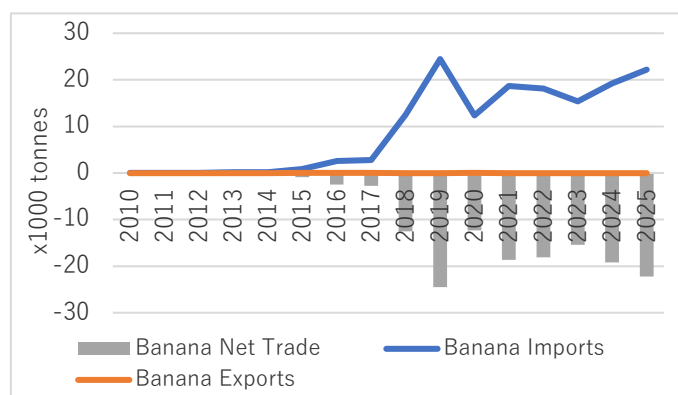
Source: Authors' computations

Net external trade and competitiveness of the Malawi banana value chain

Malawi is a net importer of bananas, with exports being virtually negligible over 2010–2024 (Figure 6). Imports have increased sharply in recent years, rising from under 1,000 metric tons in 2015 to over 19,000 metric tons in 2024. This growing import dependency highlights a persistent domestic supply deficit, signaling that local production remains insufficient to meet national demand.

This reinforces the fact that strengthening domestic production and productivity could reduce import reliance and improve food security, while also creating opportunities for local value addition and market development.

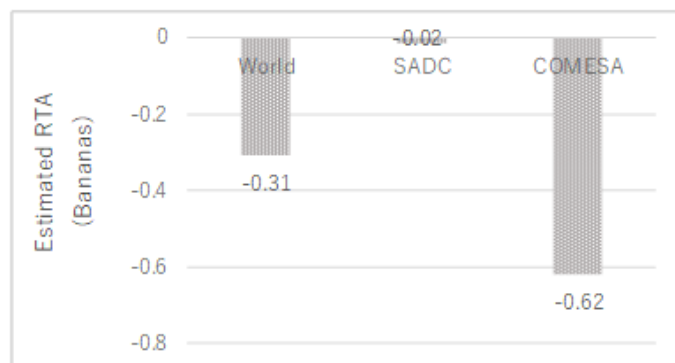
Figure 6: Net Malawi's external trade in bananas between 2010 and 2025



Source: Authors' own computation

The competitiveness of Malawi's banana value chain, measured using the Relative Trade Advantage (RTA) index, reveals a negative position across all key markets: World (- 0.31), SADC (- 0.02), and COMESA (- 0.62) (Figure 7).

Figure 7: Competitiveness analysis of the Malawi banana value chain



Source: Authors' own computation

This indicates that Malawi is not competitive in banana exports, with the largest gap in the

COMESA region and only a marginal deficit in SADC, where targeted interventions could yield improvements. The sector remains import-dependent rather than export-driven, constrained by low yields due to weak seed systems, pest and disease pressures, and limited irrigation, highlighting key areas for investment and reform.

Key challenges in the banana value chain

The banana value chain faces several challenges, including the following:

Poor seed systems to supply clean suckers to farmers

Just like many vegetatively propagated crops, the seed system in the banana value chain remains underdeveloped, largely due to the dominance of informal seed exchange and limited effective demand for improved planting materials. Although micropropagation is the standard technology for large-scale production of banana plantlets, its adoption in Malawi is minimal because of the high initial investment required for laboratory equipment, reagents, contamination, and skilled personnel.

An alternative method, macropropagation, where banana plantlets are multiplied in humidity chambers, was promoted by the government through the Kulima-Better project. However, many of the chambers distributed to farmer groups have become idle or fallen into disrepair after the project's phase-out, largely due to limited initiative within the groups to utilise them for seedling multiplication or to carry out necessary repairs. In most UCHI districts, individual progressive farmers appear more proactive in using these facilities than the groups. Moreover,

macropropagation is considered less efficient than micropropagation in terms of the number of plantlets that can be produced and is best suited for medium-scale farmers. Consequently, most smallholder farmers continue to exchange suckers informally, often without paying attention to pests and disease management.

Currently, demand for plantlets from existing micro- and macropropagation facilities is largely project-driven. These plantlets are available to all farmers, including smallholders, but they are relatively more expensive than suckers sourced from existing orchards. As a result, there is limited effective demand from smallholder farmers, who, without external grants, often lack the purchasing power to afford them. The recent withdrawal of United States Agency for International Development and similar donor-funded initiatives has further reduced this demand.

Persisting Banana Bunchy Top Virus disease

With the exception of the Misuku Hills in Chitipa District, all districts in Malawi continue to be affected by BBTv, a disease that has contributed to the collapse of the country's banana value chain since the 1990s. Despite government efforts to curb the disease, the disease persists, largely due to weak seed systems and poor management practices. At present, Malawi lacks a local protocol for macropropagation, disease monitoring, and indexing. The Misuku Hills remain disease-free primarily because of locally enforced by-laws that regulate the entry and distribution of banana suckers in the area.

Underdeveloped irrigation systems compromise water supply to banana fields

Only a few small and medium-scale banana farmers have fully developed irrigation systems, mainly due to the high investment costs and, in some areas, a low water table. Estimates from the Department of Irrigation suggest that installing a complete irrigation system cost between USD10,000 and USD15,000 per hectare, depending on terrain, water source, and system design. This is a high cost, especially for small-scale farmers. Yet, a reliable water supply is essential for successful year-round banana production, as the crop has high water requirements.

