Banana Policy and Investment Priorities for Agricultural Transformation in Malawi

Malawi's banana value chain demonstrates growing commercialization potential, supported by public and private investment, rising production, and expanding domestic demand. Targeted reforms in seed systems, irrigation, and extension services can unlock productivity gains, strengthen market linkages, and accelerate export-oriented growth.

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Banana remains a strategically important value chain in Malawi, attracting sustained public and private sector support due to its growing commercialization potential. The sector contributes to improved smallholder incomes, employment creation, and dietary diversification, while offering strong prospects in both domestic and regional markets as the most widely traded fruit globally.

In recognition of its economic significance and alignment with Malawi's long-term development agenda—particularly Pillar 1 of Malawi 2063—the Ministry of Agriculture selected banana as one of three priority value chains for detailed analysis under the Policy Prioritization through Value Chain (PPVC) framework in May 2023. The PPVC deep-dive applied a market-led analytical approach, integrating value chain diagnostics with forward-looking scenario modelling to assess the current structure, performance, and constraints of the sector, and to define a viable pathway toward an upgraded, commercially oriented future state.

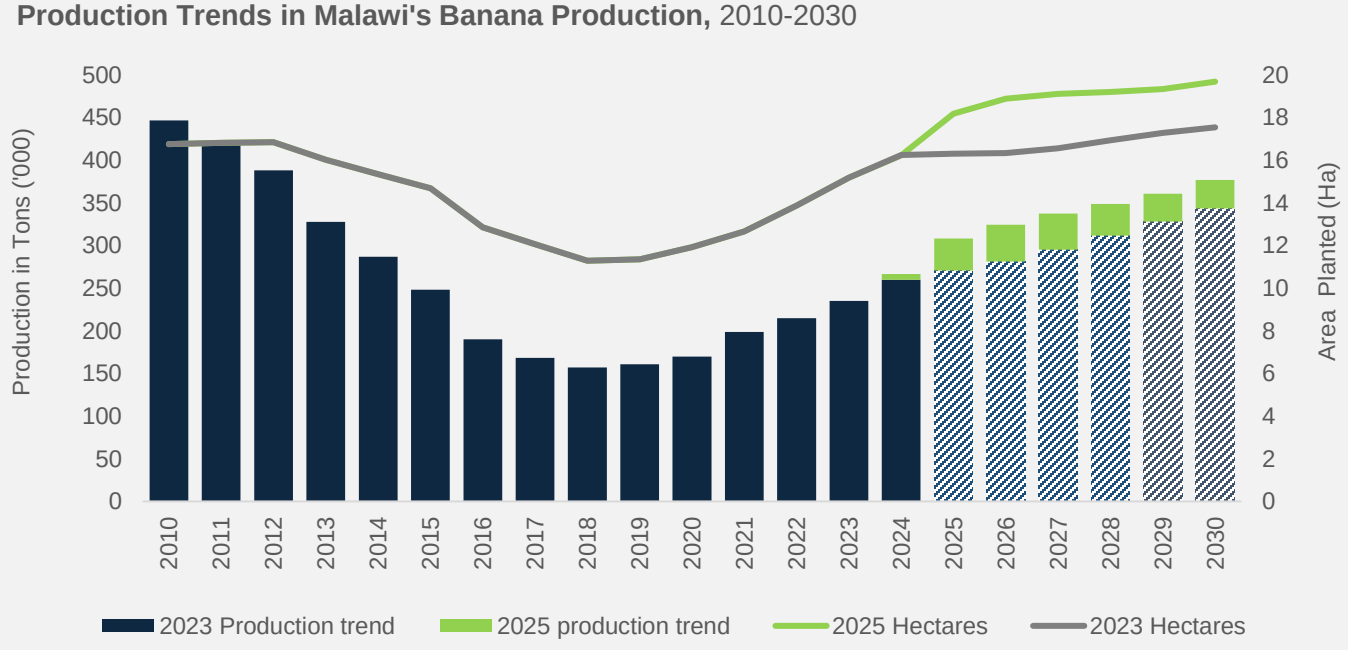
The analysis identified three core reform areas to unlock growth: strengthening the banana seed system to improve access to disease-free planting materials; scaling irrigation investments to support intensification; and enhancing extension systems to drive commercialization and adoption of improved practices.

