

# MALAWI FOOD SECURITY ISSUES PAPER

DRAFT

for

**Forum for Food Security**



**in Southern Africa**

## Preface

This is one of five Country Issues Papers commissioned by the Forum for Food Security in Southern Africa.

The papers describe the food security policy framework in each focus country (Malawi, Mozambique, Lesotho, Zambia and Zimbabwe) and document the current priority food security concerns there, together with the range of stakeholder opinions on them. The papers have been written by residents of each country with knowledge of and expertise in the food security and policy environment.

The purpose of the papers is to identify the specific food security issues that are currently of greatest concern to stakeholders across the region, in order to provide a country-driven focus for the analytical work of the Forum for Food Security in Southern Africa.

As such, the papers are not intended to provide comprehensive data or detailed analysis on the food security situation in each focus country, as this is available from other sources. Neither do the Forum for Food Security, its consortium members, and funders necessarily subscribe to the views expressed.

The following people have been involved in the production of this Country Issues Paper:

Diana Cammack, Independent

*Osten Chulu*, Senior Research Fellow, Agricultural Policy Research Unit, Bunda College of Agriculture, University of Malawi

Stanley Khaila, Director, Agricultural Policy Research Unit, Bunda College of Agriculture, University of Malawi

Davies Ng'ong'ola, Head of Department, Rural Development and Extension, Bunda College of Agriculture, University of Malawi

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## Executive Summary

Food security policy has been made by a variety of institutions within the Malawi government for many years. Thus a whole range of programmes that relate to agricultural productivity, access to food and related topics is implemented (with varying degrees of competency and success) by a number of ministries working with donor and civil society partners. The food crisis (2001-03) gave rise to a new structure, the Food Crisis Joint Task Force, to respond to the emergency, to investigate and report on various aspects of it, and to oversee the design of a new food security policy and an institution to coordinate its implementation. The role, interests and inter-relations of various agencies of government, civil society and donor governments, which will impact on the design process and the resulting policy, are surveyed here. Issues that are contentious and/or yet to be resolved are also listed.

Adverse climatic conditions in 2000/2001 and 2001/2002 growing seasons, complemented by mismanagement of grain reserves plunged Malawi into one of the worst food security crises in recent times with about 30% of the population in need of emergency support. The HIV/AIDS pandemic exacerbated an already precarious situation through an accelerated attrition rate of the economically productive population. Inherent structural and institutional bottlenecks in the production and marketing systems have to be urgently addressed to let Malawi graduate from the group of food insecure nations.

Malawi lacks a well-developed and diversified monetary economy. It depends, to a large extent, on agriculture, migrant labour remittances and returnee earnings, making it relatively more vulnerable to the vagaries of nature and economic conditions in the labour absorbing countries.

The impact of HIV/AIDS on food security has been through loss in productivity, loss of coping mechanisms at the community level and the generally poor nutrition status of the population. At the household level, when traditional income/livelihood earners become ill, children take over the role of ensuring food security. Research has also shown that malnutrition increases the risk of HIV/AIDS transmission from mothers to children. UN agencies in Malawi, in their 2002 Consolidated Appeal, state that “the recent food crises in Malawi result from a number of conditions such as chronic poverty, reliance on a single crop, unfavourable weather conditions, and a high prevalence of HIV/AIDS”. An important facet to this is that family members not affected by AIDS may lose productive labour time due to the need to provide care to sick members, or orphans, and the need to attend to social demands such as attending funerals. The gender dimension in the HIV/AIDS debate is quite crucial. It is estimated that about half of the HIV/AIDS cases are found in the female population, who are the arguably the most productive in rural areas and are also charged with providing primary care for the young. The unfortunate outcome of the HIV/AIDS epidemic has been the dramatic rise in the number of orphans and vulnerable children in Malawi.

The effects of slow economic growth and macroeconomic problems on livelihoods and food security are directly linked to poverty. Malawi is ranked 165<sup>th</sup> out of 173 countries in 2000 according to the UN’s Human Development Report. The Integrated Household Survey report further states that 65.3% of Malawians is below the poverty line, accounting for around 6.3 million people. In addressing issues of poverty reduction, a crucial component is rapid economic growth and development. This necessarily implies concerted efforts to address bottlenecks in agriculture in the long-term. It is clear that smallholder

agriculture cannot provide rising incomes or employment, rather, the main source of growth of output and employment will have to be outside of agriculture. However, non-agriculture is not capable of providing productive jobs for more than a fraction of new entrants to the labour force in the foreseeable future which leads to the conclusion that while the ultimate destination may be a vibrant non-agricultural economy, the path to the destination leads through more emphasis on smallholder agriculture in the short-run.

The Malawi Poverty Reduction Strategy Paper (MPRSP) identifies an enabling environment as critical to the transformation of the economy and poverty reduction. Macroeconomic stability is perceived as a precondition to economic growth and includes improved fiscal discipline and a tight monetary policy. Access to credit and micro-finance also plays a pivotal role in mitigating problems of economic growth, diversification and food security. The MPRSP further states that in order for the country to maintain current levels of poverty, the economy would have to grow by over 5%. In order for the country to make any dent on poverty, the country will have to grow by more than 6%, implying that agriculture would have to grow by more than 15% annually.

Various approaches have been articulated on the role of market-based economic development in strengthening household food security. These cover the area of agricultural production increases to attain food self sufficiency, land redistribution and tenure systems, agricultural diversification, especially in agro-processing activities, livestock development, access to agricultural inputs and the strengthening of forward and backward linkages in agriculture, streamlining agricultural markets with the objective of reducing transaction costs. Further, the development of irrigation schemes and the encouragement of small-scale irrigation activities, the improvement of agricultural financing and agricultural capital, the enhancement of extension services and the promotion of urban-based industrial activity will be crucial in the acceleration of market-based economic development to mitigate household food insecurity.

The development of Medium and Small-scale and Micro Enterprises (MSMEs) is also identified to be central in the transition to more sustainable levels of economic growth. The Government realises this and has put in place a number of measures and strategies to facilitate the development of this sector. Many of the policies and strategies instituted are crosscutting, recognizing the need for increased partnership involving government, non-governmental organisations, MSME support institutions and the private sector. In addition to these, there are sectoral policies which do not specifically target MSMEs, though their implementation has impacted their growth. These include agricultural production and marketing policy, the investment promotion policy, export promotion policy, trade policy, competition policy, poverty alleviation policy, and, monetary and fiscal policy.

