



Agricultural Commercialization: Challenges and Opportunities in the Malawian Groundnut Value Chain

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DCAFS Thematic Meeting on Agriculture Commercialization and Irrigation Development

October 24, 2023



MICHIGAN STATE
UNIVERSITY



**Agricultural
Transformation
Initiative**

Background

MW2063 Pillar 1– agricultural productivity and commercialization

- Commercialized agricultural sector
- Boost incomes and spur economic growth

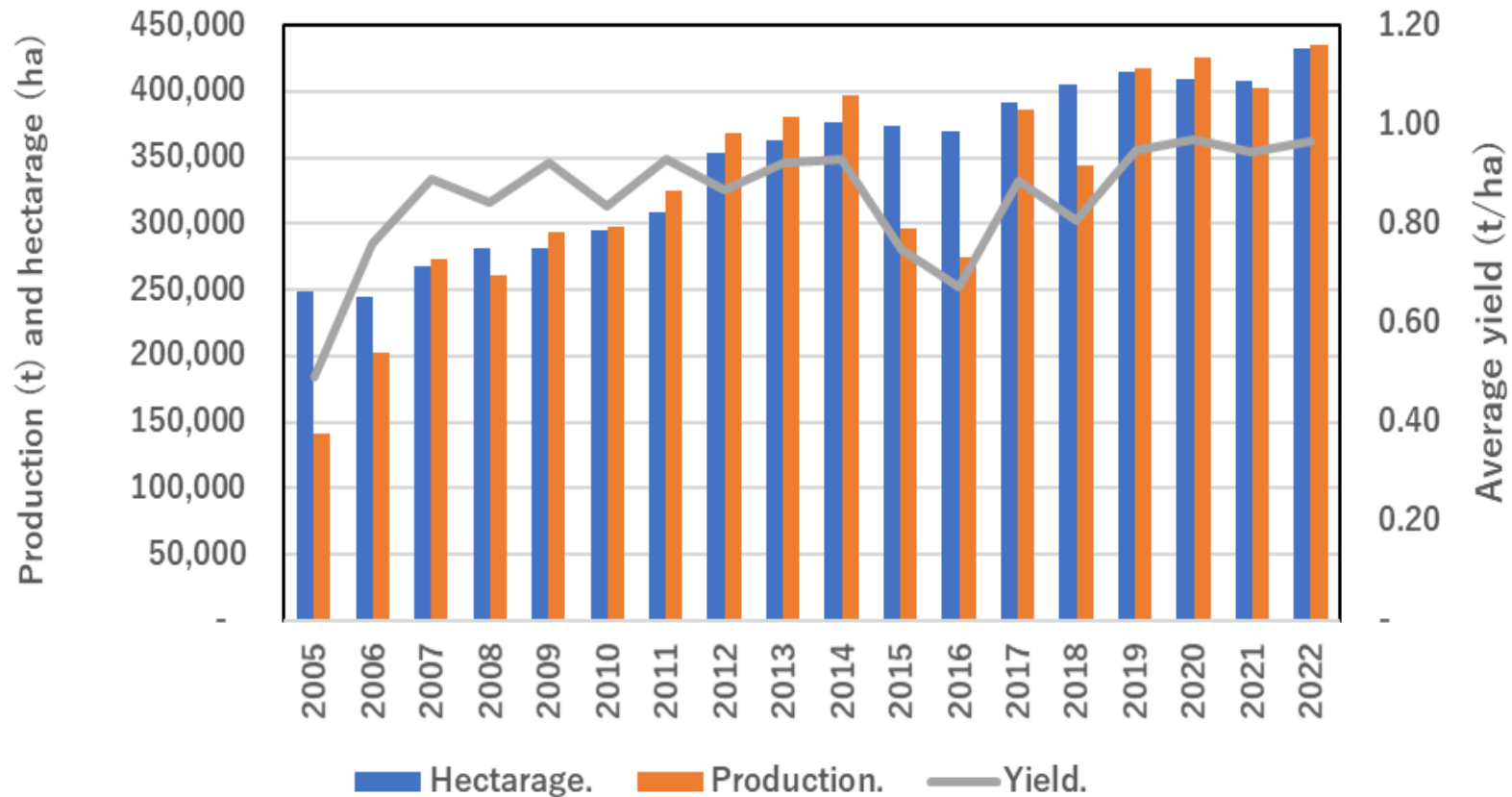
Policy and regulatory movements

- Seed – promote reliability of seed certification – eliminate fake seed
- Fertilizer – increase access to high quality fertilizers
- Livestock – accelerating growth in livestock production and productivity
- Crops Bill – regulate development, production and marketing of crops (in progress)