This policy brief builds on the 2023 deep-dive by tracking progress and reassessing these reform priorities. It updates the baseline to 2025 using revised gross margin estimates and product flow analysis and re-evaluates the projected 2030 "upgraded state." In addition, the brief incorporates economy-wide modelling to quantify the broader impacts of the proposed reforms on production, incomes, and structural transformation, thereby providing an evidence-based foundation to guide policy implementation and investment prioritization.

Steady Growth, Persistent Constraints in Malawi's Banana Production

Banana production in Malawi has shown a clear recovery and growth trajectory over the past decade, following a prolonged decline between 2010 and 2018 (Figure 1). Since 2019, both production volumes and area planted have steadily increased, reflecting renewed momentum in the sector. Notably, between

Figure 1: Banana Production is recovering, but productivity remains constrained



Source: BFAP PE Model, 2025

2023 and 2025, production expanded by approximately 15 percent, while area planted increased by 9.5 percent. These gains also exceed the projections made in the 2023 baseline, indicating stronger-than-expected sector performance.

This upward trend is partly driven by the emergence of progressive farmers who are increasingly investing in banana production. Unlike traditional smallholder systems, these producers adopt improved agronomic practices, utilize higher-quality planting materials, and apply greater input intensity. Their participation signals early-stage formalization of the value chain and demonstrates the sector's underlying commercial viability, particularly given Malawi's favourable agroecological conditions for banana cultivation.

However, productivity gains remain constrained. Average yields, estimated at around 17 tons per hectare, are significantly below the attainable yields of up to 50 tons per hectare observed on well-managed commercial farms. This substantial yield gap highlights persistent structural inefficiencies within the sector.

The constraints underpinning this gap remain largely unchanged since the 2023 deep-dive. These include weak seed systems limiting access to clean planting material, the continued prevalence of Banana Bunchy Top Virus (BBTV), inadequate irrigation infrastructure, suboptimal agronomic practices, and significant post-harvest losses. Collectively, these challenges suppress productivity and competitiveness, resulting in continued reliance on imports to meet domestic demand. Addressing these systemic bottlenecks remains critical to sustaining recent growth and unlocking the full production potential of Malawi's banana value chain.