Social protection measures in strengthening food security are articulated within the MPRSP using four pillars. These are the support to agriculture for subsistence farmers, support to feeding programmes for malnourished children, public works initiatives and direct transfer programmes. The Malawi Social Action Fund (MASAF) and the Supplementary Inputs Programme have also been influential in the provision of safety nets for the most vulnerable through programmes such as the Public Works Programme (PWP) and Food for Work programmes.

The complementarity between short-term humanitarian responses and long-term development responses is important in the design of symbiotic strategies that are aimed at addressing the apparent disparities between immediate needs in an emergency situation and long-term developmental goals. Evidence suggests that there is an apparent donor bias towards quick results (emanating from short-term emergencies) to long-term planning

and objectives. The co-ordination of the emergency response also begets problems of duplication of efforts by the various NGOs mandated with the final distribution management as well as leaving out significant segments of the population due to non-availability of information. In light of the foregoing, there is a need to have less focus on food relief and more emphasis on food security through a multi sectoral approach as well as the maintenance of community involvement and participation in the decision making process.

# Introduction

Adverse climatic conditions in the two consecutive growing seasons of 2000/01 and 2001/02, exacerbated by gross mismanagement of grain reserves have plunged the country into one of its worst food security crises in recent memory with around 30% of the population in need of emergency support. The HIV/AIDS epidemic has also been crucial in contributing to the crisis through the accelerated attrition rate of the economically productive segment of the population. According to the Integrated Regional Information Network (IRIN), the failure of rains over two consecutive seasons should not have precipitated a crisis as deep as Southern Africa has now experienced. The current crisis points to a slow erosion of people's coping mechanisms exposing a more deep-seated and complex problem of vulnerability.

Experiences with famine indicate that southern Africa today should be better placed to withstand drought than at any time in history. The rainfall records for the sub region tell us that every ten or eleven years there is a drought, almost as regular as clockwork (de Waal, 2002). The failure of rains over two consecutive seasons should not have precipitated a crisis<sup>1</sup> as deep as the region has now experienced. Indeed the realisation that there was going to be shortages in the supply of food was common knowledge as manifested in the Government's initial crop estimates. It was however only on 27<sup>th</sup> February 2002 when the President, Dr. Bakili Muluzi declared a National Food Crisis. It was estimated then, that around 29% (3.3 million people) of the total population would be affected by the crisis (USAID 2003, [www.usaid.gov/hum\\_response/](http://www.usaid.gov/hum_response/)). The WFP, through the Joint Emergency Food Aid Programme (JEFAP) which includes the NGO consortium, WFP itself and other UN organisations, Government ministries and donors, was the main agency charged with the procurement and distribution of emergency aid. The emergency programme was undertaken through five core activities.

1. Food for Work implemented since 1998 in conjunction with NGOs and Government bodies at national and district levels. This involves the provision of a cohesive, integrated approach that promotes micro-community projects aimed at improving local food security.
2. HIV/AIDS programme which became operational in 2002 and targeting 7,500 households in 4 districts. The food aid complements the care and support provided by community-based care volunteers for affected and infected households. Currently the programme is providing dietary support to 6,200 households each month, with 1,645 chronically ill/TB patients receiving nutritional supplements.
3. School Feeding, commissioned in 1999 to encourage the enrolment of girls and orphans in primary schools. The target is 160,000 pupils in 8 food insecure districts
4. Supplementary and therapeutic feeding programme operated through clinics run by the Ministry of Health and Population. The programme targets moderately and severely malnourished children under five, the caregivers of severely malnourished children and malnourished pregnant and lactating women.
5. Direct Transfer, which addresses the needs of the current emergency programme. The JEFAP consortium has provided food for 3,600,000 people through distribution of more than 38,000 tons of basic food commodities (maize, pulses and oil) per month (WFP

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<sup>1</sup> Some critics state that the crisis was never as large as the WFP and other agencies warned since most indicators of a 'famine' were not readily visible. Others, notably from the WFP and UNICEF point to the fact that the mitigation was timely and that the response to the crisis was appropriately targeted. Judith Lewis, the director of the WFP's regional operations in Southern Africa says "We're so used in Africa to seeing stick figures and corpses during hunger crises. We didn't wait to see that before we started intervening here. That's why people didn't die, because we did our jobs right (Nicole Itano, 2003)

2003)

Under normal circumstances, Malawi is a net importer of maize. Subsistence farmers can only grow 90 percent of their food needs. During the “hungry season” (from December until March) many eke out an existence by providing casual labour (Ganyu), using money earned to buy food on the market. This points to the fact that there are inherent structural and institutional bottlenecks in the production and marketing system which have to be addressed in order to sustainably move Malawi out of the “food-insecure” group of countries. The provision of emergency food aid, while important in the short-run, will do little to induce the country to move up. Throwing money at the problem or experiencing better weather will not solve the problem. There are key questions which have to be addressed to be able to effectively combat food insecurity. These include production technologies and marketing regimes, institutions serving food logistics (storage, distribution and marketing), the macroeconomic framework, vulnerability, diversification and non-farm activities, and safety-net mechanisms.

Since independence, Malawi’s preoccupation in its’ approach to food security has been the production of maize, the country’s staple. Despite the emphasis on maize, little has been achieved in realizing the goal of food security. Bisika and Mvula (1996) report that per capita maize production did not exceed 200 kilograms since 1975 - the required minimum levels of per capita output per year. The situation however improves somewhat when other crops like rice, cassava, sorghum and sweet potatoes are considered. When looked at from the perspective of high levels of poverty, high population growth, diminishing arable land and low agricultural productivity, exacerbated by non-existent monetary resources for the majority of the population, the food security question becomes a question of food production and availability. Once availability is achieved, then issues of accessibility and entitlements can be tackled. It is not surprising that most policy initiatives which have a bearing on food security centres around the provision of basic agricultural inputs with a focus on maize<sup>2</sup>.

Perhaps the defining characteristic of poor rural areas in Malawi is the lack of well developed and diversified monetary economy, which is dependent upon agriculture and migrant labour remittances and returnee savings (Dorward and Kydd, 2002). Because of the economic setting, contribution of the agricultural sector to the country’s food security is very critical.

