

Malawi Macadamia Macadamia Strategic Plan Validation



*Increasing the volume & value
of macadamia exports*

14th March 2021

Game Haven Lodge, Bvumbwe



Agenda

Time	Item	Person
8.30-9.00	Arrive, registration & welcome	MMA
9:00-9:10	Welcome remarks	Robin Saunders
9:10-9:15	A Statement from TMEA	Trade Mark East Africa
9.15-9.30	Key Note Speech & Official Welcome	Director of Trade, Ministry of Trade
9.30-9.45	Overview of the Malawi Macadamia Association	Robin Saunders
9.45-10.15	Overview of the Macadamia Industry, framing the strategy challenges, opportunities and projections	Nicholas Evans
10.15-10.30	Tea break	
10.30-11.45	Presenting the Strategic Plan, 4 strategic pillars and identified interventions. Q&A at the end of each section	Nicholas Evans & Robin Saunders
11.45-12.00	Key Messages	Nicholas Evans
12.00-12.30	Discussions and Inputs from attendees	
12:30-12:45	Closing remarks	Director of Trade
12:45	Lunch	



Macadamia

*A rapidly growing export industry:
becoming more strategically important,
attracting investment, creating skilled jobs in
rural Malawi*



Malawi Macadamia Association Overview



'To lead the industry, inclusive of all industry stakeholders. Enhance capacity to engage and support members to innovate, enhance quality, productivity, and overall competitiveness of the Malawian macadamia industry'

Raise Public Profile & Organizational Capacity

- Logo
- website
- New stats system
- GIS

More inclusive membership & representation

Membership Types

- Grower
- Processor
- Associate

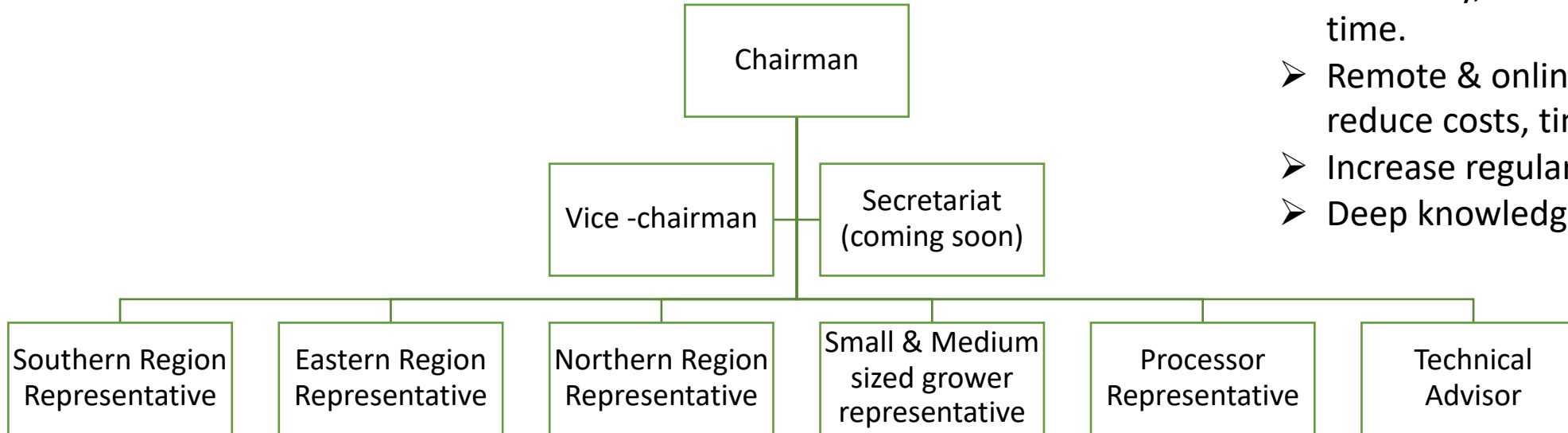
Financially Sustainable

- Member driven
- Independent
- Membership fees
- NIS fee per MT DNIS

Provide Services

- Field Days
- Technical Seminar
- Resources
- Networking
- Market and sector analysis

Organisation Structure



Approach:

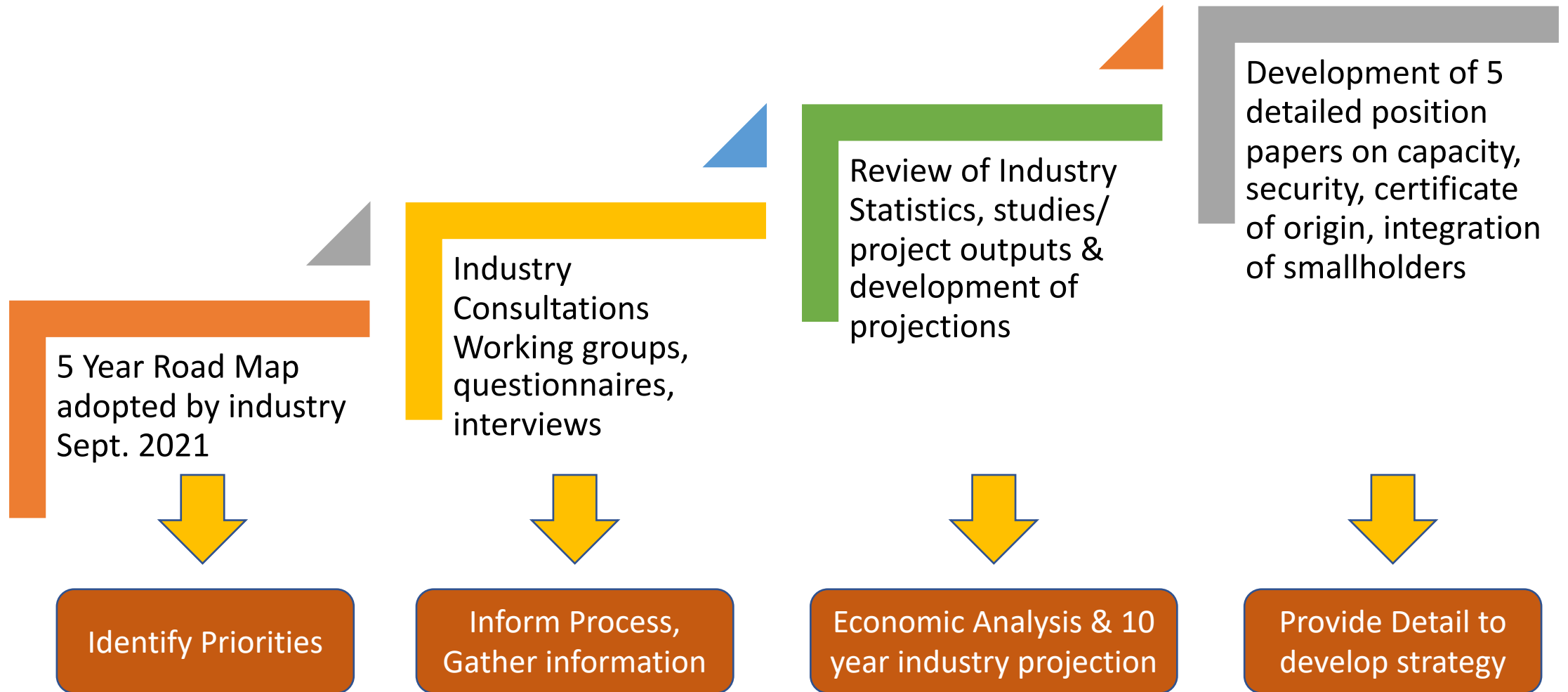
- Voluntary, members contribute time.
- Remote & online meetings reduce costs, time
- Increase regularity of contact
- Deep knowledge of the industry



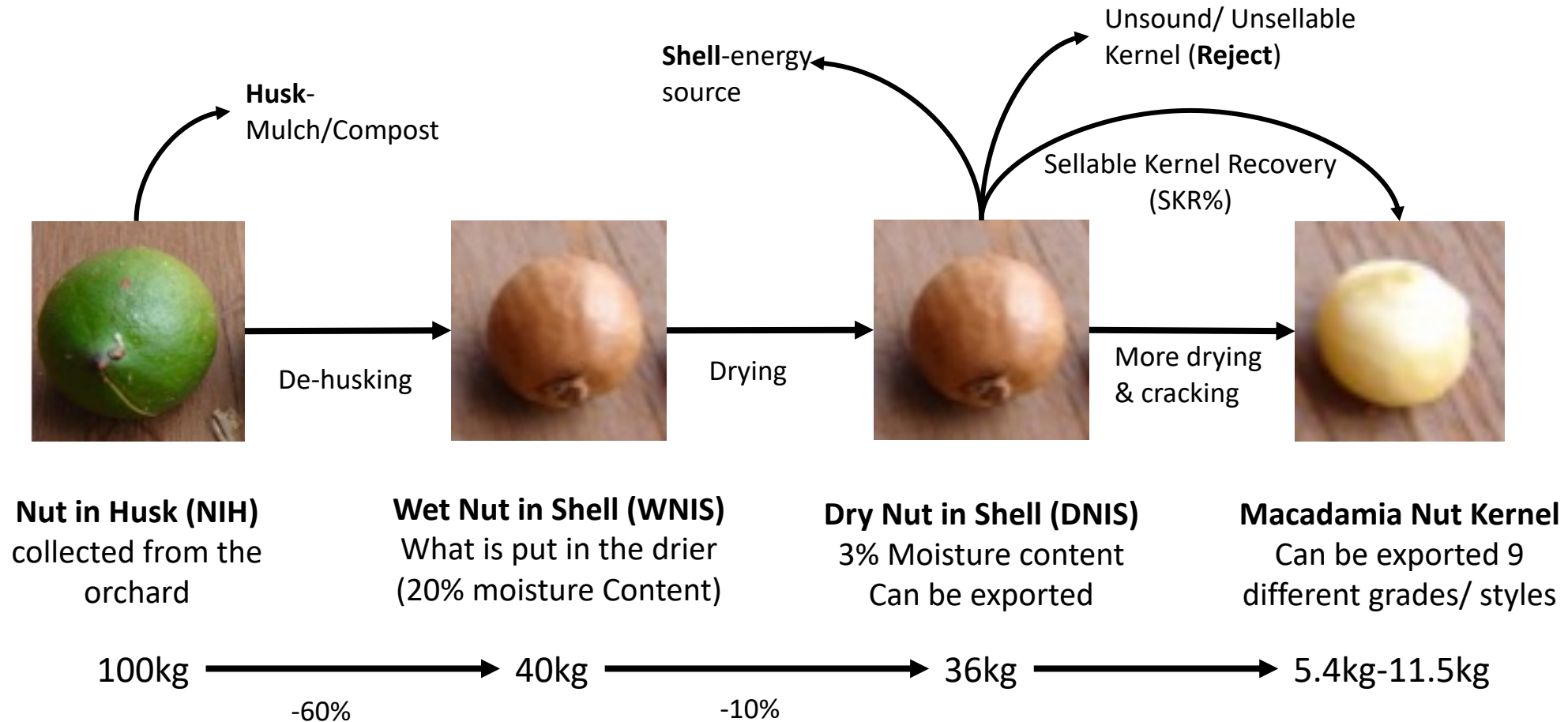


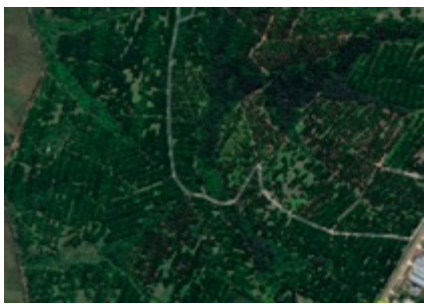
Overview of the Macadamia Industry:
framing the strategy challenges,
opportunities & projections