Improving Profitability Amid Price Pressures and Structural Gaps

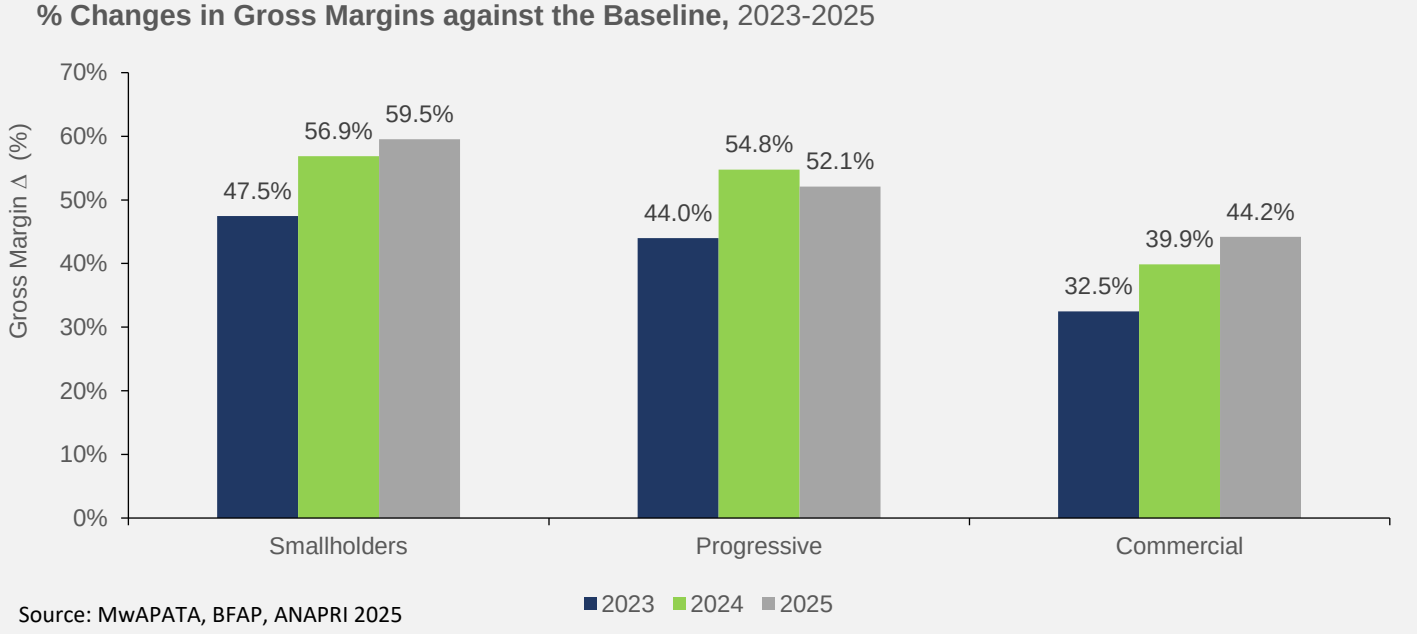
Banana continues to demonstrate strong market potential in Malawi, driven by both intensification opportunities and expanding domestic demand. The significant gap between current yields and attainable productivity levels underscores the scope for scaling production, while rising consumption—linked to population growth and urbanization—provides a solid demand base. As domestic production expands, there is also clear potential for import substitution, which would reduce Malawi's reliance on regional suppliers and ease pressure on foreign exchange.

Despite these opportunities, Malawi remains a net importer of bananas, with supply sourced primarily from Tanzania and Mozambique. As a result, domestic market dynamics are partly shaped by regional supply conditions and exchange rate movements. In 2024 and 2025, a combination of reduced regional supply and significant depreciation of the Malawi Kwacha led to sharper-than-expected increases in banana prices, exceeding earlier projections from the 2023 baseline.

These price dynamics have translated into improved farm-level profitability across all producer categories (Figure 2). Gross margins for smallholders increased from 47.5 percent in 2023 to 59.5 percent in 2025, while progressive farmers saw margins rise from 44.0 percent to 52.1 percent over the same period. Commercial producers also experienced gains, with margins increasing from 32.5 percent to 44.2 percent. The upward trend in margins reflects both higher output prices and growing domestic demand, reinforcing the sector's underlying profitability.

However, while rising margins signal strong incentives for production, they are partly driven by supply constraints rather than sustained productivity improvements. Persistent structural challenges—including banana diseases such as BBTV, weak access to finance and irrigation, and limited technical capacity affecting agronomic practices—continue to constrain efficiency and competitiveness. Addressing these bottlenecks will be critical to ensuring that profitability is sustained through productivity gains, rather than price-driven market conditions alone.

Figure 2: Rising Margins Driven by Strong Demand and Supply Constraints



Source: MwAPATA, BFAP, ANAPRI 2025

Policy Momentum and Reform Pathways for Scaling Banana Production

The banana value chain in Malawi continues to receive strong policy attention and investment support, reflecting its importance to economic growth, livelihoods, and food systems diversification. In March 2025, the Government of Malawi, through the Ministry of Industry and Trade (MoIT), introduced an import ban on bananas and selected agricultural products to stimulate domestic production. However, the measure was lifted in April 2025 after it became evident that local supply was insufficient to meet national demand, highlighting persistent structural constraints in the sector. In response, the government convened the inaugural Banana Growers Conference in May 2025, signaling a shift toward more coordinated, stakeholder-driven approaches to strengthening domestic production capacity and competitiveness.

