



## Keynote Address

**Director, Centre for Social Concern (CfSC)**

**Fr. Dr. James Ngahy, M. Afr.**

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### **ADMARARC and the Right to Food and Poverty Alleviation for Malawians: Has it Performed Well?**

**In an appreciative and welcoming mood, I would like to acknowledge:** The representative(s) from: The Agricultural Development and Marketing Corporation (ADMARC), Ministry of Agriculture, The National Smallholder Farmers' Association of Malawi (NASFAM), The Civil Society Agriculture Network (CISANET), Farmers Union of Malawi (FUM), Malawi Economic Justice Network (MEJN), Action Aid, Oxfam, Journalists and representatives of different media houses, Our Collaborators and partners on the issues of Social Concerns, Friends of the Centre for Social Concern here present, And the Representative of our funder/donor, UNDP-Flanders, The Staff of the Centre for Social Concern here present, Very distinguished Ladies and Gentlemen.

It is, indeed, a great honour for me to warmly and wholeheartedly welcome you all to this conference taking place at this very venue, namely 'Crossroads Hotel.' A place where we come to cross each other for the benefit of us all and for the benefit of our country Malawi. And today we want to cross-cut between our labouring farmers and the Agricultural Development and Marketing Cooperation (ADMARC). I do this welcoming not only on my behalf, but also on behalf of the Provincial, who is the Legal Stakeholder and the Chairperson of the Board of Trustees (BoT) of the Centre for Social Concern (CfSC).

Centre for Social Concern, founded in 2002, is a faith-based organization that promotes research and action on social issues or issues of concern, linking the Christian faith and social justice. The CfSC aims at transforming the unjust structures in Malawian society through research and advocacy so as to ensure sustained change in policies for the betterment of all in line with their human dignity. Our priority is to attain a dignified life for each and every citizen of Malawi.

Thus, Centre for Social Concern conducts research on monthly basis, looking at the monthly cost of living and farm gate prices annually, in order to lobby for an increase in wages and fair prices for vulnerable communities in both rural and urban areas. All these are done with the aim of contributing to progressive realization of the right to food.

The right to food was declared as basic human right in the UN Declaration Charter of 1948 which stated that everyone has the right to decent standard of living on health and well-being of self and family, including food, clothing, housing and medical care. The first World Food Summit in 1974 promised that all hunger would be eradicated within the following ten years.

Twenty two (22) years later at the World Food Summit in 1996, member states agreed to reduce the number of undernourished people from 800 million in 1996 to 400 million by the year 2015. However, both the right to food and action plans to reduce food insecurity in the world, unfortunately, has not had the expected impact on hunger and malnutrition. Based on this backdrop, many people ask why it

has proved to be so difficult to improve the food security situation for the poor and to operationalize the right to food.

ADMARC, “was formed in Malawi in 1971 as a Government-owned corporation or parastatal to promote the Malawian economy by increasing the volume and quality of its agricultural exports, to develop new foreign markets for the consumption of Malawian agricultural produce and to support Malawi’s farmers.”<sup>1</sup> In order to support Malawi’s farmers, we do understand that ADMARC has a duty or task of buying crops from farmers at a fair price, sell maize (which is the main staple food in Malawi) and farm inputs at a reasonable price as well.

Studies carried out by CfSC has revealed that ADMARC, as a grain marketer, fails to secure enough maize for the population thereby promoting speculations of continued food insecurity nationwide; hence, continued poverty. ADMARC is also lacking the necessary capacity to buy the crops from smallholders at a fair price. Every year vendors take charge of buying crops from farmers at a price below farmgate prices. This is exacerbating increased level of poverty. The same farmers who sell their crops, mainly maize, at a very low price during harvest season, are the very ones who are to buy it back from vendors at a very high price at the end of the year, before or during planting season.

CfSC understands that despite the efforts to capitalize ADMARC through loans using government as a guarantor, ADMARC has proved unsuccessful as it fails to pay back the loans. ADMARC has been using tax payers’ money to pay back some toxic loans. For example, in 2018/2019 budget, the government bailed out ADMARC of its toxic loans totaling MK53 billion. ADMARC is failing to pay back the loan of 1.9 billion from Malawi Energy and Regulatory Authority (MERA).

Every financial year the government put in money into national budget to buy maize from farmers for resale at reasonable price. CfSC has noted with concern this money does not benefit smallholders. Vendors monopolize ADMARC markets. For example, this year farmers are selling maize between MK120 and MK150, which is below the farm gate price of MK200 per kg. This plays out despite the budget of MK7 billion to buy maize, and another MK10 billion which is/was allocated for the procurement of maize. ADMARC is also planning to borrow MK89 billion to buy maize. Despite the huge investment on ADMARC, we find that the institution has failed its social function of buying crops and selling the food crops at reasonable and realistic prices. This has resulted to increased food insecurity and poverty.

