

Thursday, June 23, 2022

By Taonga Sabola

The Board of Executive Directors of the International Development Association (IDA) on Tuesday approved a \$134 million (K138 billion) loan for Malawi for the second phase of the Shire Valley Transformation Programme (SVTP).

The loan, which has a six-year grace period, has a final maturity of 38 years.

WB approves \$134m for SVTP

The objective of the project is to provide irrigated commercial agriculture and strengthen the management of natural resources in the programme area.

In a letter dated June 21 2022, signed by IDA Executive Director Taufila Nyamadzabo to Finance Minister,

Sosten Gwengwe, the organisation says SVTP Phase II is the second of a series of projects to support a 14-year programme.

"The programme aims to provide irrigation to over 43,000 hectares through the phased construction of a new gravity-fed irrigation

scheme.

"Specifically, the project will expand irrigation and drainage infrastructure development, complete land tenure formalisation and strengthen district land administration and planning institutions, improve natural resources management and develop

the irrigation area for agricultural modernisation and commercialisation, including private sector and value chain support," Nyamadzabo said.

Gwengwe was not immediately available for comment.

The government, through the Ministry of Agriculture with support

from the World Bank, the African Development Bank and the Global Environment Facility, is implementing the programme.

Phase I for the programme runs from 2018 to 2023 with a major focus on irrigation service provision to about 22,000 hectares.

The project will be implemented in three sequential but partially overlapping phases.

Tobacco growers lament mounting production costs

By Martin Yewo Phiri & Tiyeze Monjeza

Commercial tobacco growers have lamented increasing production costs stemming from combined effects of rising inflation and a volatile exchange rate as well as lack of competition on the market.

This came out when Minister of Agriculture Lobin Lowe paid a visit to some of the farmers in the Southern Region earlier this week.

In an interview, one of the farmers, Nicholas Thonnycroft, said high input costs are reducing productivity and profitability of the crop as farmers are spending more to access inputs.

He said the farmers are engaging government to consider subsidising electricity, fuel for farm machines, fertiliser and chemicals and lobbying for better crop prices if commercial farming is to remain viable.

"Prices are soaring year on year. To give you an example, fuel has



TOBACCO—Malawi's top export crop—File photo

gone up with 22 percent from K25,000 to about K80,000. We have asked the government to look into subsidies regarding the inputs," Thonnycroft said.

He added that the high cost of borrowing

from commercial banks to access the inputs is affecting their cash flows.

Thonnycroft further challenged the government to invite more tobacco buyers so as to enhance competition which, in turn, would ensure better prices for

the commercial crop.

Minister of Agriculture Lobin Lowe said the ministry is exploring alternative means to improve productivity.

"We, as a country, do not have subsidies in power generation for agriculture activities. We

engaged the Ministry of Energy to look into the possibility of coming up with agriculture rate but we will still push.

"The agenda 2063 talks about agricultural productivity and commercialisation. You may wish to appreciate

that we are talking of mega farms, which need heavy investment and may need expertise of the existing commercial farmers," Lowe said.

He went on to encourage the farmers to continue producing tobacco while diversifying with other crops as one way of spreading the risk.

"We will continue to rely on tobacco. It is the main foreign exchange earner. The only thing is diversification. We should be able to keep selling tobacco so long as we are within the laws.

"It appears prices are good during opening days, only to go down in later days. However, yesterday and today, I saw better prices when I visited Limbe Auction Floors," Lowe added.

The minister encouraged farmers to ensure leaf quality is not compromised and take advantage of programmes such as Agricultural Commercialisation Project for agriculture financing.