Approach to Developing the Plan



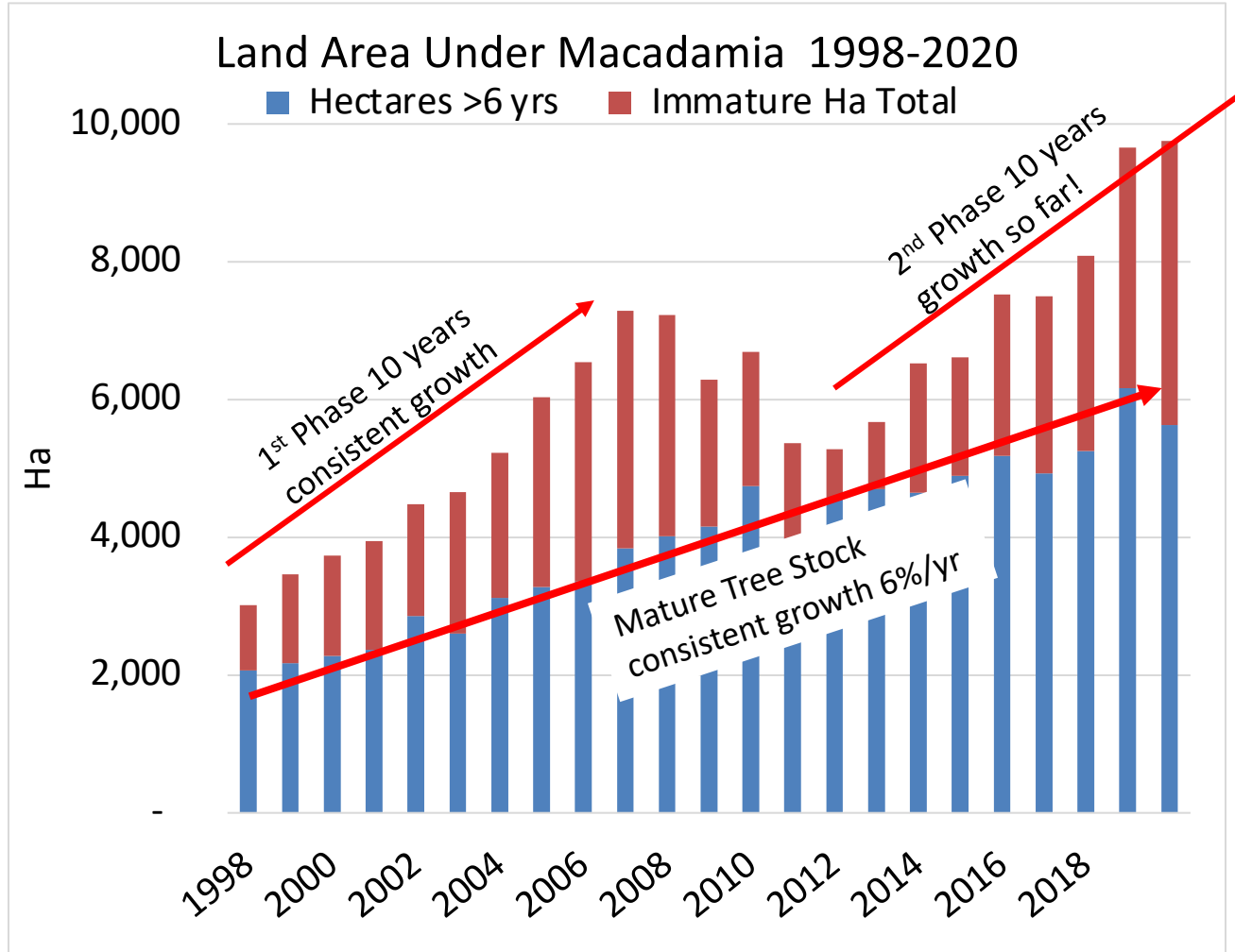
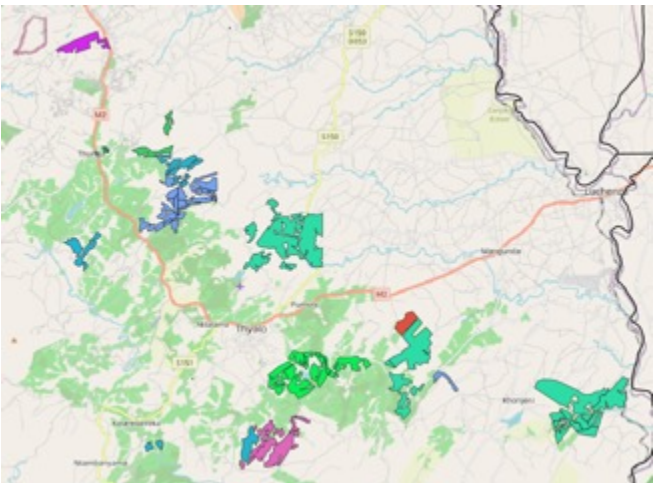
A set of terms...will use them quite a bit



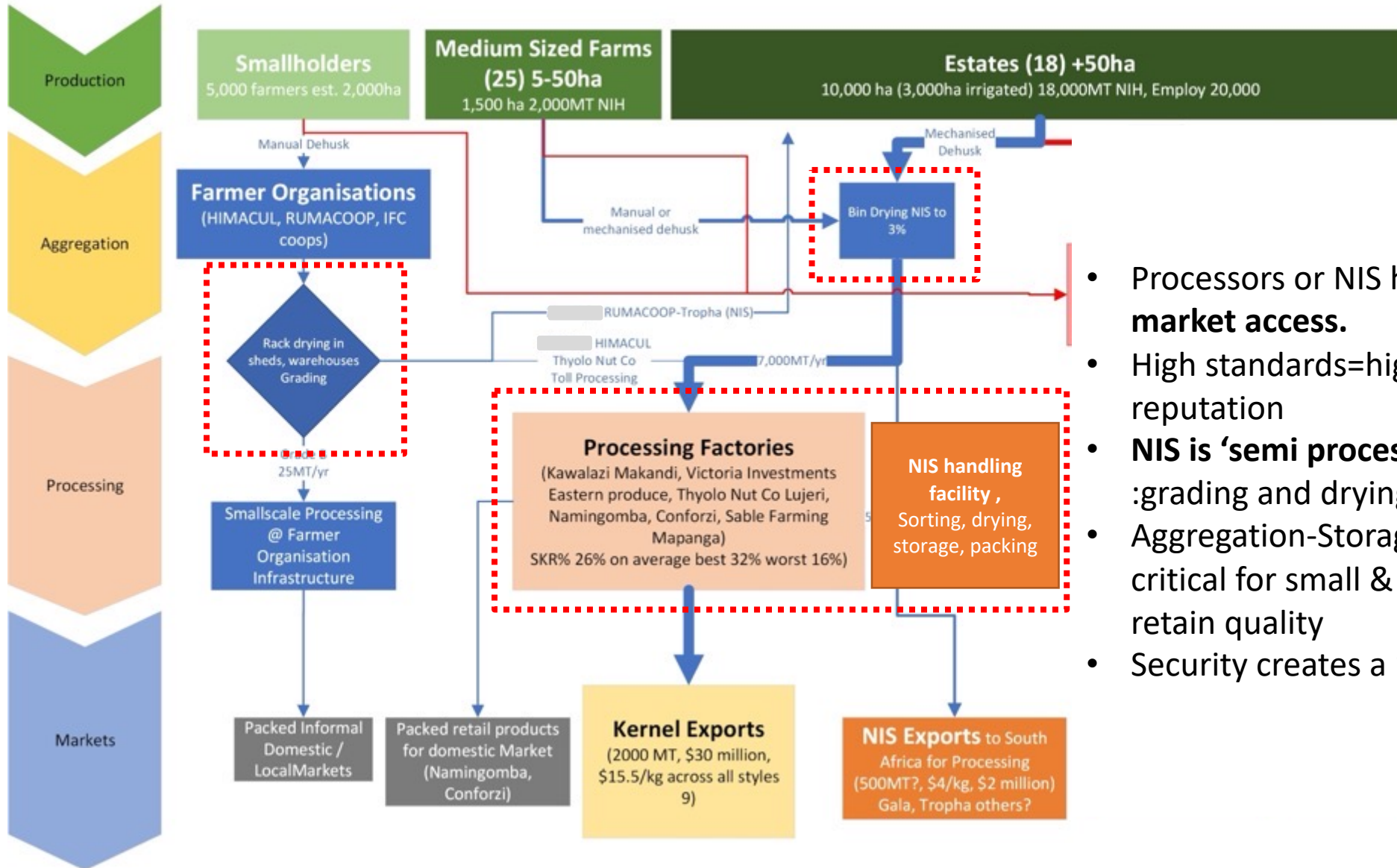


A historical Perspective

- Entering a second and much longer phase of growth
- Established companies are turning over older orchards have limited new areas
- Growth is driven by new farms
- Annual establishments increasing with 1,200 ha/ yr



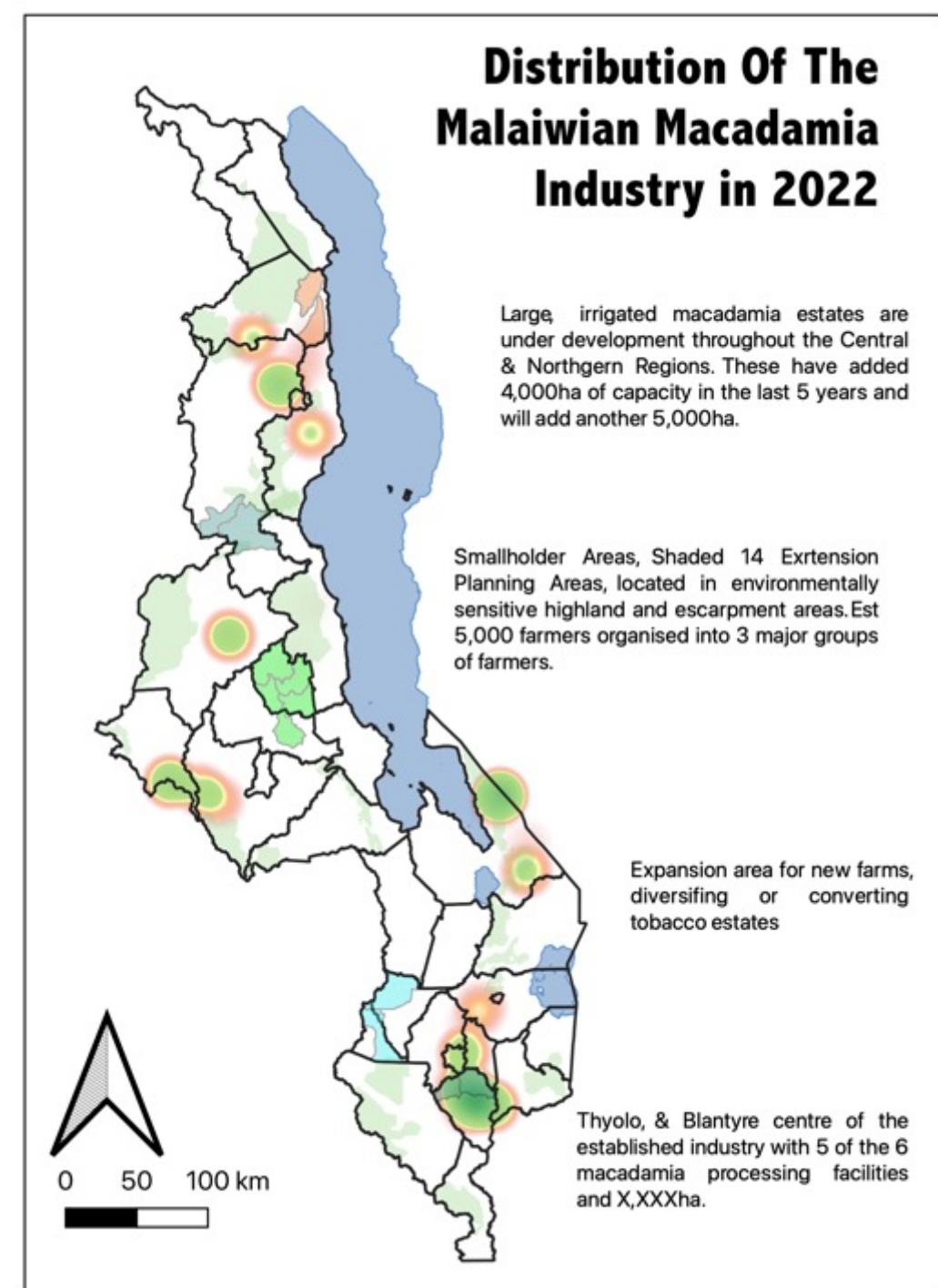
Structure of the Malawian Macadamia Value chain