This paper describes the key food security issues in Malawi arising from stakeholder consultations and literature review. Stakeholder consultations and literature review concerning food security in Malawi has led to identification of three broad categories of issues. These are issues relate to the following:

- Institutional framework
- National food self-sufficiency;
- Market-based economic development (market liberalisation); and household food security.

The following sections outline some of the key issues.

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<sup>2</sup> Since independence, the provision of subsidized agricultural inputs was high on the agenda of the government. This has gone through various phases, and has culminated in the Starter Pack Programme of 1998/99/2000 and the current Targeted Inputs Programme (TIP).

# 1 The Institutional Framework for Food Security Policy Decision Making

Under Dr H Kamuzu Banda's regime, government produced a *Food Security and Nutrition Policy Statement* (1990) as part of its larger development policy (DEVPOL<sup>3</sup>). It identified several strategies for improving food security (increased agricultural production, improved employment, capacity development, and income transfers to the very poor) and listed various institutions that were to be strengthened to implement the policies.

Since the transition in 1994 government has not articulated an explicit food security policy though in recent years a number of studies explaining hunger have been done; a conference on food security was held ('Food Self-sufficiency for Sustainable Development', 1995); and various reforms, plans, policies and programmes have been designed and adopted that have a bearing on food security.<sup>4</sup> These have included:

- *Structural Adjustment* policies – these have been ongoing since the early 1980s, and have tried to create an economic and regulatory environment favourable to poverty reduction (and food security) – rationalisation of interest rates, price liberalisation, strengthening public sector institutions, removal of subsidies, liberalisation of agriculture, deregulation of markets, agricultural credit liberalisation, etc.
- *Poverty Alleviation* programme (1995) – emerging soon after the transition and identified as a primary goal of the new ruling party (UDF), this policy has increased spending on education, health, and food security.
- *Poverty Reduction Strategy Paper* (PRSP) – a requisite for financing from the IMF and WB, poverty reduction strategy papers have been written by many countries. The Malawi paper (final draft presented in April 2002) is highly professional, covering all aspects of poverty – its causes and consequences as well as strategies to address it and local constraints (political will, patronage politics, capacity, HIV/AIDS, 'mindset' etc) that can undermine implementation of the policies outlined.
- An *Agricultural and Livestock Sector Development Strategy and Action Plan* was adopted in 1995 and the old *Agricultural and Livestock Marketing Act* was repealed in 1996, which had restricted marketing of certain crops and animals and reduced participation and competition in these sectors. A review of the strategy was done in 1999 and it identified constraints to implementation, recommending new policies and legislation.
- Amendment of *Seed Act* (in 1996) to encourage widespread participation in the seed market.
- *Growth Strategy for Malawi* (Feb 2003) outlines two dozen constraints that inhibit economic, including agricultural, growth.
- *National Safety Net Strategy* (Sept 2000) aims to support up to 30% of the population through various welfare programmes – e.g., subsidized agricultural inputs (TIP) and public works, supplementary feeding and 'direct transfers' (e.g. food vouchers).
- *Malawi Agricultural Sector Investment Programme* (2001) identified areas in which

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3 Statement of Development Policies 1987-1996.

4 This list draws upon O&M Development Consulting and MTLconsult, 'Malawi National Food Security Policy: Literature Review, Draft Final Report', n.d; Harry Potter 'The Malawi Experience 2001-3' (power point presentation, March 2003); Starter Pack Logistic Unit, Final report: Implementation of starter pack scheme 1999 (Feb 2000); and the Poverty Reduction Strategy Paper (2002).

public expenditure and investment will address constraints to agricultural production and marketing.

- *Humanitarian relief and disaster preparedness programmes* – The *National Disasters Preparedness Plan* is currently under review. During the recent food crisis (2001-03) the Disaster Committee of central government gave way to an *ad hoc* structure initiated in the Vice President's office, the *Food Crisis Joint Task Force*. It created five subcommittees focusing on the humanitarian response, information systems, logistics and transport, SGR management, and programmes and national strategy development. The latter subcommittee, supported by a secretariat and a technical working group, is currently overseeing the design of the national strategy on food security. The traditional relief coordinating body – the *Department of Disaster Preparedness, Relief and Rehabilitation* in the OPC – chairs the humanitarian response subcommittee, interacts with the relief agencies (WFP, UNDP, CARE, etc) and provides input into the reform of policy on emergency response planning and disaster mitigation.
- *Targeted Input Programme (TIP) and Starter Packs* – Since 1998 some donors (notably the EU and Dfid) have supported government distribution of packets of seeds and fertilizer to small farmers (up to 3 million annually). TIP is now incorporated into policy (PRSP, National Safety Net Strategy, etc) as subsidizing production is believed to be better for Malawi than subsidizing consumption (through importation of relief food).
- The need for *land tenure reform* was voiced during the transitional period when rural populations complained about land shortages and elite resource capture. The subsequent consultations by the *Presidential Land Commission*, donor-funded surveys and studies, and reports by Ministry of Lands culminated in a land policy (2003), which was recently sent to Cabinet (where it was reportedly changed). It is now being drafted into law by the Law Commissioner, apparently for submission to the September 2003 sitting of parliament. It aims at a more efficient, sustainable, equitable and secure land tenure system.
- Closure of Smallholder Agricultural Credit Administration and the establishment of *Malawi Rural Finance Company* for agricultural credit (1994).
- Privatisation and market reform. *Admarc and Agricultural Production and Marketing Policy*. The privatisation/regulation and reform of Admarc is an on-going saga. (It is currently being played out in parliament where privatisation of Admarc has been rejected). The issue under discussion is whether the social function of Admarc (e.g., reaching remote markets, farmers and consumers who would otherwise not be served by private traders) compensates for its high cost to taxpayers. Other points of debate have been Admarc's conflict of interest (being a private trader in maize as well as a public agency) and the role it should play in maize market stabilisation.
- *National Food Reserve Agency (NFRA)* created 1999 to take over the maize market stabilisation function from Admarc – that is, to manage the strategic grain reserve.
- *The Essential Healthcare Package* is meant to address the causes of morbidity and mortality, focusing on nutrition, family planning, health service gaps, etc.
- *National Environmental Action Policy* links poverty and environmental degradation (including land policy) and was meant to strengthen the legal and institutional framework, to develop alternative livelihood strategies and to create mass environmental awareness.
- *The Smallholder Irrigation Project* and other programmes are meant to foster non-traditional farming methods, by decreasing dependency on rain fall, and encouraging the growing of winter crops.