Poor management practices of plantations

Poor management practices in banana production include inappropriate site selection, inefficient water management due to rudimentary irrigation systems, limited knowledge of banana nutrition, poor knowledge about banana mat management (i.e., recommended minimum number of banana plants per planting station), and inadequate biosafety measures (such as reusing panga knives during harvesting). These and other management gaps continue to undermine productivity and disease control. For instance, smallholder banana farmers' yield of 19 tons per hectare is far below the potential yield of 50 tons per hectare realised by commercial farmers, partly due to poor orchard management practices.

Poor post-harvest handling

High post-harvest losses, estimated at 19%², occur during transit to markets due to the absence of refrigerated trucks for this highly

perishable crop, coupled with poor handling during transportation, retailing, and related processes.

Policy incoherence due to poor policy coordination

The government, through the Malawi Revenue Authority (MRA), continues to tax imported packaging materials for banana chip processing, even though tax rebates for such inputs are included in its incentive schemes. This is partly justified by commitments from local producers to supply the same materials, although production has yet to materialise. Likewise, importers often obtain a “no-objection” from the Ministry of Agriculture to import bananas but are subsequently denied licenses by the Ministry of Industrialisation, Business, Trade and Tourism on the basis that domestic supply is deemed sufficient.

Isolation of certain geographic areas from markets due to topography, poor road network and other logistical issues

Despite being one of Malawi’s key production zones, farmers in hard-to-reach areas such as the Misuku Hills in Chitipa remain isolated from markets due to logistical barriers, including difficult terrain, poor road networks, limited transport options, and the absence of well-developed aggregation systems.

Proposed interventions and investments to improve the banana value chain

The proposed interventions and investments, in order of importance, are outlined as follows:

- Government should formalise the banana seed systems in all the UCHI districts by instituting a local protocol for banana seed propagation

and distribution. In collaboration with the UCHI project, authorities should consider mapping out and spatially designating macro-propagators, as well as distributors within each UCHI district, at the Extension Planning Area (EPA), district, and even at the national level. Under this model, progressive and farmer groups should be assured of access to clean planting materials. Additionally, the government should consider developing a commercial model for producing and distributing banana plantlets to ensure a sustainable supply of clean planting materials.

- Government should improve the in-field management of the BBTv disease. One effective model is used by farmers in the Misuku Hills, where farmers themselves strictly regulate and control the movement of banana plantlets. In addition, farmers need to be properly sensitised on the importance of implementing biosafety measures, such as avoiding the reuse of panga knives during harvesting, and addressing other persistent management gaps that continue to undermine disease control and productivity.
- Government and development partners should improve access to irrigation facilities and services by supporting small- and medium-scale banana farmers in accessing affordable and sustainable irrigation solutions. This could include providing subsidies, concessional financing, or shared community irrigation schemes to reduce the high upfront costs and ensure a reliable water supply for improved banana production. Authorities can also explore targeted investment financing for

critical areas, including irrigation infrastructure and processing facilities; leverage synergies with ongoing programs (e.g., PRIDE, TRADE, NEEF); and provide incentives for processors, such as matching grants and tax benefits, to stimulate private sector engagement and strengthen the banana value chain.

- Government through field officer should promote good husbandry practices by continuing to train and support farmers to adopt improved management practices, including proper site selection, efficient water use, optimised planting density, balanced nutrition, and strict biosafety measures. Extension services and farmer training programs should prioritise closing these knowledge and practice gaps to enhance productivity and control diseases effectively.
- Authorities should consider instituting and encouraging a collaborative (integrated) farmer support model, especially in technical service delivery. That is, multidisciplinary teams of experts should be encouraged to provide holistic support to farmers, covering technical areas such as extension services, irrigation infrastructure, marketing, and other critical aspects of production and value chain development.
- Development partners should enhance post-harvest handling in progressive UCHI farmer groups by strengthening off-taker arrangements and establishing aggregation centres in UCHI areas with promising production capacity but limited market linkages, such as Misuku hills in Chitipa. It can

also be enhanced by establishing an information sharing platform where producers and traders can constantly interact to share production, price and other relevant market information. Again, enhancing the capacity of banana processors to operate efficiently and on a large scale can help reduce post-harvest losses.

- There is need to improve policy coordination between government Ministries, Agencies and Departments (MDAs) and address policy inconsistencies. Coordination needs to improve to ensure consistency in incentives and regulations. This should include aligning tax rebate schemes for imported inputs with actual taxation practices and streamlining import licensing processes to prevent conflicting decisions that hinder private sector investment in the banana value chain. This can jointly be led by the Ministries of Agriculture and Trade and can be done through a framework of an information and policy platform.
- The government and development partners should strength market access, aggregation and private-sector linkages for hard-to-reach areas. Priority interventions include upgrading rural road infrastructure, supporting reliable transport services, and establishing aggregation centers and supporting off-take arrangements to reduce isolation and strengthen market linkages. The UCHI project can also build synergies with other Government flagship projects such as the TRADE program under the Ministry of Local

Government and the AGCOM project under the Ministry of Agriculture to ensure their farmer groups in areas where these programmes are operational benefit from complementary services and facilities that enhance market access.

- Promote collaborative approaches to resolving technical bottlenecks by coordinating experts

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across extension, crop development, irrigation, marketing, and other areas to provide farmers with holistic support. Currently, some commercial farmers receive strong extension services but lack access to quality irrigation support, limiting their ability to achieve meaningful commercial gains.

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