- Processors or NIS handling lines **provide market access.**
- High standards=high value markets=good reputation
- **NIS is 'semi processed' not a raw product** :grading and drying adds value Kernel
- Aggregation-Storage & Drying Infrastructure critical for small & medium growers to retain quality
- Security creates a 'drag' on the industry

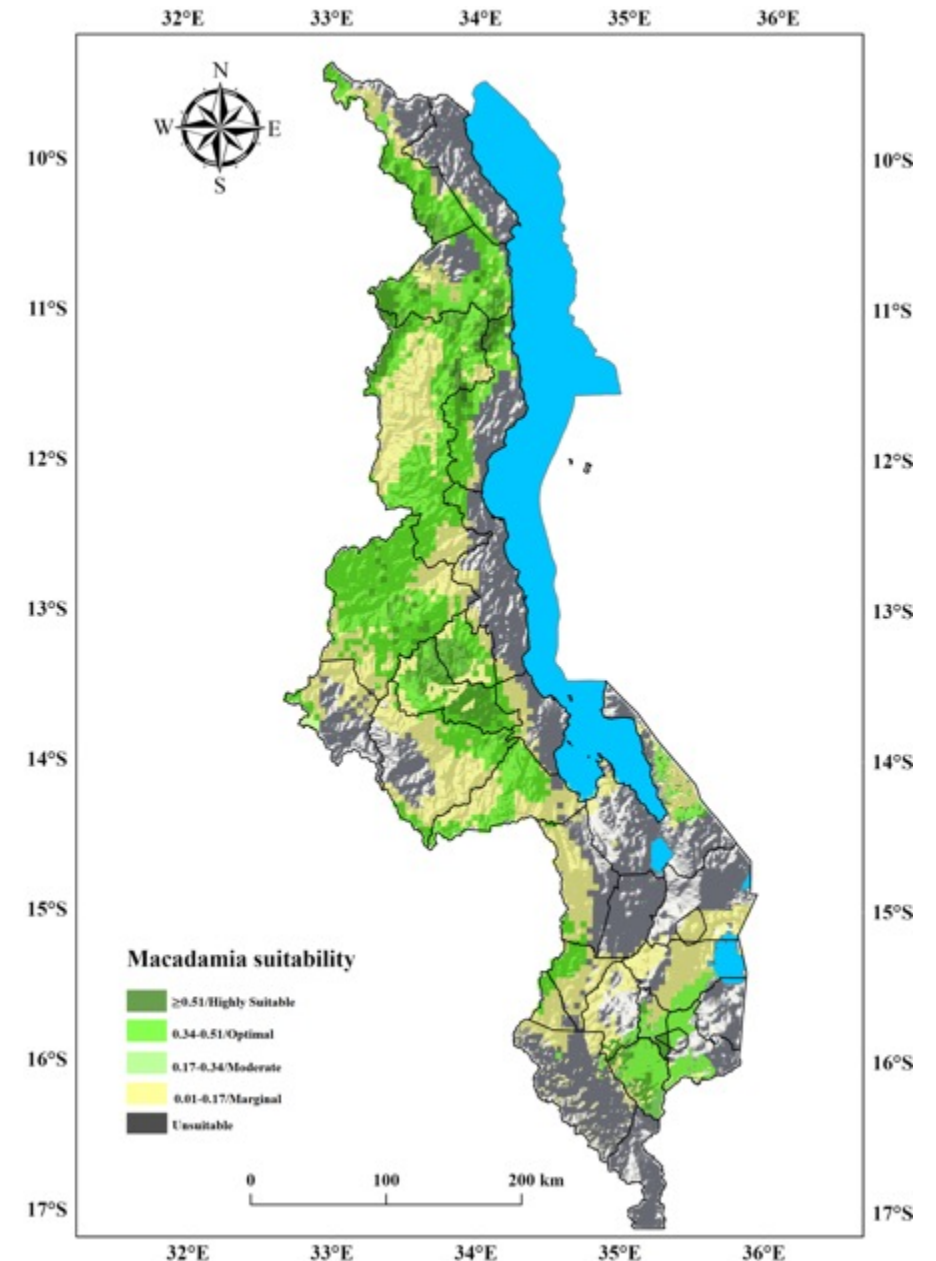
Distribution of Industry

- New estates are large macadamia focused, irrigated & in new areas
- Emerging medium sized farms throughout country est. 45-50
- Conversion of tobacco-macadamia
- 5,000 Smallholders in 14 EPAs

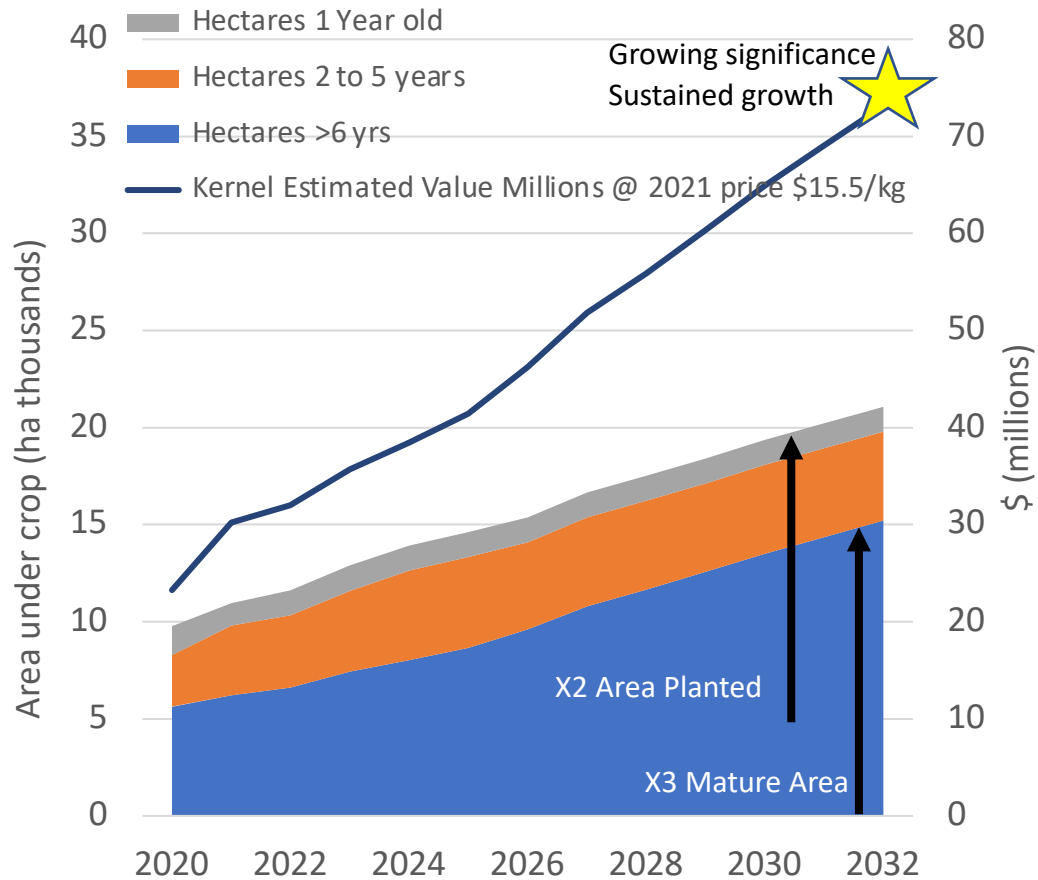


Macadamia Suitability

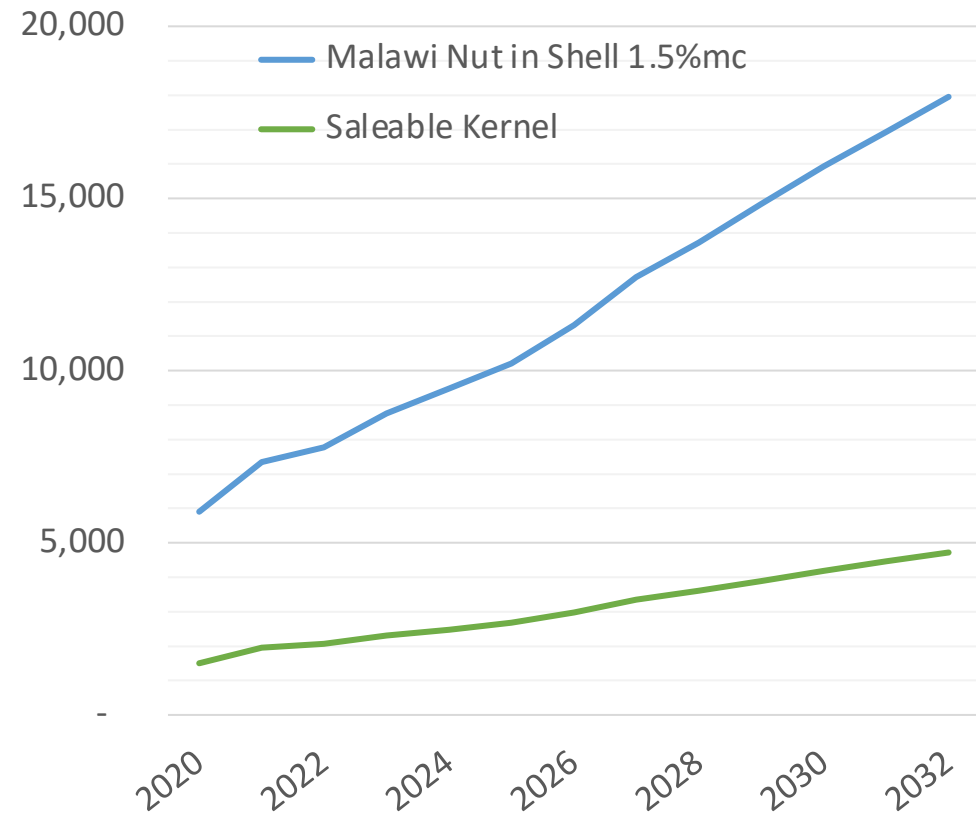
- 60% of land areas is suitable
- Upland-Escarpment areas with good rainfall distribution can be grown as a rainfed crop
- Other areas benefit from irrigation



