



**CIVIL SOCIETY AGRICULTURE NETWORK**

**PIGEON PEA MARKETING TRENDS IN MALAWI:  
*WHAT DOES THE FUTURE HOLD FOR MALAWIAN PIGEON PEAS FARMERS?***

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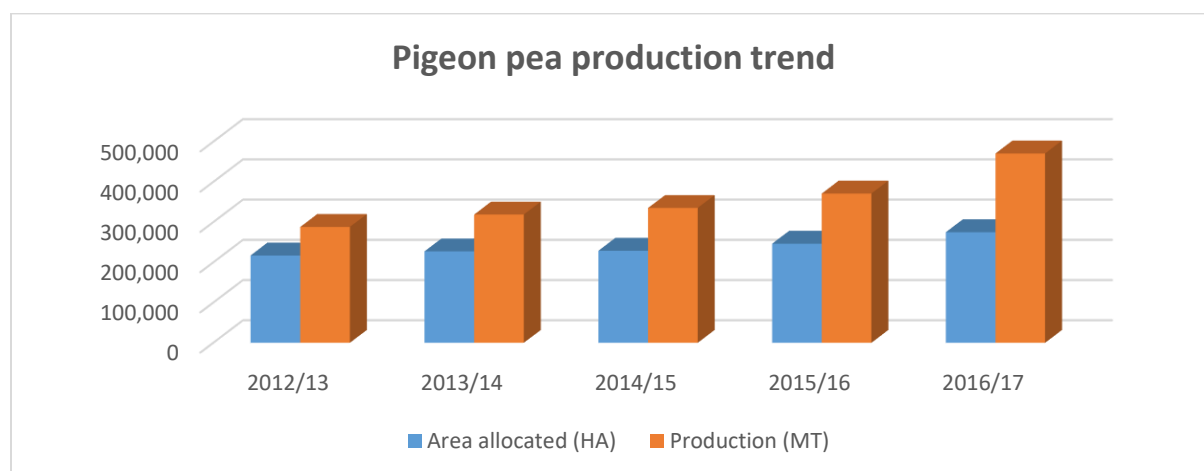
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## 1. INTRODUCTION – MALAWI PRODUCTION TRENDS

Pigeon peas (*Cajanus cajan*) is widely grown as an intercrop in several districts in Malawi. Currently, Malawi remains the third largest producer of Pigeon peas in the world exporting an average of 250, 000 Metric Tonnes annually. Production estimates for the past five seasons depict a gradual increasing trend in production levels owing to expansion in area under cultivation. Increasing land allocation was stimulated by the lucrative prices that were experienced in the 2008/2009 season. Unit area productivity gains remain low. Figure 1 below provides a snapshot of production trends, for the previous five seasons, in Metric Tons.

**Figure 1: Area allocated vs Production of Pigeon Peas in Malawi (2012-2017)**



*Source: MoAIWD Production Estimates, 2012/13 to 2016/2017*

Pigeon pea marketing is widespread throughout Eastern and Southern Africa (ESA) region, with varying degrees of integration into structured marketing systems. Unlike Pigeon pea market systems in other countries in the ESA region, the Pigeon pea market in Malawi is disorganized. The market systems are characterised by highly fragmented marketing channels based on individual family enterprises. LikeAlike several other agricultural commodities in Malawi, the Pigeon pea market lacks a distinct policy to guide marketing of the commodity. As a result, resource poor smallholder farmers are exposed to exploitation by middlemen in the Pigeon pea value chain. This position paper attempts to take stock of the current issues affecting the domestic and international pigeon pea market.

## **2. GLOBAL TRENDS IN PIGEON PEA PRODUCTION AND MARKETING**

In 2018, the global pigeon peas market reached a volume of nearly 6 Million Tons, Research and Markets (2019). Currently, India remains the largest producer of Pigeon peas accounting for around 70% of the total global production. India is followed by Myanmar, Malawi, Kenya and Tanzania in that order. In terms of exports, Myanmar is the biggest exporter accounting for close to 90% of the total global export. Myanmar is followed by Tanzania, Sudan and Kenya. Malawi is currently at a distant 10<sup>th</sup> in terms of total global exports. India is currently the largest importer of Pigeon peas on the globe. In 2018, India imported over 95% of the total global Pigeon pea imports. Other countries importing Pigeon peas include Zimbabwe, the United States of America, Peru and the United Kingdom.

## **3. NATURE OF THE PIGEON PEA MARKET IN MALAWI**

According to AICC (2017), pigeon pea farmers in Malawi remain poor. The market is characterized by high fragmentation with scattered units of production that makes collective bargaining difficult. As a result, farmers trade their Pigeon peas with large scale traders who bulk the produce and export it to India. This market accounts for around 90 percent of the Pigeon peas produced locally. The remaining 10 percent is either processed, packaged and sold on the domestic market or consumed by the farming households locally. Nevertheless, the current renaissance of the Nandolo Farmers Association (NFAM) gives a glimmer of hope for the value chain. The NFAM is modelled as a farmer organization that can support its members to access better markets and amplify the voice of Pigeon pea farmers in the country.