Any new programme designed to achieve food security must take into account this body of previous advice, policy, and practice as well as the institutions established to operationalise it.

The complexity and breadth of the issues and institutions related to food security are evident from the list of topics addressed by various commentators writing about hunger in Malawi:

|                                                                            |                                                                     |
|----------------------------------------------------------------------------|---------------------------------------------------------------------|
| Admarc, NFRA and privatisation                                             | Agricultural credit/banks                                           |
| Agricultural extension workers                                             | Agricultural marketing                                              |
| Agriculture research and technology                                        | Agro-processing – domestic and industrial                           |
| Community-based organisations, farmer associations and cooperatives        | Corruption, transparency and accountability                         |
| Cost of farm inputs, including fertiliser                                  | Crop diversification and cash cropping                              |
| Cross border trade                                                         | Decentralisation and community empowerment                          |
| Disaster management and mitigation                                         | Domestic savings                                                    |
| Environmental degradation, deforestation, soil erosion                     | Estate/tenant farming                                               |
| Export promotion, marketing research, tariff structures                    | Farm mechanisation                                                  |
| Farmer capacity/education/health                                           | Financing and investment                                            |
| Fisheries policy                                                           | Food aid, non-food aid                                              |
| Food imports and affects on pricing and production                         | Food preferences                                                    |
| Food preparation technology                                                | Forestry policy                                                     |
| Gender                                                                     | Government/civil society/donor relations                            |
| Grain warehousing and storage – national and domestic                      | HIV/AIDS & labour productivity                                      |
| Human resource development, agri-business and entrepreneurial skills       | Income transfers, safety nets                                       |
| Information systems, database storage, monitoring and evaluation           | Institutional reform                                                |
| Irrigation and drainage                                                    | Land shortage, land tenure policy, land markets, land fragmentation |
| Livestock policy                                                           | Macro-economic performance and growth                               |
| Non-farm incomes, <i>ganyu</i>                                             | Nutrition, sanitation, water supply                                 |
| Population policies and density                                            | Pricing policies                                                    |
| Rural and market infrastructure, roads, communications, electricity, water | Rural livelihoods                                                   |
| Seed, GM foods, seed multiplication                                        | Strategic grain reserve                                             |
| Structural adjustment policies and impact                                  | Transportation costs and logistics                                  |
| Un- and under-employment, low wage levels                                  | Unequal distribution/rural Gini coefficient                         |
| Weather conditions and climate                                             |                                                                     |

The question facing policy-planners now is whether and how this diverse set of issues can be addressed in one policy, implemented through one strategy, under the direction of one unit within the Ministry of Agriculture.

## 1.1 Food security policy-making

Without any single agency responsible for food security, food-related policies have been made by a variety of ministries, departments and institutions. Moreover, there has been little coordination between them except in so far as they all relate to the nation's broadest programmatic goals such as poverty alleviation. So, for instance, the starter pack (farmer inputs) programme has been designed quite separately from the emergency feeding programme, neither of which was closely linked to other projects within the Ministry of Agriculture, such as the provision of extension advice or research on new technologies. Environmental affairs and public works programmes were not integrated either. Yet each of these – farm inputs, relief assistance, environmental degradation, technology transfers and capacity building – (and many other topics) are closely related in theory and ideally, in practice.

Making matters worse, some donors have promoted certain policies and opposed others; at times they have seriously disagreed about important programmes; and donors' support for one policy or another might be reversed after some years for reasons having nothing to do with Malawi. Such contradictions will have had funding implications and must have undermined even further any Malawian aspirations towards consistency or coordination in planning and implementation.

Participation of civil society, and even of parliamentarians, has not been encouraged until lately. But in the last few years the MPRSP and the land reform processes have been consultative – with community leaders and at times, even community members asked for their views. NGOs have been encouraged to participate in the recent relief policy-making and management structures at various levels (e.g., MEJN is a member of the Task Force subcommittee on food security policy, while CARE is a member of the humanitarian response subcommittee). Strengthening of parliamentary committees (by the National Democratic Institute) has given MPs a voice, and they have begun to comment on such issues as budget expenditure and government policies. In recent years farmers groups (e.g., under the umbrella of NASFAM) have been consulted by the Ministry of Agriculture about ways to improve productivity and management. At the village level recipients are integrated into the food relief committees by WFP and NGO partners.

Coordination and wider participation in food-related policy-making were given impetus by the government's delayed response to the current food crisis. Specifically, government was slow in formally acknowledging the extent of the hunger (by declaring an emergency and requesting international relief assistance), though some members of government and local donors and NGOs were well aware that hunger was fast increasing. By early 2002 discussions between UN agencies, donors and NGOs and donor support to relief NGOs had begun. Upon returning to Malawi the President declared a state of disaster in late February, a disaster that was initially blamed on drought (as in Zimbabwe and Zambia) and then on flooding. The Disaster Act gave rise to the formation of a Disaster Committee, but this latter has an unclear role and capacity and lack of engagement with other stakeholders, and this led the donor to approach the Vice President to convene a round-table discussion on the emergency that was held in mid-March.

By this time CISANET – the Civil Society Agricultural Network representing more than a dozen local NGOs and CBOs – had already begun monitoring the emergency and the response. In this same period it used an MoA meeting (on seeds) to press home the need for government to do something about the 'new emergency'. Thus, when the VP's meeting

was called and CISANET attended as a representative of civil society/NGOs, it was prepared with a dataset of information about the crisis.

To tackle the emergency a *Food Crisis Joint Task Force*, with a set of subcommittees, was created. Each subcommittee has different tasks and all stakeholder groups are represented:

- Humanitarian response (food and non-food relief) – chaired by DDPRR
- Information systems (data collection and management) – NEC chair later taken over by MoA
- Logistics and transport (internal and external logistics) – MoA chair but later led by private sector
- Commercial and SGR management (investigate SGR sale and propose new systems) – MoA chair
- Programmes and national food strategy development (coordinate recovery and develop food security policy) – MoA chair

The latter subcommittee is now in the early stages of overseeing the creation of a new national food security strategy and unit (see section 1.5).

