



# **COMMERCIAL AGRICULTURE INVESTMENTS IN MALAWI: ACCESS TO LAND**

# Malawi's Fundamental Challenge

- **Structural Trade Deficit from 1980 to present**
  - Exports while rising, have not outstripped [import](#) growth. Mainly due to lack of export diversification.
  - Growing import consumption fuelled by high population growth rates. It is estimated that population will grow to 31 million by 2040.
- **Lack of Economic Diversification and Value Addition**
  - Malawi has not managed to develop [new structured markets](#) after the creation of tobacco, sugar, tea, coffee markets five decades ago.
  - The traditional markets have not developed into other value added products—hence little or no value addition to tea, coffee, tobacco to diversify the production base.

# Malawi's Fundamental Challenge

- Volatility of Trends in the Economy
  - High interest rates, volatile exchange rate, double digit inflation fueled by a weak export base and seasonality in the economy attributed to the dominance of agriculture.

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# ABOUT MALAWI INVESTMENT AND TRADE CENTER (MITC)

Previously Two Separate Institutions

**Malawi Investment  
Promotion Agency**

- Established by Act of Parliament – 1993
- Mandate was to attract and Promote both local and foreign investment

**Malawi Export  
Promotion Council**

- Established by Act of Parliament – ????
- Mandate was to Promote Exports from Malawi

# MERGED TO BECOME THE MALAWI INVESTMENT AND TRADE CENTER (MITC)

## MANDATE:

To Promote, Attract and Facilitate both Local and Foreign Investment

- Market Malawi as an investment location
- Strategizing & Targeting
- Packaging Projects
- Policy advice and Lobbying
- Facilitation: Investment implement.

To Promote and Facilitate Exports From Malawi

- Identifying Export Markets for Malawi Products
- Identifying International buyers and creating linkages with local Promoters
- Policy advice and Lobbying

# INVESTMENT TRENDS: 2014-2017

2014

- **AGRICULTURE:** US\$6,150,000
- **AGRO-PROCESSING** 113,122,200

2015

- **AGRICULTURE:** US\$ 7,075,000
- **AGRO-PROCESSING:** 184,993,335

2016

- **AGRICULTURE:** US\$250,168,182
- **AGRO-PROCESSING:** 2,000,000

# IMPLEMENTATION STATISTICS

**2014**

- **AGRICULTURE:** 100 % (4)
- **AGRO-PROCESSING** 100 % (5)

