



THE 2024 ECAMA ANNUAL ECONOMIC CONFERENCE COMMUNIQUE

OVERVIEW

The 2024 ECAMA Annual Economic Conference, themed "Economic Priorities for a Vulnerable Economy", convened to discuss the urgent need to identify and implement strategic priorities that can strengthen resilience, drive sustainable growth, and address the multifaceted challenges the nation faces.

The opening session commenced with introductory remarks by Acting ECAMA President, Dr. Bertha Bangara-Chikadza. She emphasized the importance of the conference, highlighting its focus on re-imagining Malawi's development model and the earnestness of addressing the multi-layered challenges facing the country while fostering resilience and sustainable development.

Dr. Wilson Banda, Chairperson of the ECAMA Board of Trustees, followed with remarks, emphasizing ECAMA's dedication to addressing economic challenges as an independent advisory body. He highlighted ECAMA's 25-year commitment to this cause and affirmed that it remains strong. Dr. Banda reaffirmed the association's partnership with the government, including its ministries, agencies, and departments, in analyzing economic issues that affect the economy and providing advice aimed at recovery, stability, and sustainable growth.

Professor of Economics and Deputy Director of the School of Economic Sciences at the Northwest University in South Africa, Professor Steven Henry Dunga, delivered the keynote address. The address provided a comprehensive analysis of Malawi's economic landscape, emphasizing the importance of transforming vulnerabilities into strengths, and limitations into opportunities.

The presentation explored strategic priorities essential for fostering sustainable economic growth and addressing key challenges in Malawi. He explored eight strategic priorities essential for fostering sustainable economic growth and addressing key challenges in Malawi. These included Building Agricultural Resilience and Food Security, Infrastructure Development to promote Tourism

and Enable Growth, Mining, Strengthening Private Sector Development and Job Creation, Investing in Education and Skills Development, Strengthening Healthcare, Ensuring Good Governance and Fiscal Discipline and Embracing Environmental Sustainability.

Minister of Finance and Economic Affairs Honorable Simplex Chithyola Banda, M.P., challenged the conference participants and economists to develop homegrown solutions to Malawi's economic challenges, emphasizing the need for innovative responses amidst global economic shifts.

He highlighted the underutilization of climate change solutions in addressing economic issues and criticized the limited value of existing economic theories in solving Malawi's problems. Stressing the urgency of the situation, he noted that real Gross Domestic Product (GDP) growth has averaged only 2.43 percent per annum over the past three years, primarily due to climate crises affecting agriculture sector and infrastructure development.

He advocated popularization of the government's Agriculture, Tourism and Mining (ATM) strategy to mitigate risks and capitalize on mineral resources, promote climate-smart agriculture, and enhance eco-friendly tourism infrastructure.

OBSERVATIONS

The conference recognized and underscored the urgency and commitment to finding innovative and sustainable solutions to Malawi's economic challenges. There was a consensus that addressing the nation's economic vulnerabilities requires homegrown strategies tailored to Malawi's unique context as highlighted below:

1. Malawi requires a comprehensive strategy for economic growth, focusing on climate resilience, agricultural transformation, energy expansion, and fostering a vibrant private sector.
2. There is need to leverage technology and innovation to drive economic advancement and the critical role of

education and skill development in building a capable workforce.

3. In Malawi, climate change has brought about harsh weather conditions which swing from droughts to heavy downpours (leading to floods) and have had devastating impact, increasing the economic vulnerabilities.

4. The issue of deforestation contributing to carbon emissions and the vulnerability of critical infrastructure to extreme weather are among significant constraints on the country's capacity to adapt.

5. Effective climate response can help protect the economy's ecosystem and communities from the adverse impacts of climate-related hazards.

6. Malawi needs to increase investment in adaptation which will be critical for building resilience to the impact of Climate Change.

7. Consistent with the Paris Agreement and the Malawi 2063, there is need to align finance flows with climate-resilient development and mobilization of additional resources for necessary adaptation measures.

8. Malawi's vast forestry resources, agriculture-based economy and energy offer a significant opportunity to enter the carbon markets through reforestation, afforestation and agricultural emissions reduction projects.

9. By conserving and expanding forests, Malawi can generate carbon credits to sell in international markets as there are vast opportunities in the carbon trading space which include revenue generation.

10. By engaging in carbon markets, Malawi can drive climate mitigation and adaptation efforts, diversify its economy, and support sustainable livelihoods while protecting biodiversity.

11. Reorganizing farmers into cooperatives that can produce at a commercial level will increase output per hectare, which is currently averaging around 2.5 metric tonnes per hectare, but can potentially double or triple with proper use of the land.

12. Tobacco, the largest export crop in Malawi, plays a vital role in the economy but creates vulnerability due to its reliance on rain-fed production and exposure to fluctuating global prices and climate change impacts.

13. Tourism presents a significant untapped opportunity

for Malawi and is the lowest hanging fruit for economic growth, potentially even closer to realization than agriculture.

14. Expanding energy access, particularly through renewable sources like hydro and solar power, can support industries, attract investment, and reduce dependence on imported fuel.

