



**MALAWI CONFEDERATION OF CHAMBERS OF COMMERCE
AND INDUSTRY (MCCCI)**

REMARKS

BY

**THE PRESIDENT OF MCCCI,
MR PRINCE KAPONDAMGAGA**

AT

THE OFFICIAL OPENING CEREMONY OF THE

15TH NATIONAL AGRICULTURE FAIR

**CHICHIRI TRADE FAIR GROUNDS,
BLANTYRE,**

ON

THURSDAY, 12TH SEPTEMBER, 2018

- **Your Excellency, Professor Arthur Peter Mutharika, President of the Republic of Malawi;**
- **Your Excellency, the First Lady of the Republic of Malawi, Madame Gertrude Mutharika;**
- **The Minister of Agriculture, Irrigation and Water Development, Honourable Joseph Mwanamvekha, MP, and all Cabinet Ministers and Deputy Ministers Here Present;**
- **All Protocols Observed**

It is with delight and pleasure that I stand before you, Your Excellency, to warmly welcome you to the Official Opening of the 15th National Agriculture Fair here at Chichiri Trade Fair Grounds. We do not take your presence for granted, Sir. We are aware that you just returned from the Peoples Republic of China a couple of days ago. Your in-tray must therefore be full, yet you decided to spare time to be with us this morning. On behalf of the Malawi Confederation of Chambers of Commerce and Industry, and indeed on my own behalf, I would like to convey MCCCCI's indebtedness to you for your consideration to always grace our occasions in spite of crowded schedules.

Your Excellency:

The 15th National Agriculture Fair is being held under the theme **“Access to Finance, Value Addition and Markets: Key to Agri-based Industrialization”**

This theme is about contemporary issues which are reflected in the National Agriculture Investment Plan (NAIP), which is an implementation plan for the National Agriculture Policy (NAP).

Your Excellency:

You personally launched the National Agriculture Policy in November 2016 to signify the significance of the policy in the agriculture sector. This Policy aims at achieving agricultural transformation that should result in broad-based and resilient agricultural growth, improved well being and livelihoods of Malawians, and improved food and nutrition security. The Policy categorically requires MCCCI as an apex body of the private sector to play its rightful role. It is in this respect that we are promoting the fundamental tenets of this Policy Your Excellency, to ensure that its objectives are fully achieved.

Your Excellency:

The National Agriculture Investment Plan recognises that access to finance, perennially low prices for primary agriculture commodities, and unavailability of secured markets remain serious obstacles that straddle the sector. The agriculture sector is inherently fraught with a variety of risks. Some are natural while others are man-made. Natural risks include those risks that are climate related, whereas artificial risks include risks that originate from either inappropriate policies or inappropriate implementation of otherwise good policies. Climate change risks result in inability of even the most highly trained experts to predict the outcome of economic activities in agriculture with exactitude. Incidences of floods and droughts have become common in Malawi. Unfortunately these risks cause financial institutions to avoid lending to the agriculture sector. To mitigate this challenge and improve productivity that can lead to industrialisation, we need collateral investments in irrigation by Government. Government must provide backbone infrastructure while private sector should be using it at a cost. Because of the scale of investments required

in such projects, private sector has thus far not been forthcoming. Such collateral investments are therefore needed to lead the way.

Private sector must lead in providing innovative insurance products against such risks to do-risk financing. We believe that increased access to financing can make a difference to productivity in the sector, which in turn, should feed into agri-based industrialisation.

Your Excellency:

You may have noticed as you were touring a few stands that there are a number of exhibitors promoting irrigation agriculture. MCCCCI feels proud to be associated with the promotion of agriculture related technologies that mitigate the effects of negative effects of climate change.

Your Excellency:

The agriculture sector is one of the sectors with the highest potential to transform the structure of our economy if it can attract private sector investments through a consistent and predictable policy environment. Unfortunately, currently this sector is riddled with a wide array of policy interventions that scare away commercial institutions from lending to it, especially as these policy interventions cannot be predicted with certainty. As we are talking some produce markets have not opened yet, for example maize markets, despite Government putting aside K20 billion in the 2018/19 National Budget for the purchase of such a commodity from smallholder farmers. The implication for this is that those who borrowed funds to finance their agriculture production last growing season will not be able to repay their loans this year. Consequently commercial institutions are unlikely to lend to these farmers any more money for the next growing season. The uncertainty created by policy interventions is therefore actually destroying rather than promoting the sector. It is against this background that I must

commend Government for having the Control of Goods Bill passed into an Act in May this year. Whilst the objectives of the forerunner law that was replaced were noble, its implementation proved hostile to well-meaning entrepreneurs in the agriculture sector. Decisions to impose restrictive trade practices such as export bans were made at the whims of those in authority. At the same time Government was not able to purchase all the produce with restricted market. We hope that regulations supporting this new Act will come into force soon. It is expected that financing challenges to the sector will partly be resolved once the provisions of the Act are in place.