### **1.1.1 Key players, organisations and stakeholder policy-making groups**

Food-related policies have been made and influenced by various institutions, illustrated in Box 1 below.

#### **Box 1: food security stakeholders in Malawi**

- **Parliament:** parliamentary sub-committee on agriculture
- **Government departments:** especially VP's office, EP&D (including ex NEC), Agriculture, Finance, Health, Relief & Disaster Preparedness, Poverty, Commerce & Industry, MASIP.
- **Monitoring networks:** especially NSO for crop forecasting, Famine Early Warning System Network, Vulnerability Assessment Committee
- **Consortia:** Food Crisis Joint Task Force, especially sub-committee on food security policy and programmes, National Aids Council
- **Private sector,** e.g. Rab Processors, Grain & Milling, NFRA, ADMARC
- **International NGOs,** e.g. Oxfam, SC, Care, Concern, Action Aid and through JEFAP
- **Civil society** and local NGOs, e.g. CISANET, Malawi Economic Justice Network
- **Research organizations** e.g. APRU, CSR, Institute for Policy Research, Chitedze/ICRISAT
- **Donors** e.g. DFID; EU; USAID; World Bank
- **UN/Humanitarian agencies** e.g. WFP, FAO, UNAIDS
- **Farmers** e.g. through NASFAM

### **1.1.2 Government & parastatals**

- *National Economic Council/Economic Planning and Development, Ministry of Finance* – This planning unit in the Ministry of Finance has been instrumental in the production of

the Poverty Alleviation Policy, the Growth Strategy, and the *Poverty Reduction Strategy Paper*. Budgets and priorities set in this ministry affect all spending, including that related to food provision, production, and imports.

- *Ministry of Agriculture, Irrigation and Food Security* – This ministry is central to many food-related programmes, including the Targeted Input and starter pack programmes, the provision of extension services, etc. It is now the lead agency in the response to the current food crisis, with the Task Force secretariat housed in the MoA. It chairs four of the Task Force's subcommittees, including the subcommittee overseeing the development of the new food security policy. Its planning unit is closely involved in the new food security policy-making initiative.
- *Ministry of Lands/Presidential Land Commission* – These agencies have held public discussions, undertaken studies, and written the new land reform policy.
- *The Vice President's office* took the initiative in coordinating a response to the current food crisis, a role that has since been taken over by the MoA.
- *The Privatisation Commission* has implemented structural adjustment policies in many sectors. It has overseen the liberalisation of markets, which has affected food security by changing Admarc's mandate and operations – especially the buying and selling of grain and inputs by closing down remote rural depots. *Admarc and NFRA. Admarc's role is historic: it has dominated marketing, storage and delivery of inputs and grain for several decades, balancing its development, social and profit-making roles. It subsidized food for urban consumers at the expense of rural producers, though it provided markets for farmers living in remote areas. In the 1990s structural adjustment policies (promoted by the IMF and WB especially) favoured the privatisation of Admarc – with private entrepreneurs supposed to take over marketing functions. Meanwhile NFRA was created to manage the strategic grain reserve (SGR) though its function was limited by an incomplete transfer of authority (e.g., to acquire loans) and by the lack of an MOU between it and Admarc. Thus Admarc retained a role in the management of the SGR, which in 2001 led to the sale by Admarc of SGR maize without notifying NFRA, resulting in a maize shortage, high prices, and hunger.*
- *The Parliament Committee on Agriculture and Natural Resources*, like all other parliamentary committees (whose members are MPs), has had little impact on central government policy or practice. In recent months it has taken a more active role, originally under the direction of MP (and trained agriculturalist) Joe Manduwa, by investigating the sale of the SGR maize, which precipitated the 2002-03 food crisis. The subsequent report (authored by the 'Food Security Task Force of the Parliamentary Committee on Agricultural and Natural Resources') synthesized the early Anti-corruption Bureau report and other information about the sale of SGR maize and suggested that the head of Admarc (now Minister of Finance) Friday Jumbe and other influential people benefited from the sale. Mr Manduwa was fired as chair of the committee. In mid-May 2003 the committee, under a new chair, VG Dzoole Mwale, MP, distributed a final report entitled 'Investigations into the Procurement and Sale of Maize from the Strategic Grain Reserves, 1999-2001'. It is also preparing a report on food security policy, which ought to be released after the May 2004 election.
- *Ministry of Health*. As part of its essential health care plan, government is focusing on increasing access to quality health care. Government also intends to create a Food and Nutrition Council 'to spearhead the implementation and coordination of nutrition activities and research. In particular, it will coordinate relevant research on food and nutrition, monitoring of fortified foods, evaluation of food nutrition programs and establishing sentinel nutrition surveillance system'. (*MPRSP*)

- *UNAIDS and National AIDS Secretariat* – Their work is especially important as HIV infections are high<sup>5</sup> and are having a serious impact on agricultural productivity, and the health budget. The National AIDS Secretariat is currently being well-funded and strengthened by donors, including UNAIDS, and strategies are being designed (including the provision of free ARVs) to reduce transmission and the impact of the disease. Food aid support to AIDS orphans and to chronically ill people is part of the government's safety net strategy.
- *Department of Disaster Preparedness, Relief and Rehabilitation* – this department in the OPC was responsible for the provision of emergency assistance in the 1990s, when it was the key partner to donors organisations such as WFP. It is chair of the humanitarian response subcommittee of the Food Crisis Joint Task Force and is currently reviewing disaster policy.
- *Safety Net policy implementers* – historically NGOs, government and donors agencies have tried to target the most vulnerable with a variety of programmes – general food aid, public works (food for work), school feeding, direct welfare transfers (to the handicapped for instance), supplementary feeding, etc. These have had mixed success. Now 'poverty-stricken extended families and communities are increasingly being put under unbearable pressure, as they take care of HIV-infected chronically sick and AIDS-related orphans'. Approximately thirty percent of Malawians will be targeted under the new safety net programme. Projects will include TIP (subsidized inputs to farmers), public works, vouchers (for obtaining inputs). The later will be under the management of the office of the Minister of State Responsible for Poverty Alleviation Programme (MSPAP). The public works will be carried out by small-scale contractors using labour employed from communities. The selection of the small-scale contractors will be done jointly by MSPAP, District Assemblies and the Community Development Committee. The programme will also manage supplementary feeding for mothers and small children. Finally, the 'Targeted Welfare Transfer' programme will involve the direct transfer of cash or a cash proxy (retail voucher) through district management.<sup>6</sup>