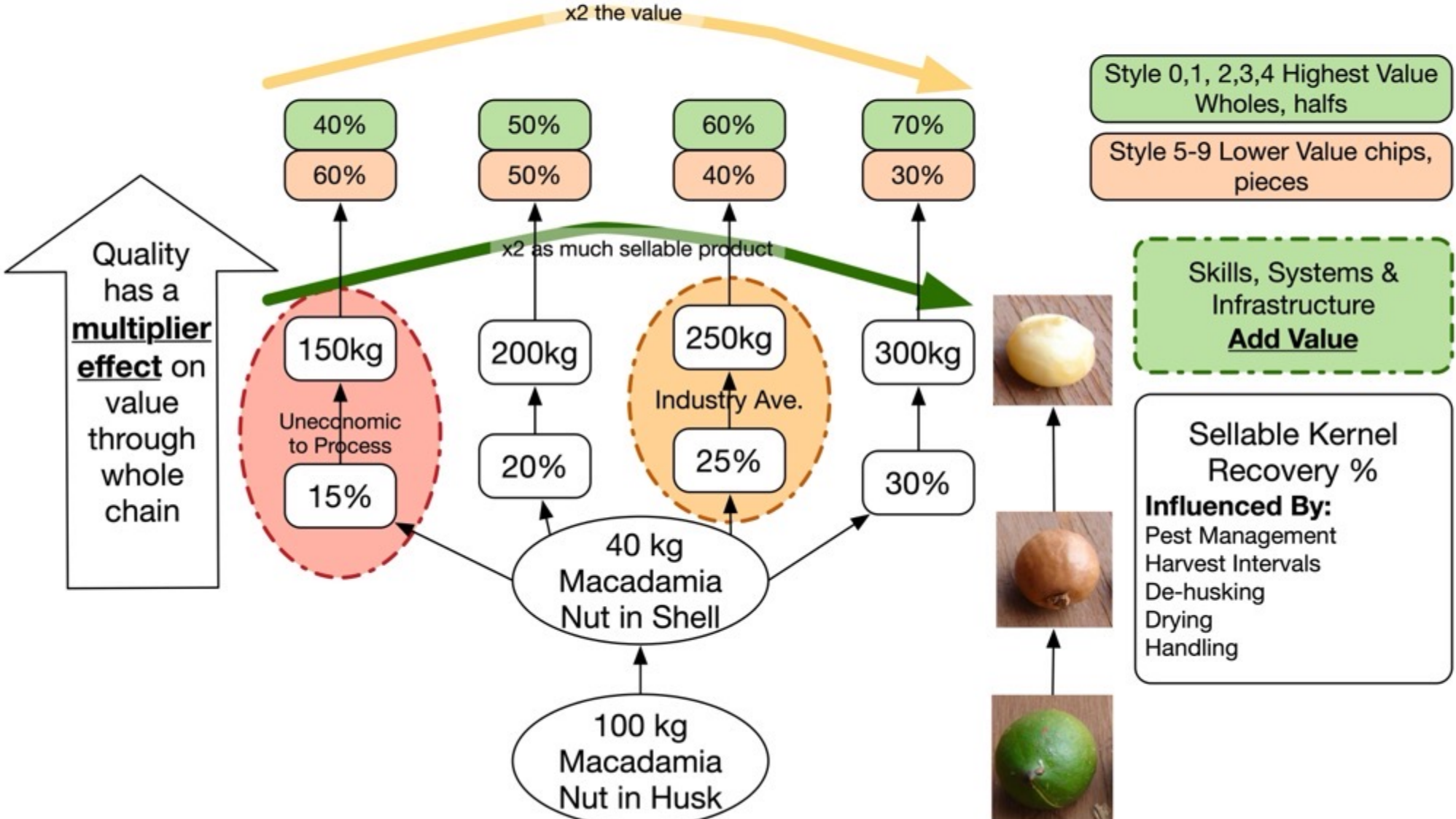
Projections to 2032, based on maintaining same level of productivity as the 5 year average 2016-2021



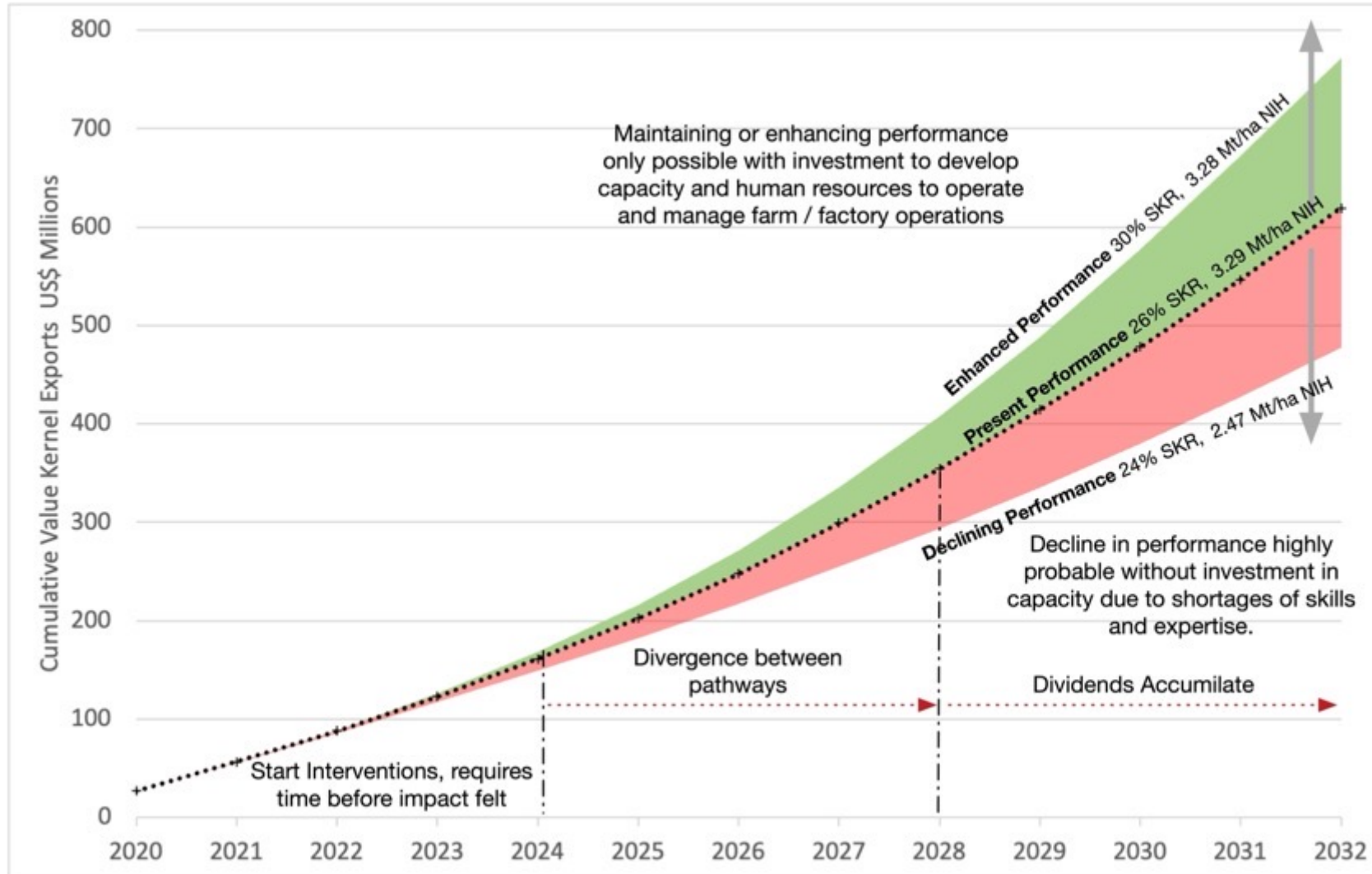
High proportion of this growth is '**baked in**' from trees already established



Economics of Macadamia Production: Quality, Quality, Quality



A range of outcomes is possible



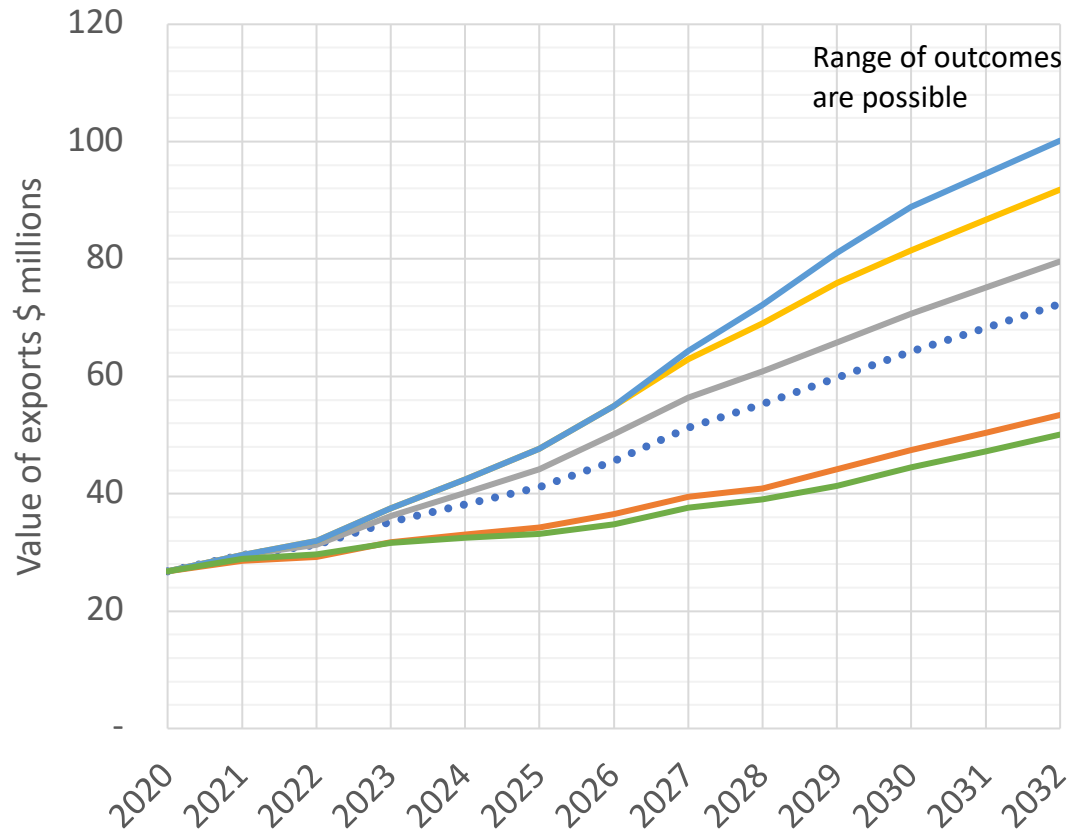
Influenced by:

On farm productivity
Sellable Kernel Recovery
Pest Management
Irrigation
Skills/ Capacity
Security & Theft

Conservative:

= high degree of confidence
Does not factor in irrigation
Underestimates yield
Maintain current establishment rates

