



COMMUNIQUÉ ISSUED AT THE END OF THE TWO-DAY ECONOMICS ASSOCIATION OF MALAWI (ECAMA) ANNUAL CONFERENCE, HELD AT SUNBIRD NKOPOLA HOTEL, MANGOCHI, 9 - 10 NOVEMBER 2023 UNDER THE THEME: "FORTIFYING ECONOMIC GROWTH FROM SHOCKS"

OVERVIEW

The 2023 ECAMA Annual Conference, themed "Fortifying Economic Growth from Shocks", convened to critically analyse exogenous shocks that have over the years affected the Malawi economy, in the process, deterring the achievement of the country's developmental aspirations. With a focus on resilience building, public finance management, and mainstreaming non-traditional sectors, the conference aimed to provide a platform for robust discussions and policy recommendations on strengthening the economy from exogenous shocks.

The opening session started with introductory remarks by former ECAMA President Mrs Lauryn Nyasulu. She underscored the importance of the conference indicating that it placed emphasis on the need to address various shocks which have significantly impacted Malawi's economy. This was followed by remarks by ECAMA Trustee Honourable Justice Zione Ntaba who stressed ECAMA's dedication to robust research methodology for policy-relevant recommendations. Justice Ntaba expressed confidence that the conference discussions and presented papers would offer valuable policy advice for economic decision-making in the country.

The official opening remarks and keynote address was delivered by the Vice President of the Republic on Malawi Right Honourable Dr Saulos Klaus Chilima. He reflected on the theme, acknowledging the common agenda to strengthen the economy against shocks. The Vice President highlighted how exogenous shocks have hindered growth and development. He noted that the challenges posed by emergency response and rehabilitation efforts have affected the government's capacity to deliver services. The Vice President urged participants to engage in in-depth discussions on innovative strategies for sustainable growth amid uncertainty. He also advised ECAMA members to discuss strategic investments to mitigate climate-induced shocks and diversification strategies for economic resilience. He emphasized the need for balanced tax policies, management of the fiscal deficit, and reduced reliance on external aid.

OBSERVATIONS

The conference recognized the unique nature of Malawi's economy, advocating for a strategic approach to expenditure prioritization and investment-friendly tax policies, to strengthen the Malawi economy as highlighted below:

1. Economic repercussions of climate change on the Malawi economy, particularly on the agriculture sector, have greatly affected the country's ability to achieve its national development aspirations.
2. Fiscal policy and monetary policy need to be consistent and countercyclical to promote sustainable growth and development.
3. Malawi's tax collection efforts face several challenges, including evasion, corruption, and non-compliance. This affects the country's ability to collect adequate revenues to support the country's development plans.
4. Structural issues in the Malawi economy remain a huge challenge.
5. Emergency response and rehabilitation efforts during and post natural disasters have affected the country's capacity to deliver services. The negative shocks have, further, resulted in weaker economic growth, higher unemployment, falling incomes, and rising poverty.
6. An overvalued exchange rate subsidizes importers excessively.
7. Adoption of crop insurance among smallholder farmers is negligible. Farmers face inadequate access to agricultural credit, limited availability of weather and climate information, limited access to markets and market information, and a lack of access to productive farm inputs, including fertilizers. Additionally, high levels of illiteracy among smallholder farmers remain a significant hurdle.
8. Differentiated households, such as women or child-headed and, age groups have different consumption patterns and perception on tax related issues, necessitating separate considerations.
9. Investment-friendly tax policies can go a long way in improving the overall investment portfolio. There is need for a more focused approach on tax policies to court investors-in various sectors.
10. Malawi faces challenges on the expenditure side, requiring a critical evaluation of priorities and spending patterns.

RECOMMENDATIONS

The conference put forth a few recommendations to mainstream climate change adaptation, design targeted reductions in specific indirect taxes, and develop comprehensive policies addressing various economic challenges.

Emphasis was placed on strategic investments in clean energy, climate-resilient infrastructure, and afforestation projects. The recommendations also called for sound supply-side policies, fiscal discipline, and the promotion of public-private partnerships to fortify Malawi's economy against shocks. The following are some of the highlights on the recommendations:

1. Mainstream climate change adaptation strategies into Malawi's development plans.
2. Design targeted reductions in specific indirect taxes to enhance welfare effects, considering different household consumption patterns.
3. Develop comprehensive policies addressing the growth crisis, fiscal deficits, monetary challenges, and balance of payments issues.
4. Encourage strategic investments in clean energy, climate-resilient infrastructure, and afforestation projects to reduce climate change impact.
5. Advocate for sound supply-side policies, fiscal discipline, debt forgiveness, and demand management strategies.
6. Prioritize climate-smart technologies and clean energy sources to mitigate climate change effects.
7. Explore public-private partnerships, with emphasis on significant projects to attract private sector involvement.
8. Enforce the fiscal management laws, including the Public Finance Management Act to ensure borrowing is for high-return investments, not consumption.
9. Promote climate-resilient infrastructure across sectors to minimize the impact of adverse climate change.
10. Consider realistic projections aligned with the country's economic realities and capacity.
11. Introducing a government program through agricultural extension services to raise awareness about crop insurance.

12. Enhancing financial literacy among rural populations, ensure credit availability to smallholder farmers and introduce rural markets to reduce transactional costs for farmers.

WAY FORWARD

ECAMA has come up with an action plan which will be shared in due course. This action plan has outlined actionable points and the activities which should be implemented by ECAMA and key stakeholders.

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