### **1.1.3 Donors and international agencies**

- *WFP* – lead agency for humanitarian assistance, working through international and local aid agencies (e.g., Malawi Red Cross, SCF UK and SCF US, etc). Its programmes have ranged from EMOPs (emergency feeding) to food for work projects (FFW), supplementary feeding of mothers and under-5s, and school feeding projects (dry ration distribution and wet feeding of primary school children). *C-Safe* is the current American-led emergency feeding operation (implemented through NGOs) active in Malawi and other SADC states.
- *Joint Emergency Food Aid Programme (JEFAP)* is the coordinated humanitarian response to the 2002 food crisis, and comprises DDPRR, MoA, WFP and a consortium of twelve NGOs, chaired by CARE. Members of the consortium include Catholic Relief Services, Oxfam, the Malawi Red Cross, the Salvation Army, GOAL, Concern University, SCF, etc.
- *FAO* does crop assessments and provides technical assistance on agricultural issues

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5 'National AIDS Commission indicate infection rates in women attending antenatal clinics varying from 13 percent in rural areas to nearly 25 percent in urban areas'. *MPRSP*, p. 86.

6 *MPRSP*, pp. 64-69. WFP intends to support the implementation this programme. See its 'Joint Integrated Food Safety Nets Programme', March 2003.

and livelihood strategies.

- *UNDP* – currently providing support to DDPRR to monitor various aspects of the food security situation at local level.
- *IMF/World Bank* – both agencies have been instrumental in structural adjustment reforms, some relevant to food security, e.g., liberalisation of production and marketing, pricing policies, etc.
- *DFID (UK), USAID, and EU* – major donors of food, technical assistance, and policy advice regarding agricultural development and related strategies. Each agency has a technical advisor specialising in food policies, agriculture, and/or livelihoods, who works on the agricultural input programmes (starter packs or TIP), the diversification of crops and liberalisation of agricultural production and marketing, irrigation (Japan's JICA also plays a role here), agricultural technology transfers, and/or environmental affairs (soil conservation, deforestation, fishing, etc). Other donors also support fishing, forestry, park and wildlife management, and other programmes in the environmental/agricultural sectors.
- *World Bank* – its Masaf – public works project – has supported the poverty alleviation strategy for many years and is now used to support the emergency aid programme.
- *CARE* – One of the larger international NGOs working in Malawi, it and other agencies (SCF UK and SCF US, Oxfam GB, Plan, Action Aid, Norwegian Church Aid, Malawi Red Cross, etc) have distributed food and non-food assistance through local relief committees in emergency programmes managed by WFP and C-Safe.

#### **1.1.4 Private sector, media & civil society**

- *NASFAM* – a private sector company whose members are farmers' associations, with a non-profit arm (NASCENT) that promotes agricultural development and serves as an advocate on policy issues . It currently represents the interests of a hundred thousand farmers. It has been consulted by the MoA about the formation of farmer associations, but has generally remained aloof from most government policy-making.
- *Civil Society Agricultural Network* – CISANET gained a seat at the table of the Food Crisis Joint Task Force as a result of its early interest in the crisis and its collection of data on the extent of hunger. It has a dynamic leader, with a keen interest in remaining active in food security policy-making, data collection and dissemination, rural CBO formation, etc. CISANET currently represents the interests of about 20 NGOs/CBOs active in food distribution, agriculture and related projects.
- *Credit banks* – these provide loans to farmers for inputs. Those loaning to association members of NASFAM for instance, are Musco, National Bank, and MRFC.
- *Relief NGOs* – There are few indigenous relief NGOs (e.g., Malawi Red Cross, Christian Relief Committee) and a number of international agencies (e.g., SCF UK, Oxfam, Action Aid, Plan, etc). *Congoma* is the national NGO coordinating body. A new NGO Act gives government, through Congoma, power to regulate NGO affairs and financial propriety. (Its requirement for registration, with a hefty fee, and its restriction on NGOs undertaking 'political' activities are seen by NGOs to be a means for government to halt operations of independent NGOs.)
- *Norsk Hydro* – private company selling fertiliser commercially, with a keen perception of the needs of small farmers and the agriculture sector generally.

- *Media* – the press (e.g., *The Nation*, *Daily Times*, *The Chronicle*) often carry stories related to food security issues, e.g., environmental degradation, women in agriculture, land policy, emergency feeding operations, etc. But most report on these topics in a passive manner (i.e., reporting of a minister's policy statement or of an NGO report). None has used the press to run concerted campaigns around food-related issues, e.g., the sale of the grain reserve, the closure of Admarc depots, deforestation, etc. MBC radio carries programmes aimed at the farming community, and its soap operas (for civic education) are set in rural areas and food security issues are sometimes raised.

## 1.2 The roles/functions, interests, power and points of leverage of each player and group and recent changes in each

At the moment **government** (and the nation) as a whole is distracted by party politics. The recent cabinet reshuffle and the removal of key ministers have disrupted operations within affected ministries, including the Ministry of Agriculture. Party politics has affected the budget (as campaigning absorbs resources and the maintenance of 46 cabinet posts is expensive).

Serious constraints on spending and planning are also the result of a decision by the IMF not to release direct budget support – a stance followed by other donors. Their position is nominally due to the government's lack of fiscal restraint (under-spending on pro-poor programmes), though it may also be influenced by governance issues.

The accessibility and reputations of the *previous Minister of Agriculture* and of *Vice President* gave them credibility and the support of the donors. This was important during the initial stages of the response to the 2002-03 food crisis.

The *current Minister of Agriculture* (and 2<sup>nd</sup> Vice President) by his own admission knows little about agriculture. Nonetheless, and in spite of the fact that the new food security strategy will be multi-sectoral, the MoA has retained the primary role of writing the new food security policy. It appears that the new food security unit will also be placed within the ministry, which has been recently renamed The Ministry of Agriculture, Irrigation and Food Security.

