

**GOVERNMENT OF MALAWI**  
**GOVERNANCE AND INTERNATIONAL COMMODITY MARKETS**

**SPEECH BY**  
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**MARKETS**  
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GOVERNANCE AND INTERNATIONAL COMMODITY MARKETS

- THE CHAIRPERSON
- THE DIRECTOR-GENERAL OF FAO, JOSÉ GRAZIANO DA SILVA
- ALL MINISTERS PRESENT
- SENIOR GOVERNMENT OFFICIALS
- DISTINGUISHED DELEGATES
- LADIES AND GENTLEMEN

Let me start by expressing my thanks to the FAO Director-General for extending invitation for Malawi to participate in this forum organized to deliberate on issues to do with Governance and International Commodity Markets.

Allow me to also thank the FAO for the warm welcome offered to me and my delegation since we arrived here.

**The Chairperson, Distinguished Delegates, Ladies and Gentlemen**, as we are all aware, agriculture is central to most economies in the world. For instance in Malawi, agriculture accounts for about 30% of the Gross Domestic Product, 90% of export earnings, and employs about 80% of the total workforce. In this regard, agriculture is prioritized in the country's development agenda MOGS considering the importance and impact the sector has on livelihoods of the majority of Malawians.

This conference has come at an opportune time when most smallholder farmers especially in Malawi face different sets of constraints to fully participate in commodity markets. These challenges are exacerbated by a number of factors including; low literacy levels, low productivity, low compliance to market demands which limit smallholder farmers' participation in these markets. Furthermore, the extent to which these markets are integrated with other domestic, regional and international markets leaves a lot to be desired.

**The Chairperson, Distinguished Delegated, Ladies and Gentlemen**, the design of policy interventions aimed at encouraging greater levels of smallholder production for sale in markets have been challenged as evidenced by recent volatility in food and other commodity prices. Countries need to note that enhanced participation cannot be achieved without effective policies and strategies that create and sustain an enabling environment for integrating smallholder producers

into markets. This includes improved governance and transparency, improved infrastructure, making available relevant advice and information and provision of risk management tools and stable policies. Government support is therefore essential in all these respects but specific interventions need to be based on a thorough understanding of the constraints on smallholder productivity and market participation.

**The Chairperson, Distinguished Delegates, Ladies and Gentlemen,** governments need to play a direct role in creating market opportunities and linking smallholders to markets. In this regard, the Government of Malawi makes deliberate efforts to strengthen value chain networks in the agriculture sector by involving all players along the value chain. These players include: farmers, farmer organizations, agriculture service providers, agri-input providers, agro-processors, credit providers, commodity exchanges and research institutions. Many agricultural programmes in Malawi including the annual national agricultural fairs provide a forum to strengthen these partnerships. Public-private-partnership is therefore essential promoting value addition.

**The Chairperson, Distinguished Delegates, Ladies and Gentlemen,** it is worth noting that producers in developing countries including Malawi receive low income from their farming ventures. Lack of functional market information systems is one of the major causes since both the middle men and the exporters are not transparent enough leaving smallholder farmers marginalized. FAO and other development partners are playing a key role in facilitating collection and dissemination of relevant market information for easier policy analysis of commodity market issues in Malawi.

At this juncture, I want to convey my appreciation to the Director-General of FAO for the important work which the organization is doing in Malawi. Notably, as regards to agricultural statistics, FAO was focal in the formulation of the national agricultural statistics master plan that is to be implemented from 2014 to 2017. The master plan intends to improve the reliability of annual agricultural production estimates and improve our Agricultural Market Information System to ensure that both domestic and international users have access to reliable and up-to-date information to promote policy coordination in the sector.

Furthermore, **Distinguished Guests, Ladies and Gentlemen,** the Government of Malawi is encouraging the formation of commodity exchanges to ensure that more smallholder farmers have access to timely market information and better and reliable markets.

**Distinguished Guests, Ladies and Gentlemen,** in addition to promoting commodity exchanges in Malawi, the government realizes that participation of the private sector is crucial for inclusive growth in the country. In this regard, the Government of Malawi recently joined the G8 New Alliance for Food Security and Nutrition to leverage resources for generating private sector investment in the Agricultural Sector to achieve Food Security and Nutrition goals. The Government of Malawi has created a platform for consultation and dialogue to build domestic and international private sector confidence to increase agriculture investment, with the overall goal of reducing poverty, ending hunger and improving nutrition. Under the G8, New Alliance, as regards to agricultural commodity markets, the Government of Malawi intends to create a competitive environment with reduced risk in doing business for private sector investments in various value chains related to food security and nutrition, while also ensuring consistency and coherence in policies.

**The Chairperson, Distinguished Delegates, Ladies and Gentlemen,** in the face of structural adjustments programmes where governments have lesser control in managing extreme price volatilities, I wish to suggest that price risk management may also be considered to be lasting solutions for countries. Insuring key export commodities or engaging in future markets may thus be considered as better options in the face of price volatility.

**Chairperson, Distinguished Guests, Ladies and Gentlemen,** in conclusion I want to assure the meeting that Malawi commits itself to developing programmes which can actualize the principles of good governance in agricultural commodities. I urge FAO and indeed everyone in this meeting to note that it is possible to reduce food and commodity price volatility in our time, if only we can work together towards this noble goal.

**I thank you for your attention**