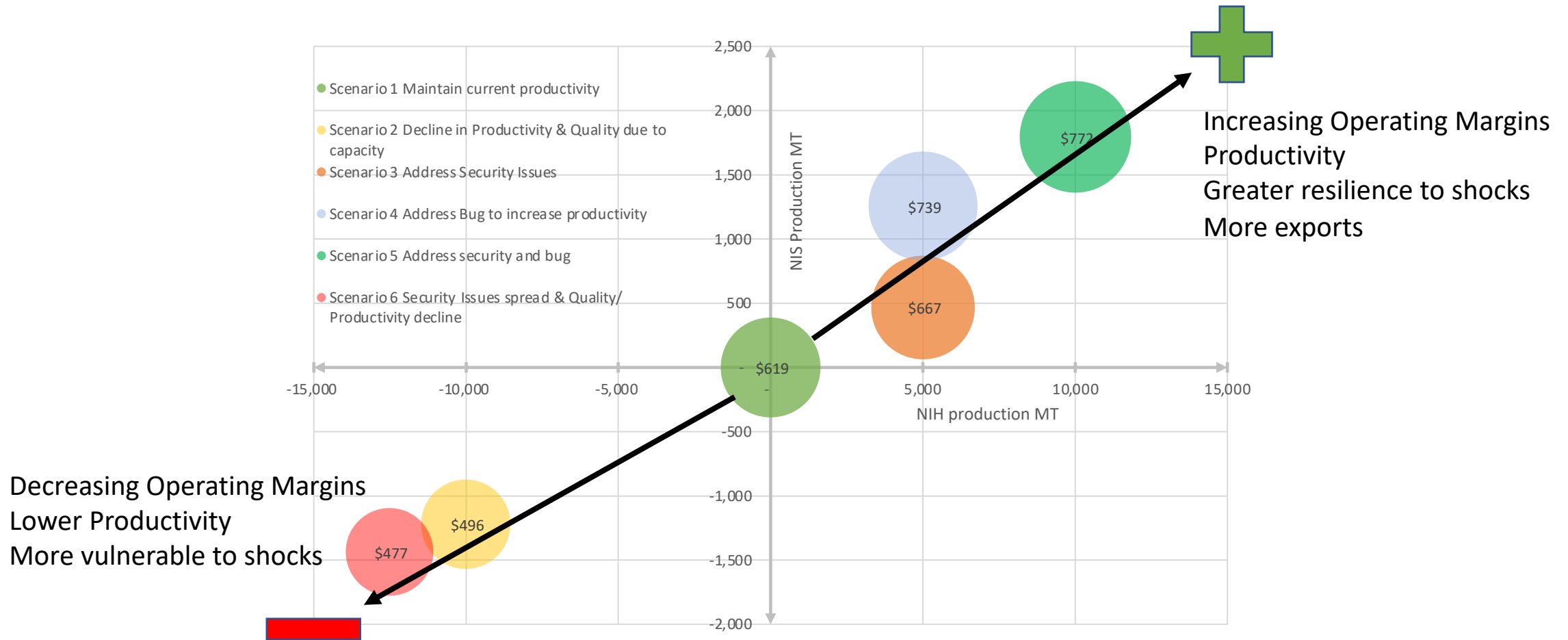
6 scenarios developed & applied to the projection



n	Scenario
1	Maintain current productivity
2	Decline in Productivity & Quality due to capacity
3	Address Security Issues
4	Address Bug to increase productivity
5	Address security and bug
6	Security Issues spread & Quality/ Productivity decline

- If key challenges are addressed in the next 3 years can add \$25 million p.a. in export earnings
- Without strategic interventions decline in productivity: strong case for investment
- All scenarios lead to increasing value of exports

Comparison of scenarios against current productivity



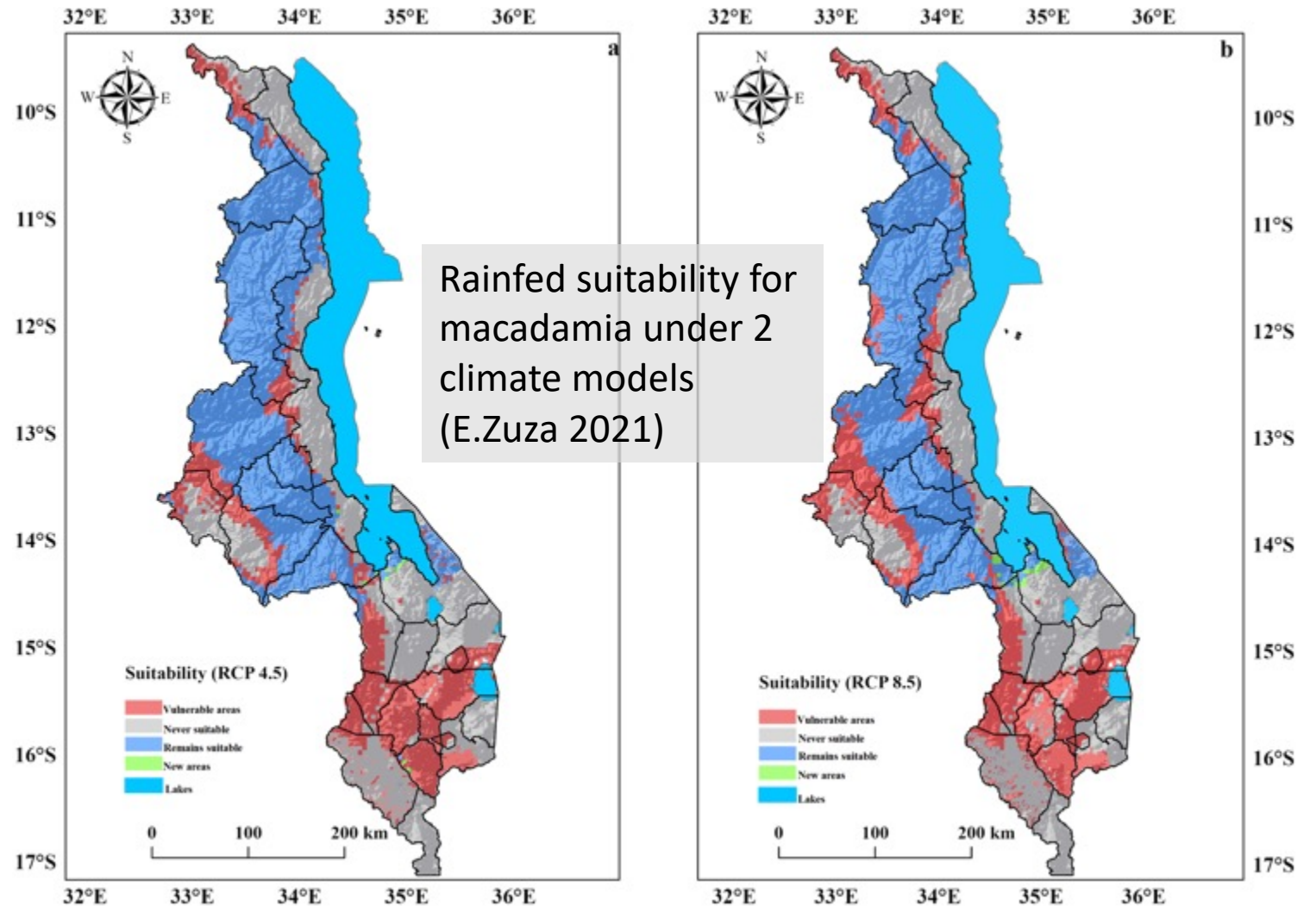
Climate Change will have an impact

Climate patterns are evolving changing:

- Temperatures
- Precipitation volume/ distribution
- Storm severity

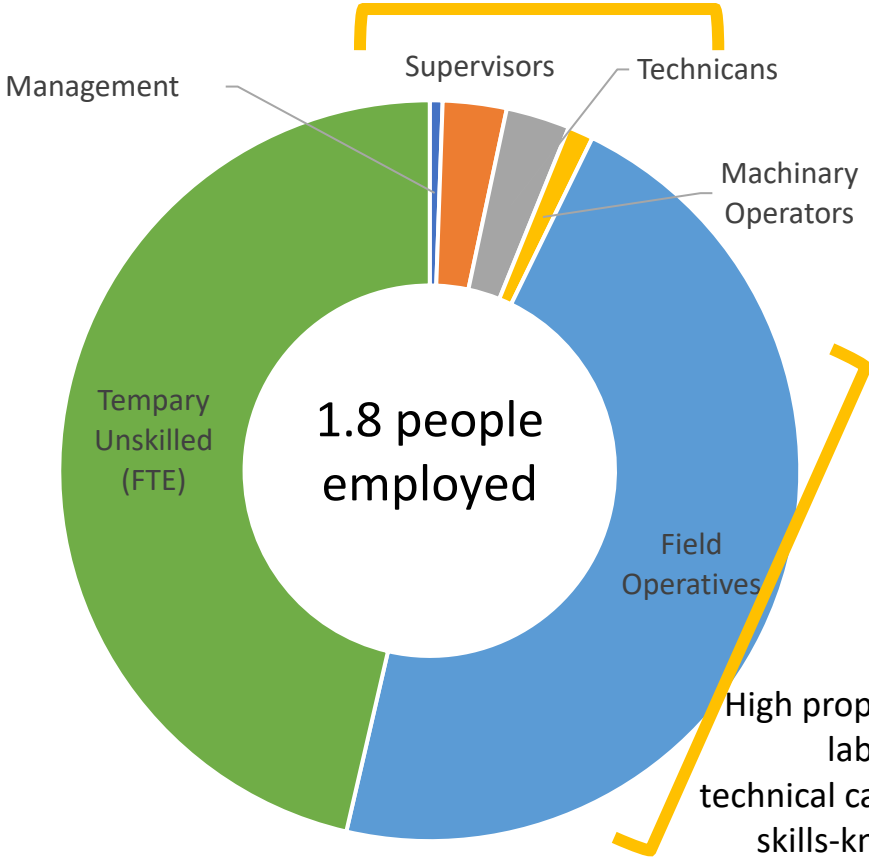
Influence:

Varieties, Production Systems



Labor & Skill Needs: Skill intensive crop

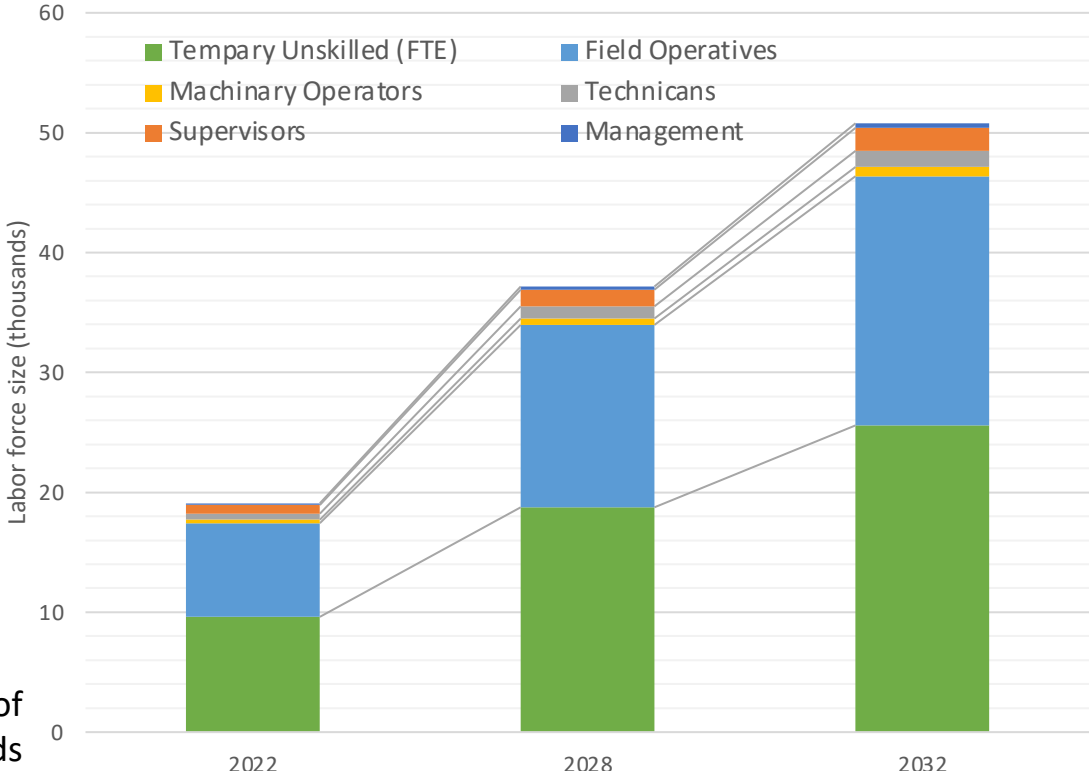
Complex, IPM, Nutrition, Irrigation, Mechanization, Handling processes require good decision-making skills



High proportion of labor needs technical capacities-skills-knowledge

Workforce will grow from 20-50K over the next decade 50% require technical skills to maintain productivity or enhance quality:

Key to achieving higher scenario outcomes

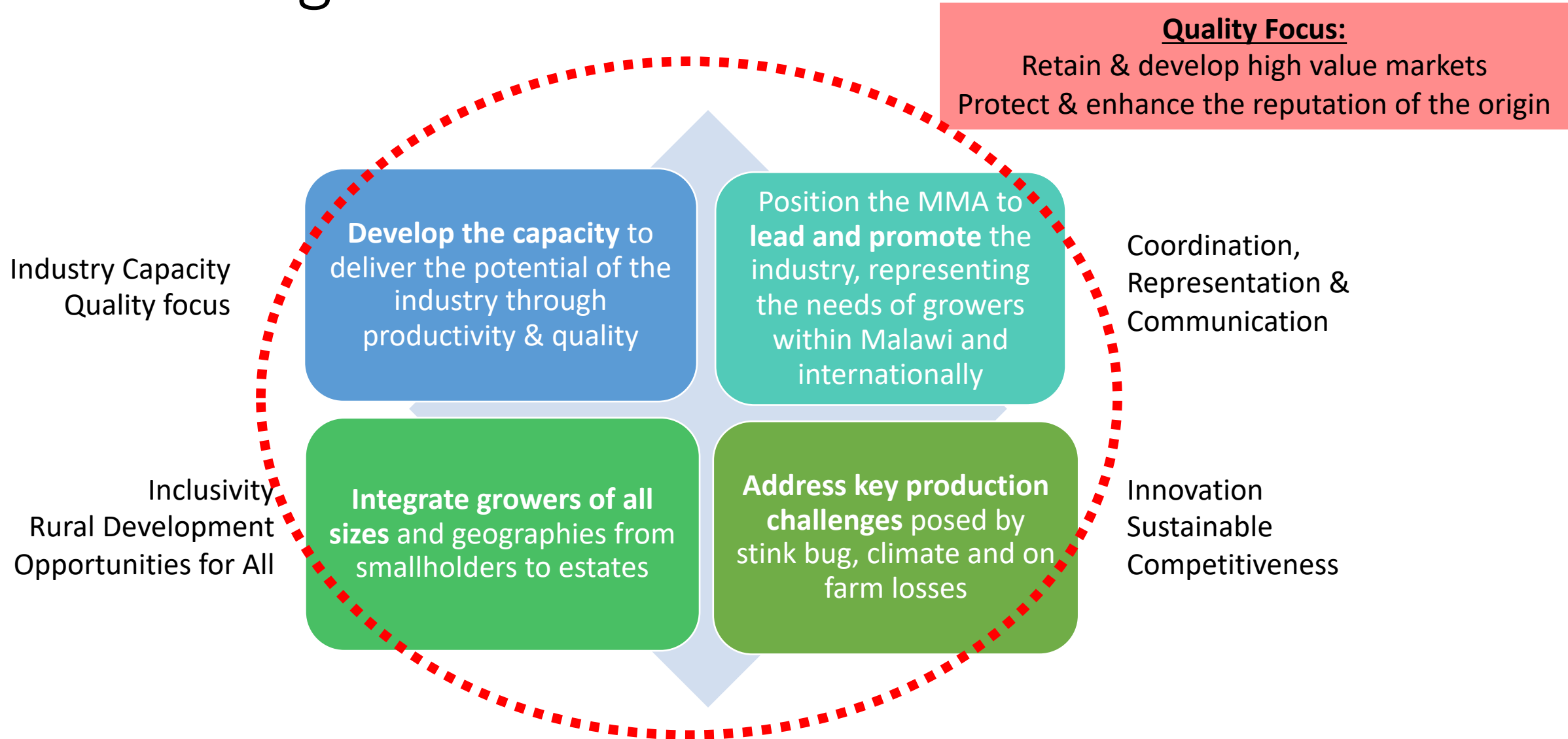




Presenting the Strategic Plan & identified interventions



4 Strategic Pillars



Increasing Quality, Volume & Value of Exports



- Capacity & Skills
- Production systems (variety, density, orchard management, IPM, irrigation)
- Security
- Nutrient & irrigation management
- Climate risk mitigation

**On farm
Productivity**

Increases Volumes

Adds Value

**Quality &
Style Makeup**

- Capacity & Skills
- Pest Management (stink bug)
- Post harvest Handling
- Drying to retain quality and facilitate cracking
- Processing operations

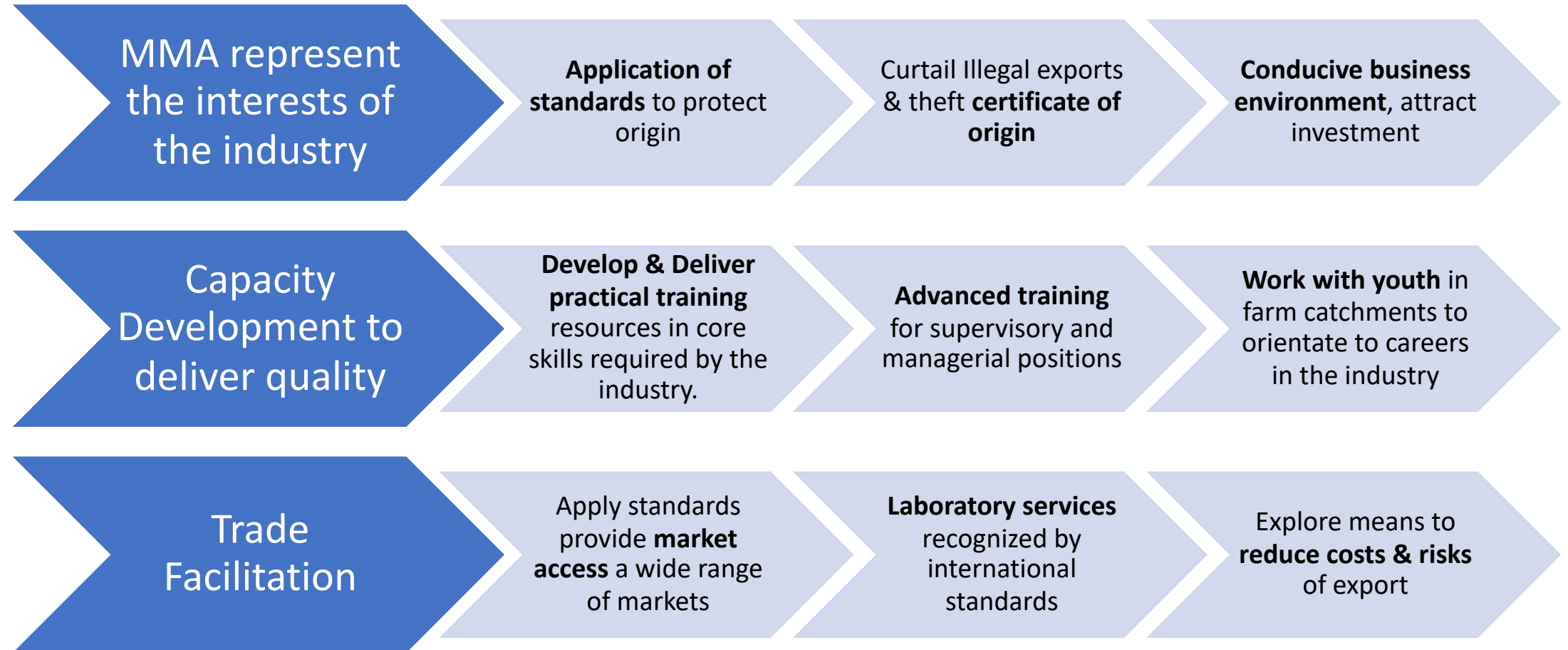


- Standards
- Laboratory Capacity
- Certificates of Origin
- Reputation
- Cost/ Route of Export
- Membership of macadmaia organisations

**Trade
Facilitation**

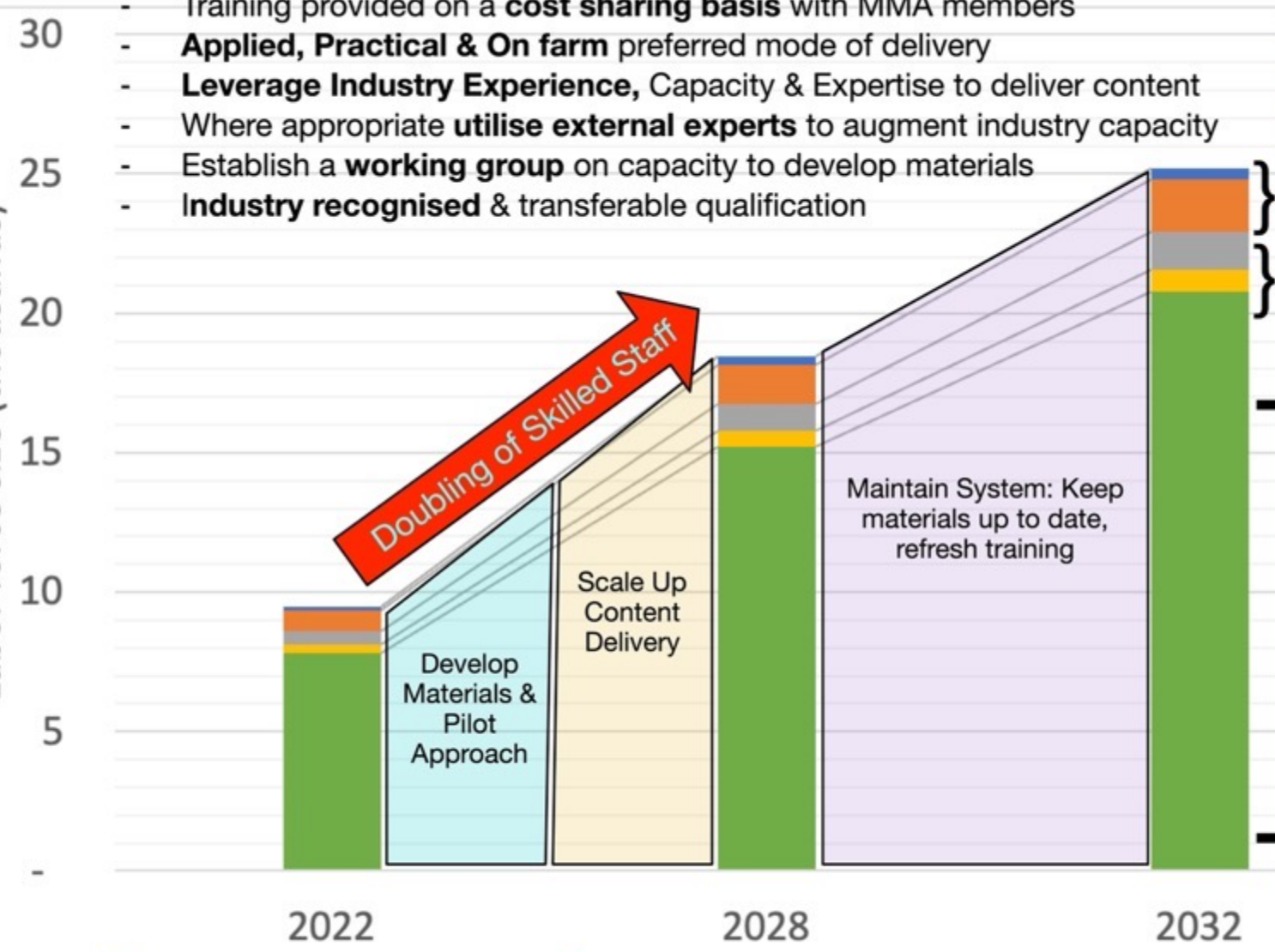
*Increases Efficiency &
Opportunity*

Invest in developing the operating environment, capacity and leadership to enhance the productivity and sustainability of the industry



- Training provided on a **cost sharing basis** with MMA members
- **Applied, Practical & On farm** preferred mode of delivery
- **Leverage Industry Experience, Capacity & Expertise** to deliver content
- Where appropriate **utilise external experts** to augment industry capacity
- Establish a **working group** on capacity to develop materials
- **Industry recognised & transferable** qualification

Labor force size (thousands)