*The Ministry of Health*, especially the units concerned with HIV/AIDS and family planning, has a vested interest in food security as these issues are intimately related to (especially land and human) resource constraints on production. Funds and technical assistance are generally available, though local capacity to implement policies is often lacking. It is also promoting a nutrition programme.<sup>7</sup>

*The Department of Disaster Preparedness, Relief and Rehabilitation (DDPRR)* is in the *OPC*, which gives the President the power to respond and manage crises as he sees fit, and which directly places food and other aid directly into the hands of the President (through the Commissioner for Disaster Preparedness, Relief and Rehabilitation). Food aid

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<sup>7</sup> The Ministry intends to focus on strategies to promote exclusive breastfeeding, complementary feeding and feeding during illness and convalescence through the Baby Friendly Health Initiative, .It will promote dietary diversification (away from *nsima*) through community awareness campaigns on nutrition, food and security and nutritional policy, together with campaigns on HIV/AIDS and nutrition. Further, Government will organise short courses in all districts on the prevention and control of malnutrition, will train senior personnel on food and nutrition, and will review the curricula of extension agents, primary and secondary school teachers in order to incorporate nutrition issues. Further, it will strengthen institutional capacity to coordinate research. It is creating a Food and Nutrition Council to spearhead the implementation and coordination of nutrition activities and research, specifically on food and nutrition, monitoring of fortified foods, evaluation of food nutrition programs and establishing sentinel nutrition surveillance system. MPRSP, p. 64.

is therefore an important political and financial resource. Questions are sometimes raised about the effectiveness of the DDPRR as well as its future role and function.

*Parliamentary committees* are still relatively weak and unable to hold the executive to account. The 'enabling environment and framework' for their work is there, though. Missing are material and infrastructural resources (office space, computers, finances, analytical support etc) as well as capacity (lack of understanding by MPs of their 'oversight' function and the meaning of 'separation of powers'). Nonetheless, efforts are being made to strengthen these committees, including the Agriculture and Natural Resources Committee. Its production of a report on the 'Investigation into the procurement and sale of maize from the Strategic Grain Reserves, 1999-2001' is evidence of its improved capacity. It has also begun a new study on 'Food Security at Household level and Self-sufficiency at National level'.

*The Ministry of Finance and Economic Planning and Development* (in the Ministry of Finance) will have a vested interest in food security, as the recent food crisis has demonstrated that food insecurity – and the loans to import grain – has serious implications for budgeting and expenditure.

*Admarc and NFRA* are still developing their new roles. The SGR is under control of the NFRA and its office and capacity are being strengthened. Meanwhile efforts to privatise Admarc have stalled as it has senior staff have successfully argued that it has a social function that requires the financial support of government. The question of how much support it needs to perform its social role, or whether it is still the right agency to play a remote-marketing role, requires assessment, and is being debated by parliament, donors, the private sector and government.

The **donors** as a group are anxious to see the government live within its means, create a stable macroeconomic environment, promote privatisation and liberalisation, be transparent and accountable, uphold the rule of law, prioritise 'pro-poor' expenditures, etc. Each donor has its own method of achieving these targets though. Major actors in Malawi include:

The *British* government and Dfid are heavily invested in the police reform programme and in promoting people's access to safety, security and justice. It has supported the Starter Pack programme since its inception, and has been a major donor of food and non-food humanitarian aid during the crisis. It also supports the Anti-corruption Bureau, and pro-poor (health and education) interventions.

The *EU* was instrumental in the initiating the starter pack programme, but with a change of staff, it now opposes subsidizing inputs. It supports a Rule of Law project (assisting Constitutional bodies and the courts) and is central to infrastructural development, especially roads. It supports the current food security policy development process, though it emphasizes income generation rather than farm production as key to addressing Malawi's food security problem.

*USAID* has a democracy project (working with the judiciary and media), and in recent years has supported projects in health (especially HIV/AIDS), environment and privatisation. It supports the diversification of agriculture rather than smallholder maize production as the solution to Malawi's long-term food and family-income crisis. It has opposed starter packs since their inception.

*Other donors* include, *inter alia*, the German, Canadian, Norwegian, French, Japanese, Taiwanese, Libyan, South African and Finnish governments. The Danish government, once heavily invested in NGOs and government (in human rights and media/communications sectors) withdrew a year ago because of lack of accountability and poor governance. The Dutch have recently withdrawn, and the Swedish government channels its funds through the Norwegian embassy. UN agencies include UNICEF, UNAIDS, UNDP, WFP, FAO, etc.

The ***private sector, media and civil society*** are new partners of government. Historically government and the ruling party (MCP before 1994) initiated and managed policy-making and implementation. It was safer for individuals *not* to initiate and opposition parties did not exist. Fear – as well as lack of education and communications – kept *civil society* weak. After the transition donor support sometimes swamped new NGOs, which hadn't the capacity to undertake the programmes they promised. Today civil society is more vibrant, though weak in comparison with other SADC states. Most relief/development NGOs are foreign (e.g., Action Aid, CARE, SCF UK and SCF US, Oxfam, Plan, etc) though there are few local agencies (e.g., the Malawi Red Cross) and an increasing number of CBOs. Governance NGOs are mostly locally based – e.g., Public Affairs Committee or Civil Liberties Committee – though many receive foreign funding. Trade unions are weak, and consumer groups are fledgling. Faith-based organisations have been relatively strong since 1993 and continue to lead the struggle for democracy. Key NGOs involved in food aid delivery and development activities and in the debates concerning the balance between relief and development assistance include World Vision, Catholic Relief Services, CARE, Oxfam, Malawi Red Cross, SCF, Concern Universal, Action Aid, Plan, and GOAL.

CISANET is a consortium of twenty NGOs and CBOs with an interest in food aid, agriculture and nutrition. With a grant from Dfid, it is monitoring the agricultural budget – how it is being spent and its impact at the grassroots. It supports changes in extension services – giving NGOs and CBOs a major role rather than leaving this work to the MoA. It prioritises data collection at the local level, and has created a database on the emergency. It takes an interest in seeing the development of a database under the NSO, that will track crop production, nutrition and other related factors.

