Diversification in Coffee Producing Countries
The Case of Malawi

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Areas and Producers of Coffee (Estate vs Smallholder Production)

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

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).

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.
- 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)
### Possible Solutions to Diversification Problem

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

### 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

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**Thank you for your attention**