Tobacco has been the main commercial crop – but is facing challenges

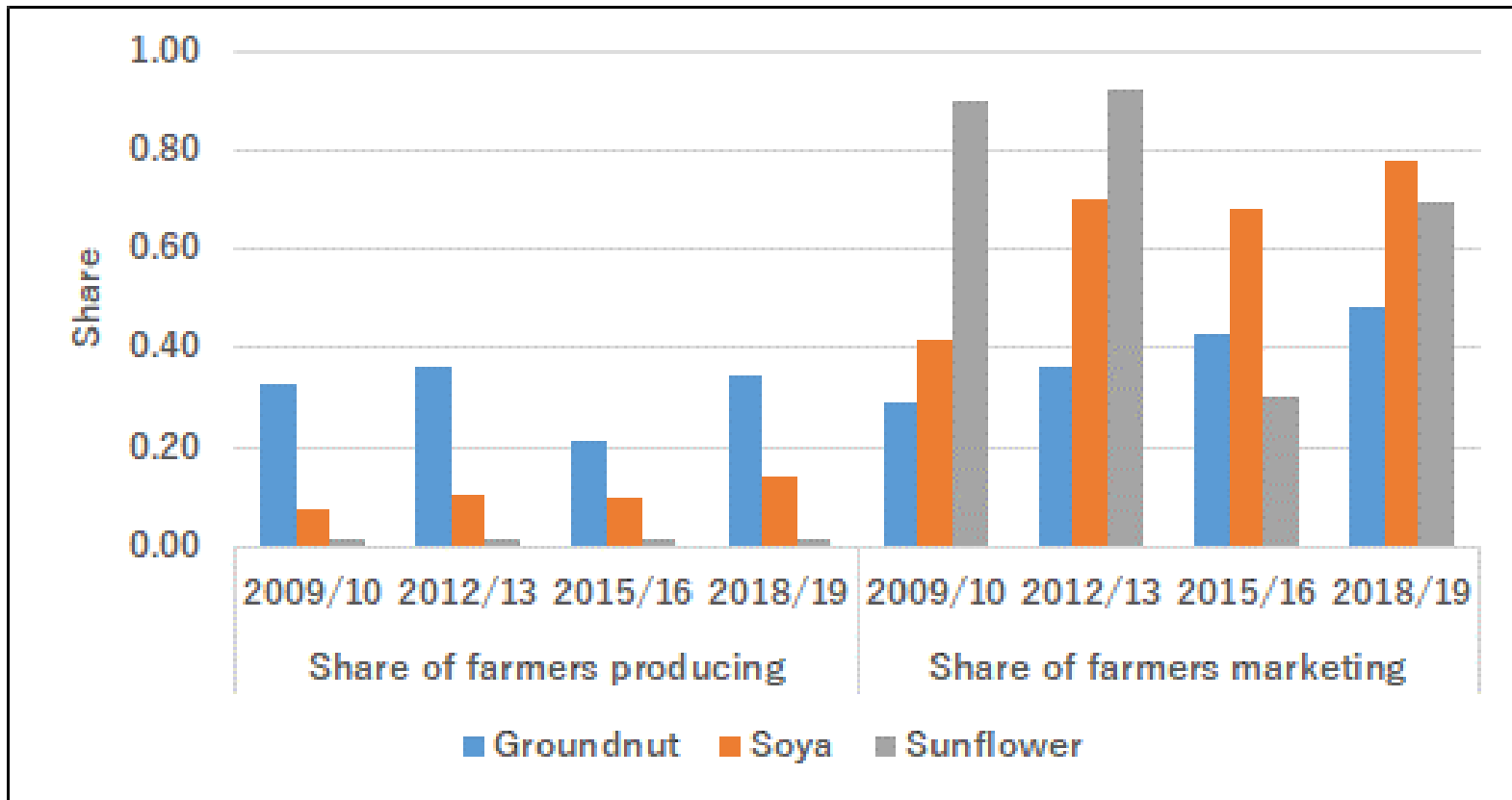
Groundnuts have the potential to increase economic growth and contribute towards agricultural diversification