It is on this background that Centre for Social Concern has organised this meeting in view of debating on whether it is still necessary to let ADMARC continue to drain our resources or not. CfSC is, therefore, putting forward the following recommendations to the government:

**a. The Government should Enforce the Minimum Price of Maize:**

The government through the Ministry of Agriculture in April this year released farm gate prices for various crops including maize.

The monthly survey of April and May 2020 carried out by the Centre for Social Concern revealed that farmers in most parts of the country are selling below the minimum farm gate prices due to either delays in opening ADMARC depots or ADMARC depots do not have money to buy the crops. CfSC has noted with deep concern that the government is not enforcing its own set minimum farm gate price.

<sup>1</sup> ADMARC, [https://en.wikipedia.org/wiki/Agricultural\\_Development\\_and\\_Marketing\\_Corporation](https://en.wikipedia.org/wiki/Agricultural_Development_and_Marketing_Corporation) (accessed on July 02, 2020).

Small holder Farmers in most parts of the country are selling a 50kg bag of maize at MK5,000 instead of set minimum farm gate price of MK10,000 per 50 kg bag. Soya beans is being sold at MK10,000 per 50kg bag instead of government recommended price of MK15,000.

CfSC has noted with regret that farmers who are selling their farm produce below the minimum farm gate price will not be able to buy farm inputs next growing season. This will lead to reduced yields next growing season. As coping, complementing and improvising mechanisms, farmers will be selling their assets to buy inputs; hence, increasing the number of Malawians wallowing in abject poverty.

The delay by ADMARC to open markets force vulnerable smallholder farmers to sell most of their maize to vendors in order to enable them buy basic necessities. This results in increased household food insecurity. This implies that the delay by ADMARC to buy maize leads to national food insecurity since vendors buy all the maize. Consequently, the government will not be able to restock grain reserves. In an effort to restock grain reserves, ADMARC, therefore, will spend more tax payers' money to buy maize from vendors.

Income inequality will also be increased between small holder farmers and maize traders since vendors will be buying maize at a low prize and resell to ADMARC at a very high price. Consequently, ADMARC price will also be high.

CfSC, therefore, recommends that the government must ensure that ADMARC depots are opened on time and that they have enough money to buy crops from farmers to ensure that vulnerable farmers are protected from unscrupulous traders who will be exploiting them. The government must empower farmers to be able to bargain fair prices for their commodity which enable them generate profit from the growing of maize. CfSC believes that the increase in prices for farm produce will increase disposable income that will support farmers in improving their standard of living and escape from the jaws of poverty.

#### **b. The Government should Capacitate ADMARC:**

A random Survey conducted by Centre for Social Concern has revealed that most of ADMARC depots are not buying crops due to unavailability of funds. CfSC believes that a reformed ADMARC must be able to buy maize from farmers at a price that those farmers are able to make profit. Selling too should be done at a reasonable price. CfSC therefore, is recommending that the government should ensure that ADMARC depots have money to buy maize from farmers. The government must also ensure that the buying of maize is being done in a transparent manner in order to avoid ADMARC staff from forming cartels with the traders in view of monopolizing ADMARC markets.

#### **c. The Government should Depoliticize ADMARC:**

CfSC recommends depoliticizing ADMARC in order to improve its performance; otherwise, Malawians will continue to wallow in abject poverty as a few advantaged people take advantage of the situation. ADMARC must be run by professionals. Politicians should not be involved in ADMARC using it as a tool to siphon money from people. ADMARC must stand for the benefit of all Malawians, and not few political zealots. With a reformed ADMARC all Malawians will appreciate and benefit from ADMARC performance.

#### **Conclusion:**

The failure by ADMARC to buy maize from farmers will lead to national food insecurity and increased levels of poverty. By failing to reform ADMARC, the government will be violating people's rights to food. CfSC believes that the efficiency of ADMARC will help to increase food security and reduce poverty in Malawi, the 'warm heart of Africa!'

**Thank one, thank you all!**  
**Takulandirani, Tampokererani, Tiwapochere!!**  
**You are welcome to the concerns of the Centre for Social Concern (CfSC)!!!**

**Let us participate very actively for the sake of our farmers who are exploited  
and for the sake of food security in our beloved country, Malawi.**

*On the Feast Day of St. Thomas the Apostle*