



## **Briefing Note on Policy Actions from Roundtable Discussion on Transforming Malawian Agriculture through Mega-farms**

### **1. Background**

- 1.1 The MwAPATA Institute in partnership with the National Planning Commission and Farmers Union of Malawi organized a Roundtable discussion on the development of mega-farms in Malawi.
- 1.2 The roundtable discussion, which took place on 10<sup>th</sup> August 2022 was part of the key policy actions that were agreed upon during the Malawi Agricultural Productivity and Commercialization Conference that took place in June 2022.
- 1.3 Leading experts and key stakeholders discussed specific strategies to inform the implementation of the mega-farm concept by the Ministry of Agriculture in order to increase its probability of success.
- 1.4 Mega-farms will assist in addressing challenges related to low production, low crop and livestock yields, limited value addition and vulnerability to weather shocks. The objectives of mega-farms include increasing production and productivity, promoting irrigation, strengthening access to land and agricultural financing, and increasing agricultural exports.
- 1.5 The event comprised of two presentations. The first presentation was made by the Ministry of Agriculture, and it focused on the Government's strategy for the development of mega-farms. The second presentation was done by MwAPATA Institute focusing on the key lessons from regional experience and results from stakeholder consultations.
- 1.6 The presentations were followed by a panel discussion and an open floor discussion and feedback from stakeholders. The audience included academia; government ministries, departments, and agencies; the donor community; civil society; Malawian media; private sector actors including banks; small and medium scale farmers; development partners; and other interested stakeholders.
- 1.7 There was consensus on the need to consider different business models in the implementation of the mega-farms, a multi-stakeholder engagement and coordination

approach, and provision of incentives and enabling environment for private sector-led operations.

1.8 Stakeholder discussions also emphasized that implementation of mega-farms should learn from and be built upon what is already working in Malawi. Examples include the Shire Valley Transformation Project, Illovo, and Salima Sugar, and important lessons were drawn on the importance of flexible and conducive financing mechanisms and utilizing the already available marketing and trade agreements in the region.

## 2. Policy actions and recommendations

Detailed policy actions and recommendations that were agreed upon at the event are summarized in Table 1.

**Table 1: Summary policy actions and recommendations**

Strategic Area	Policy Actions and Recommendations	Champions and Responsible Actors
1. Multi Stakeholder engagement	<p><b>1.1 Institute a multistakeholder taskforce</b> to engage government (both inter and intra-MDAs) and private sector and to provide guidance and technical support to drive the mega-farms initiative.</p>	Ministry of Agriculture
	<p><b>1.2 Build and strengthen the institutional framework</b> for governing mega-farms while modernizing Ministry of Agriculture through digitalization to support commercialization.</p>	Ministry of Agriculture

	<p><b>1.3 Take advantage of other development investments and link with mega-farms:</b> This should include developing synergies with other development plans such as the development of four road corridors by the Malawi Millennium Development Trust (MMDT), development of secondary cities and industrialization outlined in the Malawi 2063 agenda and the World-Bank funded rural electrification programme.</p>	<p>Ministry of Agriculture</p>
<p><b>2. Business models</b></p>	<p><b>2.1 Strengthen existing large-scale estates, by understanding and addressing their operational constraints</b> and addressing policy issues that limit performance such as promoting good agricultural production practices, access to tailored extension services and provision of supporting infrastructure such as electricity, roads, telecommunications, etc.</p>	<p>Ministry of Agriculture</p>
	<p><b>2.2 Promote Public-Private-Partnerships (PPPs)</b> that play to the strengths of public and private actors, whereby government provides land and an enabling environment, and the private sector provides expertise, management, skills, infrastructure, and capital. PPPs should limit Government shareholding to below 50%.</p>	<p>Ministry of Agriculture</p>
	<p><b>2.3 Support interested private sector players</b> or business-oriented smallholder farmers to graduate to mega-farm business through provision of financing channels and access to markets.</p>	<p>Ministry of Agriculture, Ministry of Finance and Economic Affairs</p>

3. Markets and Trade	3.1 The MITC in collaboration with Ministry of Trade should be pro-active in sharing available information on international export demands including type of value chains, quantities and qualities needed to stakeholders through various information channels to spur investor confidence and access to financing.	Malawi Investment Trade Centre and Ministry of Trade and Industry
	3.1 Leverage on the opportunities and already existing marketing and trade agreements in the region such as COMESA Free Trade Area and African Continental Free Trade Area (ACFTA).	Ministry of Trade and Industry and Malawi Investment Trade Centre.
	3.2 Price risk mitigation tools need to be put in place through collective and structured markets and through development of financial instruments (e.g., futures and options) to ensure hedge of prices for the products.	MwAPATA Institute and Agricultural Commodity Exchange
4. Financing	4.1 Provide flexible and conducive financing mechanisms that are well aligned with the requirements of the agricultural sector including flexible and affordable interest rates.	Ministry of Finance
	4.2 Development of mega-farms concept should be accompanied by clear and concise business plans that will answer business relevant questions for prospective financiers.	Ministry of Agriculture

	<b>4.3 Creating awareness of the available domestic financing facilities</b> to the prospective mega-farms' investors and the general public, so that they can utilize such facilities.	Malawi Agricultural and Industrial Investment Corporation and Commercial Banks
<b>5. Land issues</b>	<b>5.1 Idle and unutilized estate land, including those with expired leases</b> should be made available to government for investment into mega-farms.	Ministry of Land
	<b>5.2 Facilitating land consolidation by small and medium scale farmers</b> to operate and manage mega-farms as in the case of Shire Valley Transformation Program.	Ministry of Lands and Ministry of Agriculture
<b>6. Inclusiveness</b>	<b>6.1 Put deliberate effort to be inclusive in the mega-farms concept</b> , for instance, youth, women, smallholder farmers, medium scale farmers, foreigners and local business people.	Ministry of Agriculture, Ministry of Gender, National Youth Council
	<b>6.2 Clarity on expectations to the communities and promote meaningful interaction between mega-farms with farmers and communities</b> such as contract farming arrangements, employment opportunities for locals and input and output markets.	Ministry of Agriculture
<b>7. Enabling policy</b>	<b>7.1 Create conducive policy environment</b> through consistent and coherent policies including creating conducive marketing and	Ministry of Agriculture, Ministry of Trade

	<p>trade policies and removal of export bans on commodities produced through mega-farms.</p> <p><b>7.2 Incorporate mega-farms in policy</b> such as the National Agriculture Policy (currently under review)</p>	
--	--	--