The Pigeon pea market is worsened by policy and structural weaknesses including poor enforcement of minimum farm gate prices. Poor storage facilities further prevent the smallholder farmers from direct access to the export market. Overdependence on the export market has demonstrated the weaknesses with which it brings to the value chain and this has severely affected Pigeon pea farmers in the past two seasons. Owing to favorable condition in successive seasons, India produced a surplus in 2016/17 and 2017/18 growing seasons. This necessitated an import cap of the crop by India leaving the majority of the Pigeon pea farmers in Malawi stranded, with no market. In the past two seasons, India has allowed imports of Pigeon peas in the region of 200MT per year upon signing of a trade agreement between India and the exporting countries. Malawi did not secure a quota on this import cap in the past two seasons.

#### **4. THE PROBLEM: CURRENT STATE OF PIGEON PEA MARKET IN MALAWI**

Following the closure of the export market in India, Malawi has been left with little to no market outlets for marketing her pigeon peas. In 2018, Malawi had carry-over stock from the 2016/17 season in addition to the produce realized from the 2017/18 season. Under pressure and out of desperation, smallholder farmers disposed off of their commodity at much lower prices than the government recommended price of MK320 per kg. Citing the closure of the international market, some unscrupulous traders bought the crop at as low as between MK50 and MK60 per kg leaving the farmers destitute.

In view of the foregoing, stakeholders in the Pigeon pea value chain including: Business Innovation Facility (BIF), NFAM, Christian Aid, CISANET and others have been engaging the Ministry of Industry, Trade and Tourism (MoITT) to lobby for the securing of an export quota to India. Despite several efforts, the quota was not secured. The efforts further sought an audience with the Minister of Industry, Trade and Tourism. The Minister granted the delegation an audience in July, 2018. During the meeting, the Minister assured the stakeholders of his support to open up the domestic market for Pigeon peas. He instructed the ministry officials to write His Excellency (HE) the State President to bring the urgency of the matter to his attention and seek his intervention on the matter. Further, the memo to the HE would be seeking support from the HE in form of a directive to the Ministry of Finance, Economic Planning and Development (MFEPD) to release funds to ADMARC to purchase 100,000MT of Pigeon peas from smallholder farmers at the government recommended price of MK320 per kg. On 12<sup>th</sup> September, 2018, the MoITT issued a Press Release that indicated the action taken by the Government to open up a Pigeon pea market at ADMARC. The Press Release indicated that ADMARC would buy the crop, at MK230 per kg – surprisingly, MK90 less than the Government set minimum price - clearly, demonstrating that Government does not respect its own minimum set prices. A rapid assessment of selected participating ADMARC markets in the Southern region revealed that ADMARC started buying the commodity around mid-September. Nevertheless, some farmers, through NFAM, complained of delays in the purchase of the produce with some farmers spending over one week at the ADMARC depot before they sold their produce. The delays have forced some farmers to sell their produce to middlemen at lower prices to reduce their transaction costs. The delay was attributed to the availability of funds for the exercise within ADMARC. In addition, there have been reports of corrupt

practices by ADMARC staff at some ADMARC depots. Recent media reports suggest that the ADMARC has stopped purchasing the commodity from the farmers<sup>1</sup>. The Pigeon pea farmers have now resorted to selling the commodity to unscrupulous traders who are bulking the commodity for sale in neighboring Mozambique.

## 5. CISANET POSITION ON THE MATTER

~~First, While CISANET commends the Government for intervening in the coming in to support the Pigeon pea domestic market farmers across the country, it strongly believes that such initiatives cannot be relied upon in the long term our view is that there is need for a more sustainable solution to the Pigeon pea market challenges. As such, these interventions should only be treated as temporary measures. The Government needs to coordinate all the stakeholders in the Pigeon pea value chain to generate lasting sustainable solutions to the market challenge rocking the value chain. Second, the information generated clearly demonstrates ~~that~~ that Government's intervention thus far the initiative has, to a large extent, benefited middlemen who had the crop, at the expense of bonafide Pigeon pea farmers. Due to the manner in which the initiative was implemented, there was lack of ~~lacked~~ proper mechanisms for ensuring that resource poor smallholder farmers are given priority to access the Pigeon pea market – subsequently defeating the very purpose for which the initiative was instituted.~~

In view of the foregoing, CISANET wishes to make the following recommendations:

- i. The Government of Malawi, through the Ministries of Industry, Trade and Tourism and Foreign Affairs, must continuously engage the Government of India to secure a quota for exporting Pigeon peas to India.
- ii. The Government of Malawi, through the Ministry of Agriculture, Irrigation and Water Development (MoAIWD) and the Anti-Corruption Bureau should follow up on the reported cases of corruption at the ADMARC depots and bring the culprits to book.
- iii. The Government must revise the mechanisms for generating the minimum farm gate prices in order to come up with and publish more realistic market prices.
- iv. ADMARC must work closely with the NFAM to ensure that such interventions benefit bonafide and smallholder Pigeon pea farmers

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<sup>1</sup> <https://zodiakmalawi.com/malawi-national-news/pigeon-peas-farmers-turn-to-mozambique>

- v. Stakeholders (both public and private) should intensify deliberate efforts for increasing local consumption of Pigeon peas. Increasing local consumption levels would generate an additional local demand for the product, an added route for marketing the crop.