Trends in groundnut production



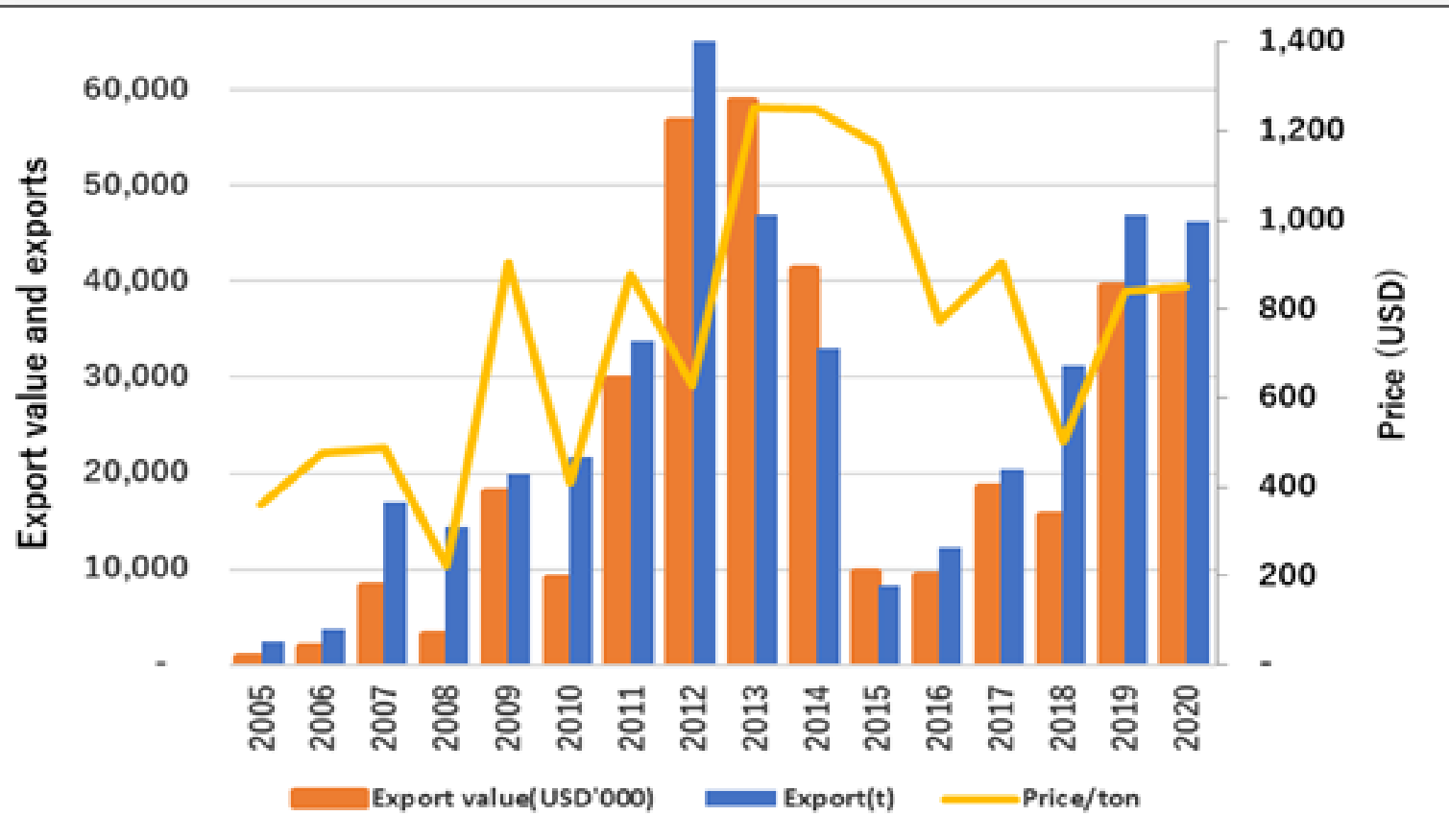
- ☀️ **Steady increase in production and area planted**
- ☀️ **Yields remain below potential of 1.5 to 2.5tonnes/ha**

Trends in commodity marketing



 **Share of farmers selling groundnuts increasing (~half in 2019)**

Groundnut gross export value



Groundnut exports have been volatile

- Peak in 2013
- Sharp decline in 2015 related to enforcement of aflatoxin standards
- Most exports after 2015 'informal'

Challenges to groundnut value chain growth

- 🌅 High rates of aflatoxin - affecting the safety of humans, quality of raw and processed foods from groundnuts
- 🌅 Lack of access to improved seed
- 🌅 Forex controls are an implicit tax on formal exports
- 🌅 Limited government and private sector coordination
- 🌅 Lack of clarity of medium- and long-term strategic direction of key programs affecting agricultural commercialization

Policy recommendations

- ☀️ **Collaboratively address the enabling barriers to production and value addition**
- ☀️ **Encourage investment in agricultural value chains, including foreign direct investment**
- ☀️ **Disseminate and scale up strategies for mitigating aflatoxin contamination**
 - Farm management practices important (research and extension)
 - Market structures important including regular testing and quality grading and price premiums for lower risk groundnuts
- ☀️ **Improve communication channels with private sector by streamline public-private policy engagement**



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