15. Health shocks have significant economic consequences, particularly for vulnerable economies like Malawi.

16. Ensuring that medical procedures are performed locally rather than abroad can save valuable forex and cater to the needs of the growing middle class.

17. Strong governance enables Malawi to attract investment, provide essential services effectively, and create a stable business environment conducive to innovation and entrepreneurship.

18. Investing in sustainable land management, protecting biodiversity, and promoting renewable energy can safeguard resources for future generations. Registering land parcels to ensure proper management and utilization is necessary. Renewable energy is not only important for environmental reasons but also for economic resilience, as it reduces dependence on imported fuel and stabilizes energy supply.

RECOMMENDATIONS

The conference put forth a number of recommendations to re-imagine Malawi's development model and emphasized the urgency of addressing the multifaceted challenges facing the country while fostering resilience and sustainable development.

The recommendations also called for sound supply-side policies, fiscal discipline, and investment opportunities and financing instruments. The following were some of the recommendations:

1. Malawi needs to integrate modern agricultural practices such as climate-smart agriculture, and commercialization and mechanization into the curriculum at an early stage to ensure that the younger generation is well prepared and knowledgeable about advanced agricultural techniques, rather than focusing solely on small-scale farmers with limited land.

2. The country needs to invest in alternative crops such as soybeans, groundnuts, and horticulture to reduce its reliance on tobacco and build a broader economic base.

3. Malawi must establish strong monitoring, reporting, and verification systems and strengthen the legal framework to fully realize the potential for Carbon Credit market which could rake in between \$220 million to \$440 million annually.

4. The Government needs to tame its appetite for borrowing for consumption to create room for private sector to access credit for productive investment.

5. The Government should explore and adopt sound fiscal management systems to enhance Malawi's resilience to external shocks and ensuring macroeconomic stability.

6. To achieve fiscal sustainability, a comprehensively reforming fiscal policy and governance is required, coupled with implementation of public financial management reforms and systems under the PFM Act 2022.

7. Authorities need to enhance domestic revenue mobilization to improve fiscal stability and fund essential public services. Malawi needs to implement progressive tax reforms to increase tax compliance and broaden the tax base. There is a need for simplifying the tax code, reducing tax evasion, and improving tax administration.

8. The country needs to invest in modernizing tax collection systems through digital platforms and automated processes to improve efficiency and reduce leakages.

9. Authorities should explore alternative revenue sources such as property taxes, environmental taxes, and leveraging public assets to generate income.

10. To ensure long-term economic growth and foreign exchange earnings, the gathering recommended strengthening the export sector using structural reforms thorough:

i. Product Diversification: Encouraging the diversification of export products beyond traditional goods by promoting high-value crops, manufacturing, and service industries.

ii. Infrastructure Development: Investing in infrastructure improvements such as ports, roads, and logistics as essential to facilitate export activities and reduce costs.

11. To achieve sustainable economic growth, Malawi requires the harmonious coordination of monetary and fiscal policies through:

i. Policy Alignment: Ensuring that the objectives of fiscal policy align with those of monetary policy to achieve macroeconomic stability.

ii. Regular Communication: Fostering regular communication and collaboration between fiscal authorities and monetary authorities to align strategies and respond effectively to economic challenges.

iii. Joint Committees: Establishing joint committees to oversee policy implementation and monitor economic indicators to ensure policies complement each other and achieve desired outcomes.

12. Maintain a contractionary monetary stance through policy and market operation to reduce inflationary pressures and promote trade competitiveness through:

i. Interest Rates: Utilization of interest rate adjustments to control money supply and curb inflation.

ii. Open Market Operations: Conducting open market operations to influence liquidity levels in the economy. Selling securities can help reduce money supply and control inflation.

iii. Exchange Rate Management: Maintaining a stable exchange rate by managing foreign exchange reserves and intervening in the forex market when necessary to prevent excessive volatility was proposed.

iv. Inflation Targeting: Adopting a clear inflation-targeting framework to guide monetary policy decisions and communicate expectations to the public as a way to enhance credibility and effectiveness.

13. Tourism presents a significant untapped opportunity for Malawi and is the lowest hanging fruit for economic growth, potentially even closer to realization than agriculture.

14. By prioritizing tourism and improving marketing efforts, Malawi could attract international visitors. Improving ports of entry, such as Airports can also boost tourism.

15. Malawi needs to set up a formal mining company to streamline efforts and address foreign exchange challenges, thereby enhancing economic growth.

16. Malawi needs to invest in healthcare infrastructure, improve access to medical services, and address issues like malnutrition, malaria, and HIV/AIDS to reduce poverty and enhance productivity.

17. Innovative healthcare models such as private businesses building facilities which medical professionals can use at a fee to improve service provision and retain foreign exchange should be

encouraged. Ensuring that medical procedures can be performed locally rather than abroad can save valuable forex and cater to the needs of the growing middle class.

18. Malawi needs to develop a culture of integrity and

honesty among workers and institutions to ensure the effective use of resources.

19. Registering land parcels to ensure proper management and utilization is necessary.



Dr. Bertha Bangara-Chikadza
ECAMA President

SPONSORS