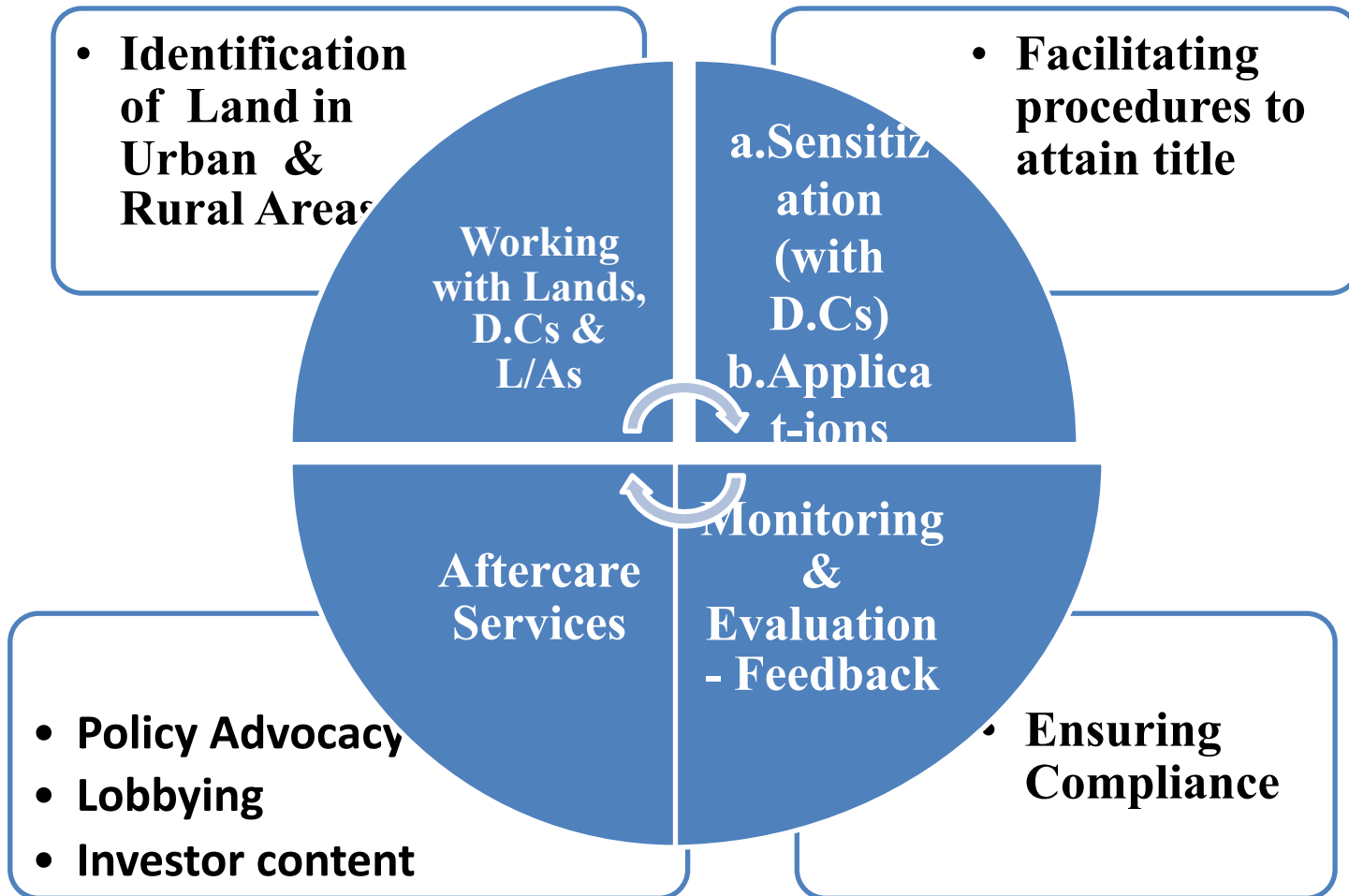
**2015**

- **AGRICULTURE:** 67 % (3)
- **AGRO-PROCESSING:** 100 % (9)

**2016**

- **AGRICULTURE :** 100 %(6)
- **AGRO-PROCESSING:** 80 %(5)

# ROLE OF MITC





# CONSTRAINTS AND CHALLENGES

- Unavailability of Land zoned for Investment Purposes in Urban Areas Results in Fire-fighting for land on a case to case basis
- Difficulty to access land for stand-alone Projects and agriculture commercial purposes in customary areas due to people issues and uncertainty on outcomes on part of community if just one member pulls out

# CONSTRAINTS & CHALLENGES

- Even when there's been successful access to land in customary areas, conflicts often arise either out of encroachment e.g. Kawalazi Estate or due to community discontentment such as on distribution of financial resources e.g. Malawi Mangoes

# **CHALLENGES AND CONSTRAINTS**

- Issues of Compensation – Lack of Financial Resources and delays experienced in procedure for compensation.
- In a number of cases, investors are requested to pay compensation (is this the right procedure?)
- Unregulated pricing of land in customary areas can at times turn out to be unrealistic (formula may be necessary)
- Unwanton and direct access to land by foreign investors makes tracking difficult and results to holding land on speculation purposes

# NEW LAND ACT PROVISIONS

- Land Act 2016 (Clause 11:1):

**Land for Investment Purposes Shall be  
Allocated to MITC**

- We are yet to know how the land will be transferred to MITC: (Serviced or unserviced?)