In line with improving access to finance by the sector, I would like to encourage Government, through the Reserve Bank of Malawi, to play a leading role in civic education on financial literacy. In addition the national identity chip must be activated to promote financial inclusion in order for Malawi to meet the Sustainable Development Goal on Financial Inclusion.

Your Excellency

Given the heavy reliance of our economy on agriculture, there is need to have a deliberate strategy to promote agricultural exports and value addition for both traditional and non-traditional crops, so as to broaden and deepen the sources of foreign exchange, which is critical to supporting the current macro-economic policy framework.

The theme of the Fair recognises Value Addition as another aspect that requires undivided attention. Inefficiencies in the sector, among others, have been responsible for low productivity. Low productivity means very little left for commercial purposes after domestic consumption. Such low productivity levels arise from the

fact that the vast majority of agricultural activities in Malawi are undertaken at subsistence levels, on very small pieces of land. Over the years, such low levels of productivity have derailed industrialization efforts and prevented the promotion of sound agro-processing industries in Malawi. In this respect, Government needs to encourage farmers to become commercially viable by aggregating their pieces of land and renting the enlarged pieces to commercial farmers. This has been done successfully in a number of places. The owners of the small pieces of land would in this case just be earning rent from the commercial farmers. This will in one way improve productivity in the sector.

Besides,, we need to identify a finite number of agricultural commodities in which we have well defined competitive advantage and come up with a well structured strategy to produce such commodities, not only aiming at producing primary commodities as we have been doing ever since, but looking at a value--chain approach. Because agriculture is mainly a private sector undertaking, Government should spell out a policy framework that would provide an incentive for organized farmers to invest in the sector and promote agro-processing and value-addition rather than production of primary commodities.

Your Excellency

We are aware that no country has developed without going through the process of industrialisation first except Canada, Australia and New Zealand which have large masses of land and very small populations. Establishment of factories create massive jobs for citizens of a country. Upstream factories create downstream factories to produce and supply inputs to them. In a country that is dependent on agriculture such as ours, we need to produce agriculture based raw materials to kick-start the industrialisation process. Doing so will require that we produce more than we need

for domestic consumption. Availability of financing, and assurance of markets will motivate farmers to produce more. With time we should see factories sprouting everywhere. That is our dream. But for this to happen we need the necessary ingredients, some of which are the finances and markets we have cited above.

Your Excellency:

Government must be applauded for continuing to meet its international undertakings to the Malabo Declaration as a commitment to supporting the National Agriculture Investment Plan. Since signing the CAADP Compact, the precursor to Malabo Declaration, in 2010, the Government of Malawi has largely met or exceeded the 10 percent budget commitment agreed under the CAADP Compact, primarily through the Farm Input Subsidy Programme (FISP) and maize purchases via ADMARC and the National Food Reserve Agency (NFRA). While this high level of expenditure is laudable, the Government's investments have primarily focused only on the two intervention areas mentioned, while systematically neglecting the other remaining investment areas that are necessary to drive agriculture growth, such as extension and research. As a result, Malawi's agriculture sector consistently fails to attain the minimum six percent sector growth target expected under the CAADP Compact. The 2018/19 budget of the Ministry of Agriculture, Irrigation and Water Development continues to focus narrowly on maize production via FISP and maize consumption via the Strategic Grain Reserves and ADMARC. As a consequence, the sector continues to lack a solid foundation of functional institutions to develop food and nutrition security, resilience, sustainable land resource use, and economic growth. This has led to a fragile agriculture sector and increased vulnerability to external shocks. These factors affect productivity of the sector.

Your Excellency,

This year we have been overwhelmed by a large number of participants at this Fair. Last year we had 104 pavilions. This year we have a whopping 126 pavilions. This is a remarkable increase over a single year. I must hasten to mention that this increase has been driven largely by the increased funding to the sector by our development partners. In particular I would like to mention the United States Agency for International Development (USAID), who have taken up 22 stands, and the European Union Delegation to Malawi, which has occupied 10 stands. Of course the sector Ministry has also led the way in as far as domestic exhibitors go, having taken 16 stands. I wish to take this opportunity to congratulate these and indeed all other exhibitors on their unrelenting passion for promoting the agriculture sector in Malawi.

Your Excellency, Distinguished Ladies and Gentlemen:

We have also had well-wishers who have supported the organisation and holding of this Fair in both cash and kind. The following organisations have come forward with assistance:

1. United General Insurance (UGI)
2. Languages Training and Consultancy Solutions
3. Blantyre Synod Radio through radio advertisements; and
4. Rangers Security Company through provision of security guard services throughout the Fair.

We are greatly obligated to these organisations for their timely assistance. We hope that other organisations will emulate this gesture in future, knowing that the Fair's objective is purely developmental in nature.

Your Excellency:

In conclusion I would like to thank all those who took part in preparing for this great day. This includes Management of

MCCCI., led by the Chief Executive, and the staff of the Ministry of Agriculture, Irrigation and Water Development, led by the Principal Secretary. Without these hard working loyal individuals, this Fair may not have been held.

I would like to end by thanking everyone for your kind attention.

Thank you very much