Beyond government efforts, the sector is supported by a range of donor and private sector initiatives. Current programmes—including the Agricultural Commercialization (AGCOM) Project, the Centre for Agricultural Transformation (CAT), and the Ulimi ndi Chilengedwe m'Malawi (UNDP-supported) Strengthening Agricultural Commercialisation Project—build on earlier investments under Kutukula Ulimi m'Malawi (KULIMA), the Agriculture Sector Wide Approach Support Project (ASWAP-SP), and Market Transitions to Enable New Growth Opportunities (MTENGO). While private sector participation is increasing, much of the support remains donor-driven, with additional initiatives such as the Food and Agriculture Organization's (FAO) One Country One Priority Product (OCOP) programme in the pipeline. The Ministry of Agriculture, Irrigation and Water Development (MoAIWD), through the National Banana Coordination Office, plays a central role in coordinating and aligning these investments.

Despite this momentum, unlocking the full potential of the banana value chain requires targeted reforms that address persistent structural bottlenecks. The proposed reform package—focused on strengthening seed systems, scaling irrigation investments, and enhancing targeted extension services—aligns closely with Malawi's broader policy objectives of commercialization, productivity growth, and agricultural diversification. Importantly, these reforms

complement ongoing investments, particularly in the nursery sector, while offering practical pathways for blended financing in a fiscally constrained environment.

Foresight modelling indicates that implementing these reforms in combination could substantially transform the sector. By 2030, banana production could approach pre–Banana Bunchy Top Virus (BBTV) levels of approximately 450,000 tons, alongside an expansion of about 1,800 hectares above baseline area allocations (Figure 3). This underscores the scale of opportunity if reforms are effectively sequenced and implemented.

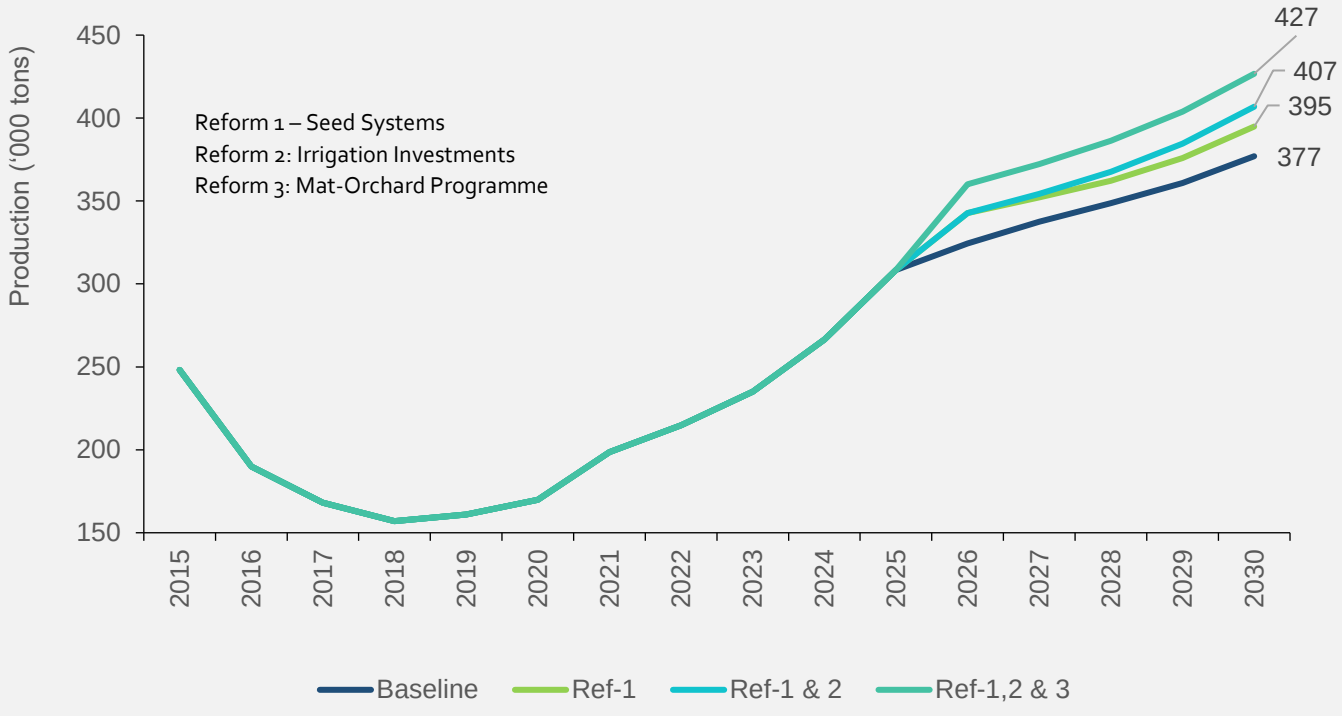
The seed systems reform targets productivity constraints by improving access to clean, disease-free planting materials through strengthened virus indexing, nursery certification, and expanded tissue culture capacity. It also promotes community-based certified nurseries using macro-propagation techniques and considers the introduction of targeted input support packages combining certified suckers, potassium-rich fertilizers, and extension services.

