

Diversification in Coffee Producing Countries

The Case of Malawi

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1

Areas and Producers of Coffee (Estate vs Smallholder Production)

Southern Malawi Shire Highlands (close to Blantyre)	Highlands of northern Malawi (around Mzuzu)
By settlers & conglomerate (Press Agriculture)	Organised by Smallholder Coffee Farmers Trust (SCFT) Associations, Zone and B. Centre
Production from 20 - 100ha (tea, tobacco & macadamia)	0.3 ha, holding of 1000 trees (also a lot of crops for subsistence)
Contribute close to 85%	Contribute 15%
High input use (1-2t/ha)	Low input use (750kg/ha) (little chemicals and depend on rain fed (700 mm to 2200 mm))

2

Diversification Success Stories

- ❖ Coffee value addition in smallholder sector
 - Domestic consumption [1991 (3.5 mt), 2000 (20 mt) and 2005 (30 mt)]
 - Specialty coffee, 2004 and 2005 (30% of total export)
- ❖ Honey Promotion started in the 1960s
 - Intensified by GTZ in the 980s (collapsed after project)
 - SCFT started buying 4.7 mt in 2002/03 now 22 mt.
 - Competitors are increasing (other limited companies)
- ❖ Cassava Breeding early '90s
 - Multiplication and dissemination late '90s and Industrial use promotion 2000s.
 - Production is increasing every year and industrialisation is on course.

3

What has not worked?

- ❖ Wheat introduced in 1980s (high d. demand)
 - Weak extension support (farmers thought difficult to manage).
 - Marketing (ADMARC was not ready to buy)
- ❖ Fruits promotions started ('80s) (net importer of citrus)
 - Programmes centred on nursery production.
 - Small-scale homestead production, encouraged production for subsistence and not for cash.
- ❖ Macadamia Promotion started in the 1990s (Good price)
 - Farmers objectives not being met (short-term gain)
 - Integration into production systems
 - (economic size of production yet addressed).

4

Lessons Learnt in Malawi

- ❖ Understanding the farmer
 - Already diversified, have multiple ventures.
 - NGO are economic empowerment (needs assessment)
- ❖ Economic Situation
 - Poor farmers are very cautious before investing.
 - Poor farmers have multiple problems such as illiteracy
- ❖ Marketing of the new products
 - Farmers have had bad experience (produce not bought)
 - Type of Products
 - poor resource farmers (food or local market demand)
 - others products for more suitable to resource endowed farmers.

5

Lessons Learnt in Malawi (contd.)

- ❖ Policy experience
 - Over emphasis of some policies tend to sustain uneconomic level of production
 - (food self-sufficiency and Pro-poor production)
 - Liberalisation lending rates are exploiting farmers with high.
- ❖ Social infrastructures
 - Good infrastructures induce diversification naturally.
 - remote places with poor social infrastructures.
 - Market liberalisation hurt them most (lack of meaningful private sector participation)

6

Possible Solutions to Diversification Problem

- ❖ Farmers' needs and objectives should be met
 - Immediate food or cash objectives
 - Long-term investments to be proper integrated into farming systems
- ❖ Knowledge of the product
 - Presently local products versus new products)
 - Domestically valuable products (beans and banana)
 - Trained personnel managing initiatives

7

Possible Solutions (contd.)

- ❖ Progressive support in production-consumption chain
 - Adequate Support Through the continuum (Research - Production-Marketing/utilization)
- ❖ Ownership politics
 - Balance of stakes in the programme
 - between farmers, administration, government
 - Transparent and independent administration
 - Properly organised farmers

8

Thank you for your attention

9