



## **THE 2018 ANNUAL ECONOMICS ASSOCIATION OF MALAWI (ECAMA) CONFERENCE COMMUNIQUÉ**

**NKOPOLA LODGE, MANGOCHI, MALAWI  
22<sup>ND</sup>-23<sup>RD</sup> NOVEMBER, 2018**

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**Theme: Current and Emerging Challenges Towards Transformative, Inclusive and Sustainable Economic Growth in Malawi**

### **1. INTRODUCTION**

The 2018 Economics Association of Malawi (ECAMA) Annual Economic Conference (AEC) was held on 22<sup>nd</sup> and 23<sup>rd</sup> November 2018 at Sunbird Nkopola Lodge in Mangochi under the theme: **Current and Emerging Challenges Towards Transformative, Inclusive and Sustainable Economic Growth in Malawi**. Following the previous year's theme, the 2018 AEC placed emphasis on the functional aspect of how the identified pillars and structures as well as suggested solutions could positively impact the country's development.

The conference was presided over by the Minister of Agriculture, Irrigation and Water Development, Honourable Joseph Mwanamvekha (MP). Furthermore, the Governor of the Reserve Bank of Malawi, who is also the Chairperson of ECAMA Board of Trustees, Dalitso Kabambe (PhD), was in attendance. The Conference attracted over 150 economists and other key stakeholders from the United Nations Development Program (UNDP), World Bank, International Monetary Fund (IMF), the Reserve Bank of Malawi (RBM), Ministry of Finance, Economic Planning and Development and other government ministries and departments, private sector, academia, civil society, international non-governmental organizations (NGOs) and the media.

In line with this year's theme, the following sub-themes and topics steered the agenda for the conference:

#### **A. Creating and enhancing the country's macroeconomic policy environment**

- a) Long-Term Development Planning: *Is National Planning Commission a Panacea for Growth?*

- b) Economic Governance and Economic Growth
  - I. Sustainable Development Goals (SDGs) Audit on National Budget Alignment
  - II. National Risk Assessment on Law Enforcement Agencies
- c) *Breaking Away: Can ECF Turn Malawi's Economic Fortune?*
- d) *The rise of FinTech: Threat or Opportunity to Traditional Monetary System and Policy*
- e) Cost and Access to Finance in Malawi
- f) Role of Capital Market in Long Term Development Financing

#### **B. Transformation of the Agricultural Sector**

- a) Creation of Structured Markets in the Agricultural Sector

#### **C. Revitalization of the Energy Sector**

- a) Private sector Strategic Investment Options in the Energy Sector

## **2. SUMMARY OF THE DELIBERATIONS**

Members noted that the country's economy has registered a notable level of macroeconomic stability over the past 24 months. The country's economic performance has been largely characterized by declining inflation, relatively lower interest rates, a marked decline in non-performing loans, a stable exchange rate; and increasing gross official reserves. Members, however noted that a porous policy and regulatory environment; volatile economic growth; energy supply shortages; high cost of finance; unpredictable and low agricultural commodity prices; low levels of public sector investment compared to consumption; and high population growth were key challenges stagnating the country's transformative, inclusive, and sustainable economic progress.

## **3. CONFERENCE RESOLUTIONS**

- I. Members applauded Government for establishing the National Planning Commission (NPC) and urged it to include in its work, radical interventions that would address the behaviour of rent seeking and corruption. Members also agreed that there was need to protect the NPC from political interest by coming up with regulations that would defend the national development agenda against political intervention. Finally, members recommended that academia and economic think-tanks such as ECAMA need to support NPC with evidence based policy options.
- II. Members recommended that targets set by **the Sustainable Development Goals (SDGs)** be institutionalized within the national budget sectoral allocation at a policy level, both by the government and all stakeholders to ensure quality in budgetary content and execution as measured by the government's ability to accurately exceed its own revenue and

expenditure targets. At institutional level, there is need to build strong consensus on the significance of effective, accountable and inclusive institutions in promoting sustainable and equitable development in Malawi; need for improved coordination among non-state actors and development partners in meeting established financing gaps; and the need to strengthen budget absorption capacity in government ministries and departments. Henceforth, it was recommended that annual budget reviews be conducted with a stronger focus on equity and efficiency of expenditures.