Irrigation reform addresses a critical investment gap by promoting blended finance mechanisms—leveraging farmers, development partners, and commercial banks—to enable year-round production, particularly among emerging progressive farmers. Meanwhile, targeted extension reform focuses on building practical, in-field technical capacity in banana husbandry, pest and disease management, and orchard-based production systems, supporting the transition from subsistence to more commercially oriented farming.

Overall, while the sector continues to face entrenched challenges, the combination of strong policy interest, coordinated investment, and well-defined reform pathways presents a credible opportunity to accelerate growth. Sustained commitment to these reforms will be essential to drive productivity gains, reduce import dependence, and position Malawi's banana value chain for long-term transformation.

Aligning Policy, Investment, and Reforms to Unlock Banana Sector Growth

Figure 3: Policy Reform Impacts on Banana Production, 2025-2030, in 000 tons



Source: BFAP PE Model, 2025

Priority Actions to Accelerate Banana Sector Transformation

Malawi's banana value chain is at a pivotal stage, with clear evidence of recovery, rising profitability, and strong policy and investment interest. However, sustained growth and competitiveness will depend on addressing persistent structural constraints and shifting from price-driven gains to productivity-led expansion. The analysis points to a focused set of actionable priorities that can accelerate transformation of the sector (see Table 1 below)

Table 1: Proposed Reforms, Progress in Adoption and Further Recommendations

Proposed Reforms	Adopted Policies	Investments	Recommendations
Seed System Reform Ensure access to clean planting material through virus indexing and certified nurseries.	Temporary import ban (Apr 2025) lifted in May; followed by tighter import controls (permits, volume limits). Malawi Banana Growers Conference (June 2025) strengthened stakeholder coordination toward industry development.	Banana Revival Project (MWK 90m; ~US$110k) implemented by CAT with National Bank support. FAO support for clean planting material, nurseries, and germplasm systems across 10 districts.	Consolidate and align donor initiatives. Sustain seed system reforms. Enforce certified, virus-indexed planting material. Strengthen inspection and enforcement to eliminate infected suckers.
Irrigation Investment Scale drip and borehole irrigation through blended finance.	No clear evidence of coordinated banana-focused irrigation strategy linked to blended finance.	5-ha irrigated banana pilot in Kasungu (2024) using borehole and drip systems (≈2,200 plants).	Maintain and operationalize blended finance model for irrigation scale-up.
Mat-to-Orchard Programme Targeted extension to commercialize smallholders.	No formal institutionalization of the Mat-to-Orchard programme or its components.	FAO OCOP initiative designates banana as a strategic value chain. Ongoing donor projects (e.g., UCHI) support dissemination of improved agronomic practices.	Provide technical support to formalize and institutionalize Mat-to-Orchard. Convene donors to transition pilots into a coordinated, scalable programme.

First, strengthening the banana seed system is critical to closing the productivity gap. Government, in partnership with the private sector and development partners, should scale certified nursery systems, expand tissue culture capacity, and enforce quality standards for planting materials. Introducing targeted input support packages—combining certified suckers, appropriate fertilizers, and extension—can rapidly improve adoption among smallholder farmers.