# RECOMMENDED SOLUTIONS

- Nation-wide deliberate mapping & zoning of land for investment purposes i.e. Estate and Agro-Processing (Maybe should include land use)
- Need for a revolving compensation fund capitalized by Government (Presently compensation assessment is invalid after 6 months)

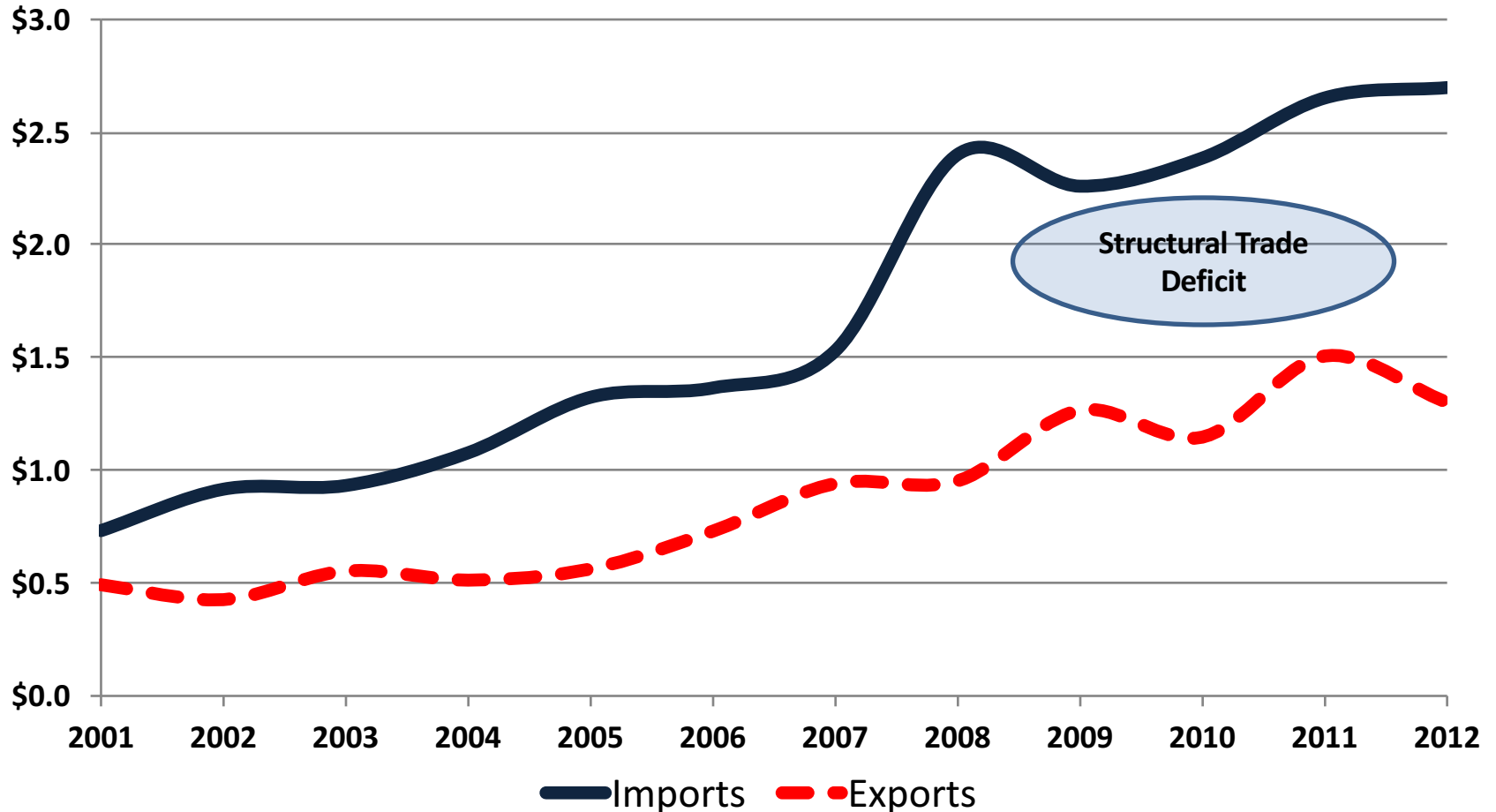
# **RECOMMENDED SOLUTIONS**

- All applications for land by Foreign Investors must have an investment certificate by MITC for monitoring and evaluation purposes
- Considering that land for investment purposes is a national development activity, Government should consider allocating land to MITC without paying in advance

THANK YOU

# The result is structural trade deficit & struggle to afford welfare needs

Imports & exports of goods & services, US\$ billion, current prices



Sources: IMF World Economic Outlook & Comtrade Trade Map



# Lack of Economic Diversification

