

Uncovering the potential of resource-poor farmers through increased access to improved agricultural technologies: The Malawi model

Khaki, N.¹ & Sefasi, A.¹

¹Department of Crop Science, Faculty of Agriculture, Makerere University,
P. O. Box 7062, Kampala, Uganda

Corresponding author: nolipherkhakhi@yahoo.com

Abstract

Malawi has faced consistent incidences of hunger, malnutrition and poverty. These have been attributed in part to frequent droughts. In addition, privatization policies forced the country to put the burden of keeping food reserves and providing agricultural inputs on few unprepared and ill-equipped private traders. In order to deal with these problems, an Input Subsidy Program (ISP) was set up and resulted in the highest maize production on record in 2007. In this discussion we suggest that access to improved agricultural inputs is a critical factor in technology adoption and attainment of food security in poor countries.

Key words: Food, hunger, input subsidy, Malawi, privatization

Résumé

Le Malawi a fait face à l'incidence constante de la faim, la malnutrition et la pauvreté. Celles-ci ont été attribuées en partie à des sécheresses fréquentes. En outre, les politiques de privatisation ont forcé le pays à mettre à la charge de maintien de réserves alimentaires et la fourniture d'intrants agricoles sur quelques négociants privés impréparés et mal équipés. Afin de faire face à ces problèmes, un programme de subvention d'intrants (ISP) a été créé et a abouti à la production la plus élevée du maïs enregistrée en 2007. Dans cette discussion, nous suggérons que l'accès aux intrants agricoles améliorés est un facteur déterminant dans l'adoption de technologies et la réalisation de la sécurité alimentaire dans les pays pauvres.

Mots clés: Alimentation, faim, subvention des intrants, Malawi, privatisation

Background

Malawi is a small, land-locked country in southern Africa, with an estimated population of 13 million. It is one of the poorest countries in Africa, with approximately 65% of its inhabitants living below the national poverty line and 28% in extreme poverty (ActionAid International, 2006). Health and social

indicators in the country are also among the lowest on the continent (Phiri, 2005).

Agriculture accounts for 40% of GDP. This has however been increasing since the early 1990s with the increasing stagnation of the industrial sector. Malawi is heavily dependent on maize, its main food staple, which accounts for about three quarters of calorie consumption for the population (Phiri, 2005).

Southern Africa countries have recently been suffering from unusually long droughts affecting maize and other staples. In Malawi, the consequences have been increasing incidence of hunger and malnutrition among the smallholder poor communities. In order to deal with these problems one of the strategies by government was to increase access to agricultural inputs by smallholder farmers (Trócaire, 2005) by putting in place the Input Subsidy Program (ISP). This is a fertilizer and maize seed subsidy program covering the entire country and started operating in 2005/06. This programme has been considered a big success, especially that earlier interventions (Targeted Input Program - 2000/2004 and Starter Pack - 1998/2000) did not do well. This study was therefore carried out to determine factors responsible for its success.

Literature Summary

In any assessment of a public program or intervention seeking to improve a given social welfare function of the disadvantaged groups, it is important to ask the question whether the targeted beneficiaries were better or worse off after the intervention was implemented (Chirwa, 2010). With this view it becomes irrelevant, to consider the cost implications of such interventions especially when the intervention proved to be a success (Menon, 2007).

The main constraint on agricultural production in Malawi has been limited access to inputs (i.e. fertilizer, seeds, credit) (Jayne *et al.*, 2003). The Starter Pack-or Targeted Inputs Programme-initiated in 1998 was successful for two years, as evidenced by rising maize production. The program was later changed to handing out whatever was cheap and available apart from providing seeds and fertilizer (Gregory, 2006). It changed because the original pack was seen by key donors as disrupting agricultural input markets.

Economic liberalization measures suggested by donors have been blamed for undermined farmers' access to inputs and

eliminated consumer subsidies and food price stabilization interventions. Unlike in the developed world, where agribusinesses are big, in Africa the small private grain sellers and buyers have little capital or ability to raise money. And with little financing, it is nearly impossible for the private sector to develop large stocks of seed and fertilizer, or to build large warehouses necessary to store significant quantities of staple foods. Forced to rely upon the private sector, farmers in turn cannot afford to buy large quantities of seed, or store grain between harvests; and even if the resources were available, farmers often cannot afford to buy fertilizer and seed. With private traders unable to store crops, governments selling off their warehouses to the private sector, and no one investing in agricultural research, developing nations have been left dangerously short of any food reserves.

The ISP of 2005/06 and 2006/07 resulted in the highest maize harvest on record in Malawi. It is estimated that 131,000 and 175,412 tons of subsidised fertilizer were sold to farmers in 2005/06 and 2006/07 respectively. With two years of good weather, the IPS on fertiliser and improved maize seed, created a one million tonne maize surplus, much of which was exported to Zimbabwe, boosting Malawian national pride as well as foreign income.

Study Description

The authors have compiled this review article from reports, Malawi national budgets and other studies of the Malawi Input subsidy program (ISP). Where possible the authors have used their experience working with Ministry of Agriculture, private sector and NGOs in Malawi.

Research Application

After the 2007, the area planted to hybrid seeds was 20% larger than in the previous year. An external appraisal estimated that one-fifth of the national harvest could be directly credited to the subsidised seed and fertiliser. The farmers' success in Malawi was also related to changes in policy on farm inputs. Menon (2007) reported that the famine of 2002 was not more severe than the one in 1991. However the former caused widespread deaths and desperation than the one of 1991 (Menon, 2007). This is attributed to privatization policies of the World Bank. Noticing that the current subsidy programme has been a success, the Bank has defended Malawi policies arguing that it never actually opposed Malawi's subsidy programme.

Today it is agreed that the Malawi program succeeded because the country ignored donor pressure to privatize, and instead pursued a strategy of small-farm subsidies. Critically, the government focused the program on the poor farmers who at least had some land and the ability to work the plots, thus guaranteeing a return on their investment in the form of more efficient grain output. Government also invested in training programs, helping farmers learn about new types of irrigation and crop management (Duflo *et al.*, 2008). And once the farmers produced, the Malawian government created funds designed to buy a percentage of the maize crop and store it for future emergencies. Thus, the state hoped to ensure that it would never be caught in a famine having to rely upon private traders to supply staple crops.

The success story of Malawi may therefore be suggesting that privatization must be applied differently for poor countries. At least a partial subsidy strategy would help small farmers in developing nations. Donors should support agricultural research more than supporting food donations.

It is possible that another factor that led to the IPS success was targeting the right people by deploying a transparent selection system. After complaints about the transparency of local authorities in the first year of the programme, a more transparent system, managed by government staff, was introduced.

Further success of the program after 2006 could also be attributed to a system where private input suppliers received coupons and claimed their value later. Initially, the task of sourcing and supplying fertiliser and seed was given to the state-run agricultural marketing company. This negatively affected competitiveness in the market.

Recommendation

The Malawi model may not succeed everywhere. There is need for poor developing countries to engage donor agencies in constructive dialogue and show them that some of the policies they promote are not suitable. Countries and donors must avoid planning one universal response to hunger and hoping it will help a diverse range of recipients.

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