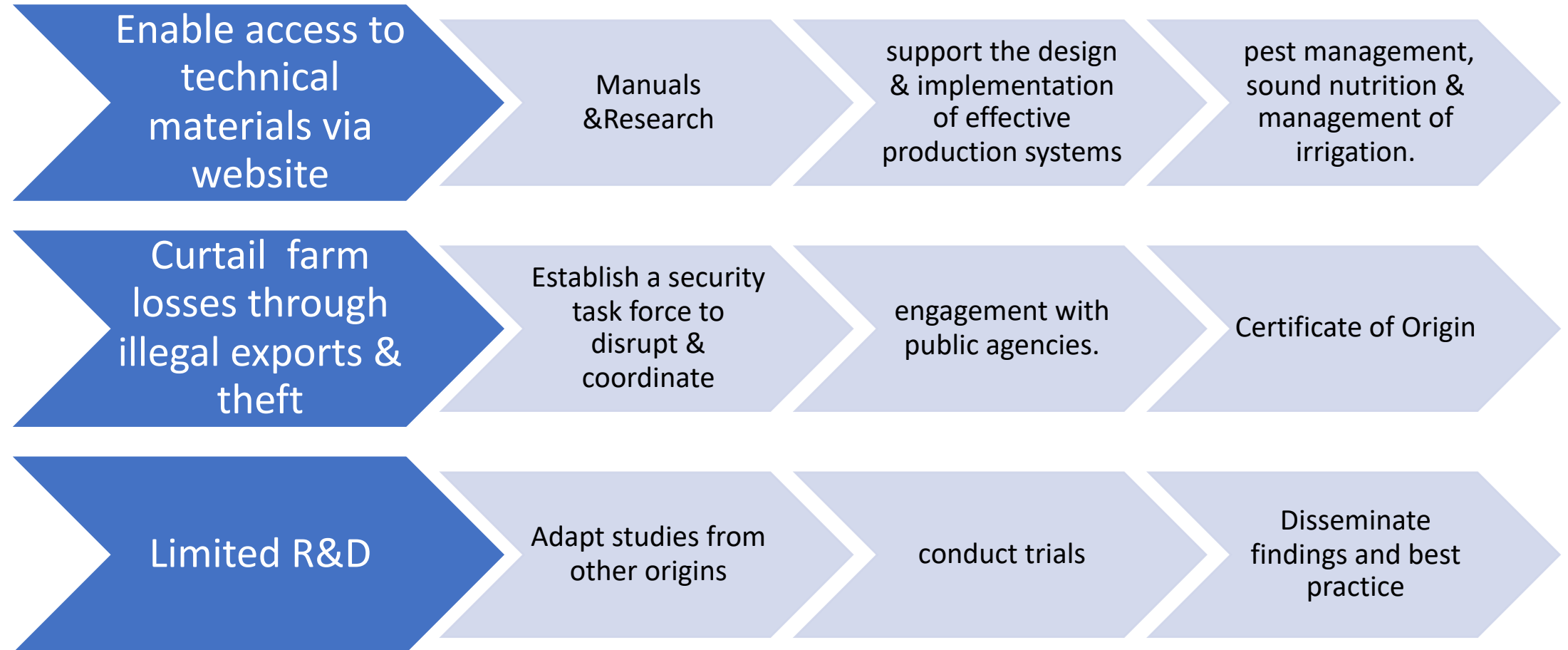
Advanced training & mentoring from experienced senior managers, identify high caliber candidates 25 per year on manager track and 100 per year for supervisory roles

Up-skilling high potential field technicians into more technical disciplines and responsible positions 100-200 per year

Competency based courses for field operatives to cover the core skills required to implement orchard, nutrition, pest and irrigation protocols

- Field Operatives
- Machinery Operators
- Technicians
- Supervisors
- Management

Address key production challenges posed by pests, climate and on farm losses



Security is a Competitive issue, acute in some areas

High cost of
securing farms,
fences, security

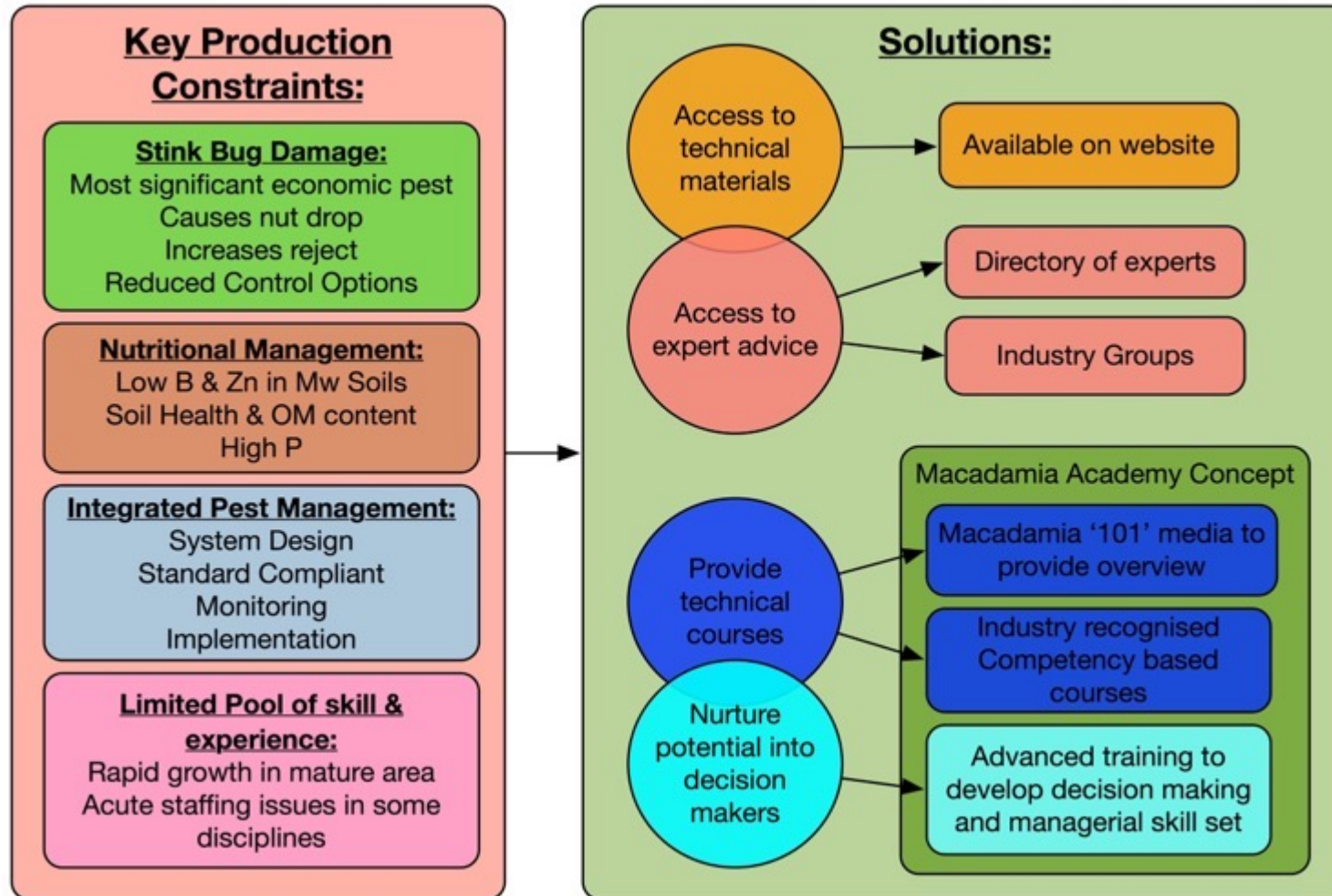
Increase costs,
decreases yield=
reduced operating
margins