Second, unlocking irrigation investment through blended finance mechanisms is essential to enable year-round production and support intensification. Policymakers should facilitate risk-sharing instruments that crowd in commercial banks, while leveraging donor funding to reduce upfront capital costs for farmers, particularly emerging medium-scale producers.

Third, reorienting extension services toward targeted, commodity-specific support will be key to improving on-farm practices. Strengthening technical capacity in banana husbandry, pest and disease management, and orchard-based production systems can drive yield improvements and support the transition toward commercialization.

Finally, improving policy coordination and market development is necessary to sustain sector growth. The National Banana Coordination Office should play a central role in aligning public and private investments, while complementary measures to strengthen domestic market linkages and reduce post-harvest losses will enhance competitiveness and reduce import dependence.

Taken together, these interventions provide a practical and scalable pathway to boost production, improve

farmer incomes, and position Malawi's banana sector for long-term, market-driven growth.

Value Chain and Economywide Impacts of Proposed Policy Reforms

The proposed banana reform package generates broad-based economy-wide benefits by improving productivity, strengthening commercialization, and stimulating market activity across the value chain. When implemented together, the reforms are projected to generate cumulative GDP gains of US$6.6 million for banana producers and approximately US$2.0 million for traders by 2035 (see Table 2), reflecting higher production, improved product quality, and stronger market participation. Although improved productivity reduces the total land required for banana production, the reforms make production more labour-intensive, increasing labour demand per hectare by 19–21 percent

through improved orchard management, irrigation, and input use (see Table 2). As yields rise, some labour shifts from banana farming into other agricultural and non-agricultural activities, indicating structural transformation rather than net economy-wide job losses. These productivity and income gains also translate into measurable welfare improvements, with the integrated reform package projected to lift up to 7,445 rural Malawians out of poverty by 2035, demonstrating the potential of targeted value chain reforms to support inclusive rural economic growth.

Summary and Conclusions

Malawi's banana value chain has a strong foundation for commercialization, supported by robust domestic demand, favourable production conditions, and attractive farmer margins. However, realizing this potential will require addressing persistent structural constraints, including weak seed systems, disease pressure, limited access to irrigation finance, and inadequate technical support. The analysis demonstrates that these constraints are best addressed through an integrated Reform Stack, where investments in clean planting material, irrigation infrastructure, and commercial orchard management reinforce one another to generate substantially greater impacts than standalone interventions

The combined reforms are projected to significantly reduce Malawi's dependence on imported bananas, strengthen producer and trader incomes, and improve the competitiveness of the domestic value chain. While the sector's relatively weak processing and inter-industry linkages mean that most economic benefits accrue within the value chain itself, the reforms nevertheless generate meaningful economy-wide welfare gains through higher labour productivity, increased rural incomes, and reduced poverty. Taken together, these findings suggest that coordinated public and private investment in commercialization offers a practical pathway for transforming Malawi's banana sector into a more productive, competitive, and inclusive contributor to rural economic development.

Table 2. Policy Reform Impacts on the Banana Value Chain, Rest of the Food System, and Non-Food System

	Level change ($ million)			Percentage change over baseline (%)		
	Seed	+ Irrigation	+ Orchard	Seed	+ Irrigation	+ Orchard
National GDP	3.95	6.29	8.11	0.02%	0.04%	0.05%
Agrifood system GDP	**1.97**	**4.27**	**5.98**	**0.02%**	**0.05%**	**0.07%**
Banana value chain	2.61	6.16	8.57	3.10%	7.32%	10.18%
Banana producers	1.08	4.28	6.59	1.77%	7.03%	10.80%
Banana traders	1.53	1.88	1.99	6.60%	8.09%	8.56%
Other value chains	-0.64	-1.89	-2.60	-0.01%	-0.02%	-0.03%
Non-agrifood system	1.98	2.02	2.14	0.02%	0.02%	0.02%
Banana GDP multiplier	**1.51**	**1.02**	**0.95**			
Jobs/ha (Baseline 3.21)	**3.90**	**3.92**	**3.97**	**21.0%**	**17.9%**	**19.1%**

Source: IFPRI RIAPA Model (2026)

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