- III. On financial crimes and **money laundering** activities, it was recommended that the Ministry of Finance, Economic Planning and Development, Reserve Bank of Malawi, Financial Intelligence Authority, Ministry of Justice and Constitutional Affairs and other stakeholders expedite the formulation of national Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) policy; prosecute corruption cases; and enforce the national identification system.
- IV. Under the **Extended Credit Facility (ECF) program**, it was noted that Malawi has undergone massive injections. However, sustainability of growth remains elusive. For Malawi to break away from its past legacy, among others, it needs to break away from election effects including government unplanned expenditures in the pre-election years and frequent changes in general policy direction. Other proposals include addressing electricity challenges, establishing investor confidence, expanding fiscal space and attaining spending efficiency, and above all remaining on track with current International Monetary Fund (IMF) (ECF) program.
- V. Members, noted the proliferation of new technologies in the financial sector such as Fintech. Members noted that although **Fintech** transactions do not pose significant risks or opportunities to Malawi, there is a need for Malawi especially the academia, financial institutions and professional bodies to fully understand the mechanics of these developments and prepare for eventual appearance of these technologies on the Malawi market.
- VI. In view of the existing challenges on **Access and Cost to Finance**, members noted that part of the problem ascends from fiscal imbalances which contribute to macroeconomic volatility. In plight of economic growth and development, participants recommended that the following mechanisms be adopted;
  - government recourse to T-Bills is minimized,

- authorities' especially the RBM need to agree with the banking sector to set time-lined targets for banks to reduce inefficiencies and high operating costs, achieve higher customers base, deploy innovative banking models, become customer-eccentric whilst
- The government needs to improve service delivery such as improvement of justice system, enhanced transparency and information disclosure – financial literacy.

- VII. To enhance the role and address challenges facing **Capital Markets** in Malawi, members recommended the need to implement sound macroeconomic policies; government to take lead through the Ministry of Finance, Economic Planning and Development to have parastatals issue and list Bonds in order to fund development projects and also list commercial parastatals; integrate the capital market to the financial system; have an improved legal and regulatory framework; and to intensify financial literacy programs.
- VIII. Members recommended the need to institutionalize the policy environment to ensure predictability of prices, come up with clear legislation to support **Contract Farming or Commodity Exchanges**, establish an independent body to oversee the commodity exchanges and need to rationalize ACE and AHCX operations to promote synergies and reduce overlaps.
- IX. Members agreed that there is need to venture into big projects that can draw private sector investment in the **energy sector** as they form basis of industrialization while also exploring ways of providing energy to the rural masses i.e. through solar energy. Members also urged Ministry of Natural Resources, Energy and Mining, Malawi Energy Regulatory Authority (MERA) and all relevant stakeholders to expedite the finalization of power interconnection/importation process while also exploring ways of utilizing thermal energy as the country is sitting on huge coal deposits.
- X. **On population growth**, members recommended the need for government, CSOs, development partners and all stakeholders to come up with interventions that would help in controlling population growth. It was suggested that expansion of access to reproductive health services, keeping girls in school, and accelerating women's economic empowerment will benefit Malawi in addressing its estimated overpopulation challenge. And this will create an opportunity to take

maximum advantage of the country's demographic dividend, turning the country into sustained economic and social progress.

#### **4. CONCLUSION**

Overall, the underlying message agreed upon by members during the conference was on the need for every stakeholder to take an active role in implementing the resolutions of the conference in order to change the country's economic destiny. Economists and other professionals were thus challenged and called upon to fully participate in economic activities like property development; agriculture and crop marketing; and tourism rather than leaving development efforts to government alone. Going forward, ECAMA endeavors to follow through with all relevant stakeholders to ensure that the aforementioned resolutions are implemented in the foreseeable future. A fuller report capturing the presentations and deliberations will also be produced in due course.

Signed



Chikumbutso Kalilombe  
**President**



Maleka Thula  
**Executive Director**