Curtail Organised
Theft & Export

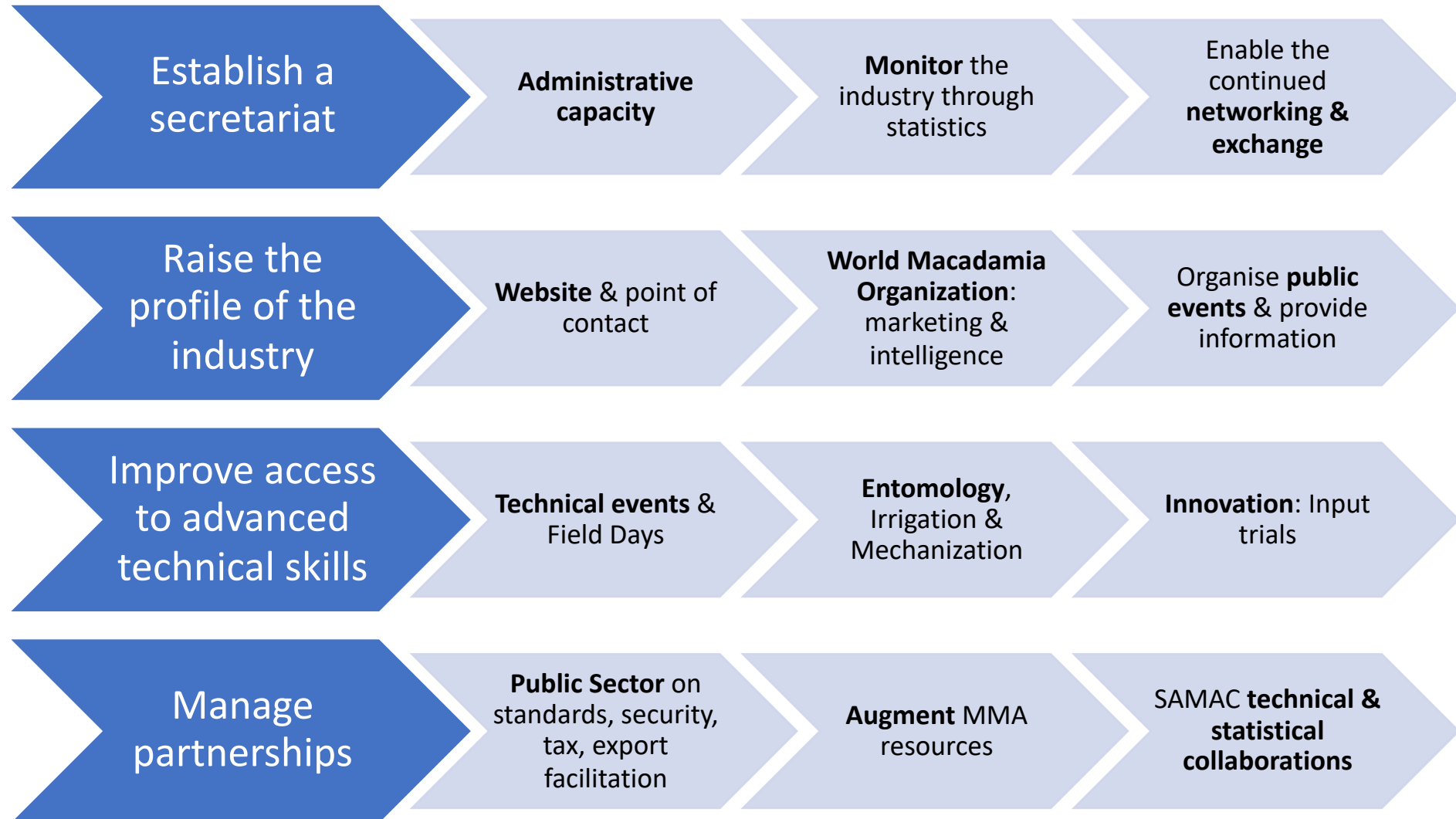
Disincentive to
Invest in
productivity

Pool intelligence &
coordinate
responses

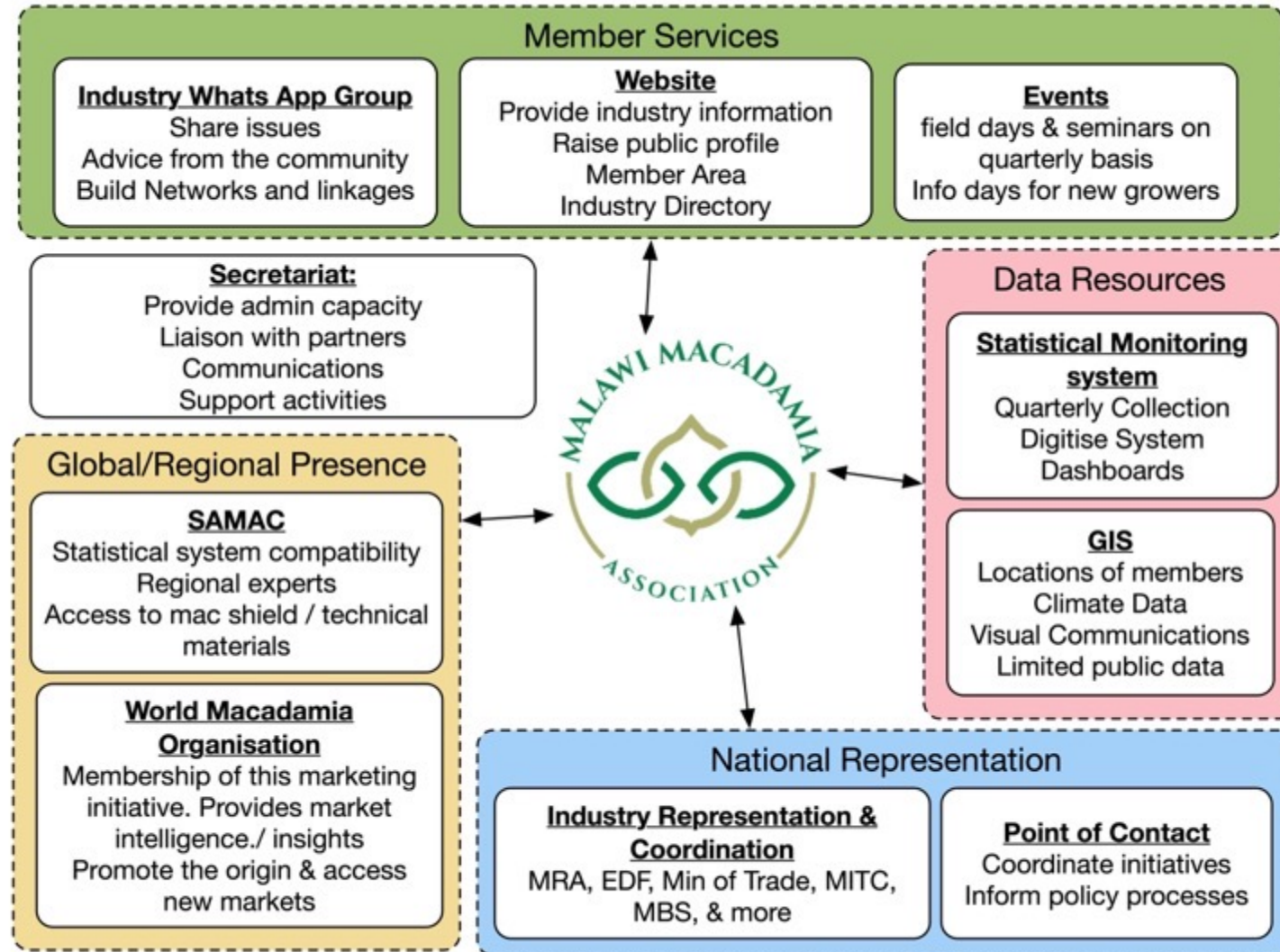
Addressing Production Constraints



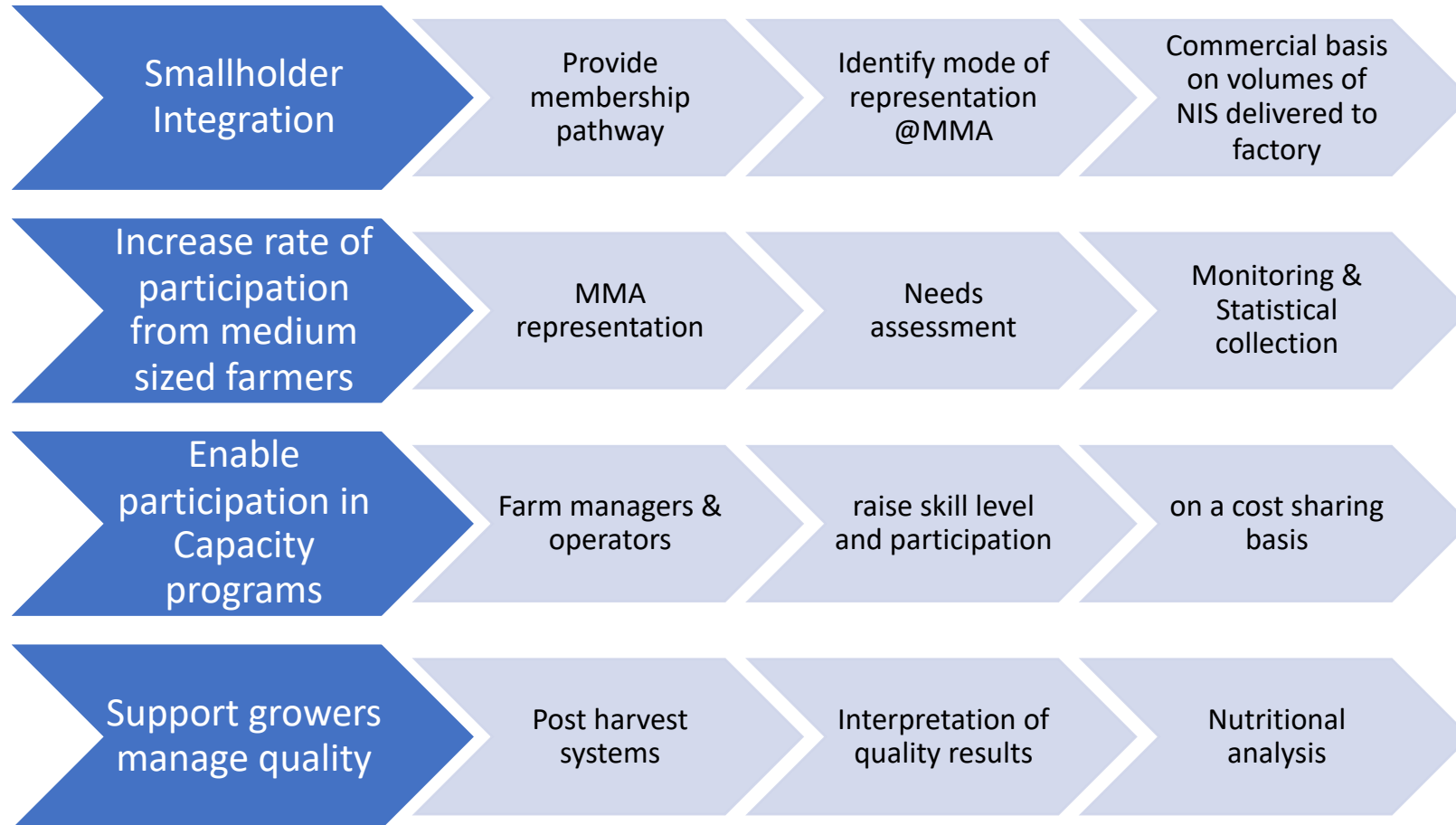
Position the MMA to lead and promote the industry, representing the needs of growers within Malawi and internationally



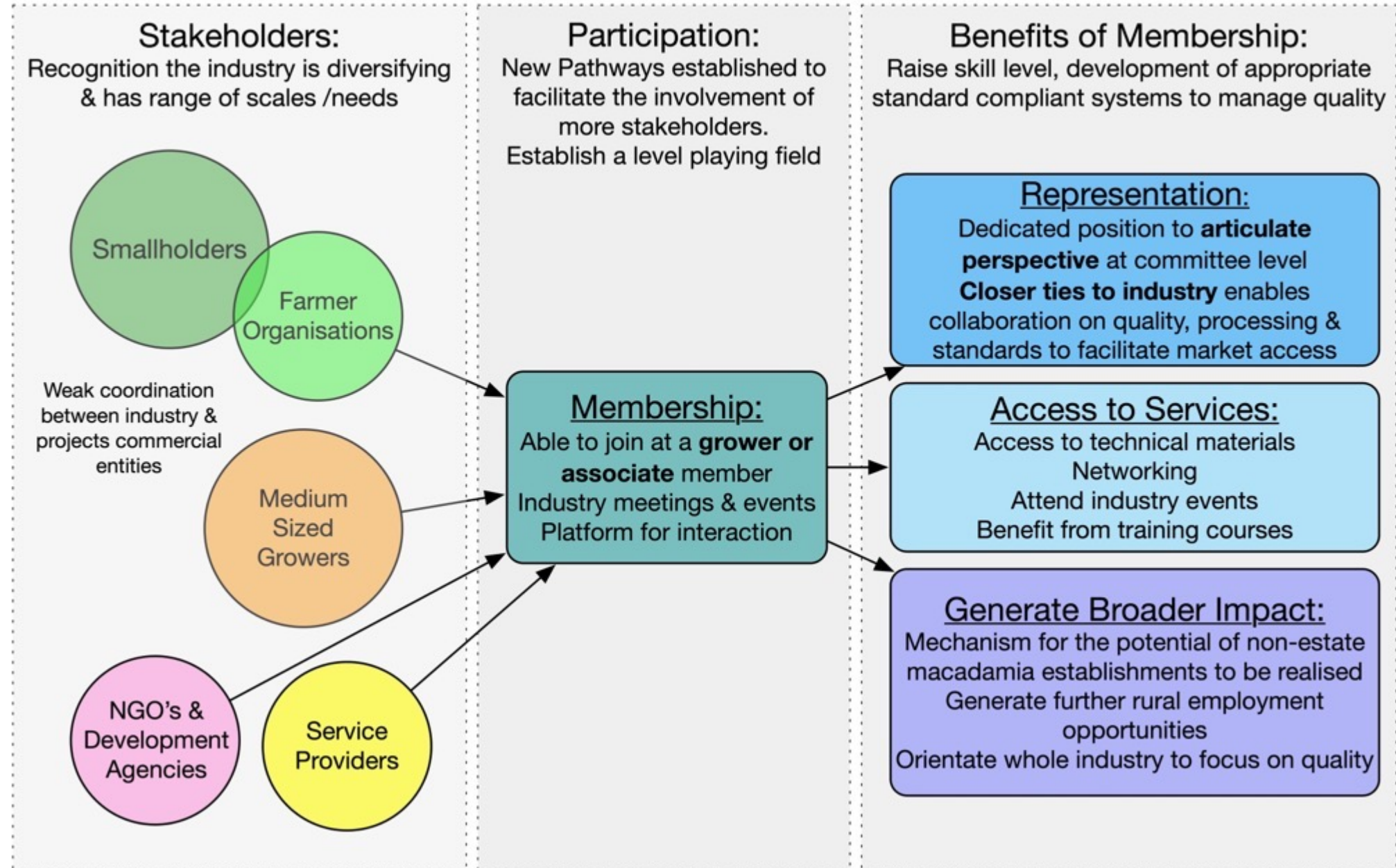
MMA functionality to deliver the strategic plan



Integrate growers of all sizes and geographies from smallholders to estates



Intergration of a wider range of stakeholders



Key Messages

Macadamia is becoming of greater **strategic importance** to the Malawian economy

Malawi has a sound foundation to build upon and an established **reputation for quality** which must be protected

An industry body is required to support and represent this growing industry

Focus on quality will deliver competitive advantage through-out the sector

Investment in skills and systems to deliver quality is essential to achieve the full potential of the industry

Both Processing & NIS handling for export **add value**

Smaller growers will benefit from **closer interaction** with the industry



Discussions & Audience Inputs