Similarly, the *media* under Dr Banda was heavily controlled, and dependent on the MCP for direction. The vast majority of the newspapers today are party- or politician-owned (mostly UDF affiliated) and the independent media are under-resourced and under pressure from government and the ruling party. The major daily papers are *The Nation* and the *Daily Times*, and weekly papers include *The Chronicle*, *The Weekend Nation*, and the *Malawi News*. New papers emerge and disappear regularly, while other titles appear consistently but sporadically (when they have funds to print).

*Business and commerce* was dominated by Press Corporation (owned by Dr Banda and benefiting the MCP), though much of the company has come under the control of the UDF and government since 1994. Press corporation stifled competition but since the transition a number of politicians especially, have created nationwide companies (e.g., Farmers World). Under Dr Banda civil servants and other loyalists were rewarded with estates (carved out of communal lands) and these still exist, though they are not always well-run. Pressure is building to re-distribute some of the idle lands on these estates. The most powerful private sector interest (in terms of foreign exchange earnings) is tobacco – farmers, intermediate buyers, processors (Limbe Leaf and Stancom), and exporters. Due to liberalisation, small farmers are increasingly growing burley tobacco for export. Companies have emerged to provide services to farmers (importing fertilizer for instance)

and donor-funded projects (borehole drillers and building contractors). As a result of the poor macroeconomic climate many companies have become bankrupt.

Innovative ideas are emerging from the private sector about food security, agricultural productivity, marketing, and new systems and structures that can promote all of these. What is missing is communication between the managers of private companies on the one hand and agricultural and food specialists within the donor agencies and the Ministry of Agriculture on the other. Private companies have wide experience of working at the village level, and understand the problems currently facing small farmers. At the same time they have a wide understanding of macro-level economic issues (e.g., interest rates, the valuation of the kwacha, transport and logistical difficulties) that impact on the price of inputs and exports and on productivity. Their expertise should be tapped more fully by food security policy-makers.

### **1.3 Complementarity and conflict between players and groups and their policies/interests**

#### **1.3.1 Donors and Government**

*Donors* have been supportive of *government* as it has implemented reforms in line with democracy and structural adjustment and have been patient with government's slow progress (and reversals) in some sectors. Generally, and as a measure of broad donor faith in and support for government, donors have increasingly promoted the sector wide approach (SWAp) of providing funds, and budget- (rather than project- or programme-) support.<sup>8</sup>

In the field of food security, the donors and government (e.g., DDPRR and MoA) have worked together relatively well (*cf.* Zimbabwe where donors do not interact with government except at technical levels). For instance, donors and government designed and implemented the starter pack programme (from 1998), and have fed a million refugees (mid-1980s to 1993) and thousands of local flood and famine victims (1990s-2003). Established in 2002, the Food Crisis Joint Task Force, bringing together government, donor and civil society representatives, is labelled 'the beginning of [a] "true partnership for development" in Malawi'.<sup>9</sup>

Only in the last two years have the donors, led by the IMF, withdrawn budget support to express their displeasure with lack of progress. Points of contention have mostly been lack of fiscal discipline (spending on pro-poor expenditures is too low<sup>10</sup>) and corruption with impunity rather than governance issues. There is donor frustration with the lack of political will to implement reforms and to operate within the MPRSP framework.

As the election (May 2004) approaches it is likely that party politics will more directly impact budgeting and programmes and that levels of frustration will rise. The arrival of the

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<sup>8</sup> Some technical advisors question the wisdom of providing funds to central government (rather than to programmes or projects), as accountability has in the past been poor, and funds put in at the top of an government institution often times do not reach the intended beneficiaries (at the lowest levels).

<sup>9</sup> Harry Potter 'The Malawi Experience 2001-3' (power point presentation, March 2003).

<sup>10</sup> IMF and other donors have been critical of government spending on foreign travel for instance, while neglecting 'pro-poor' expenditures – health, education, etc. The pro-poor framework was laid out in the PRSP a year ago. Recently Finance Minister Jumbo was reported to have told a CAMA meeting in Blantyre that the PRSP should be 'revisited' as it was 'poorly conceived' because pro-poor expenditure (at 60% of budget) was excessive and that money should be spent on 'growth' sectors instead. This would generate wealth that would 'trickle down' to the poor. To do otherwise – with a pro-poor emphasis – would mean, he said, no national prosperity/growth for a generation.

next IMF delegation (scheduled for June 2003) – to determine if enough progress has been made to warrant restarting IMF (and donor) budget support – is important for future donor-government relations.

*Donor coordination* in Malawi is relatively weak – weaker than in previous years when there was a strong UNDP Resident Representative and weaker than in other countries where basket funding and coordination of programmes are more advanced. While sharing of information and cooperation do exist, various policy doctrines divide the donors as do strategy and tactics, and sometimes personalities. For example, donors differ about whether food production ought to be subsidized (through starter packs or targeted inputs). Some feel that the relief assistance has little place in Malawi (outside times of emergency) while others believe that safety net programmes are vital to Malawi's stability. The coming-together of donors (with government and civil society representatives) to respond to the food crisis may serve the longer-term purpose of fostering better donor coordination around food issues.

### **1.3.2 National Politics**

*Party politics* and early *electioneering* are having a serious impact on programmes and ministries. The change in Minister for Agriculture has serious repercussions for food security policy-making. The diminishing role of the Vice President's office (re. food security and other matters) can also be explained in some part by the changing political scene. There is a real danger that if the election returns incompetent politicians to run key ministries, food security will not be achieved.

*Parliamentary committees*, including the parliament committee on food security, and the Ministry of Agriculture's FS policy committee are expected to be less productive as campaigning escalates, and their two reports on FS will probably not be completed until after the May 2004 election.

*Parliamentary committees* are also handicapped by the belief that MPs must not be critical of the executive branch of government or its policies. This weakens their capacity and will to monitor central government policy and implementation, and to recommend reforms.

### **1.3.3 Government and Civil Society**

For some time there has been tension between local NGOs/independent media on the one hand and government on the other. This is most prevalent between government and civil education/ advocacy/governance NGOs (including the faith-based organisations) as government accuses them of being 'political' and anti-UDF. This antagonism is long-term: in 2000, for instance, this policy led to police tear-gassing NGO members peacefully demonstrating in favour of civil society's involvement in a donor-government economic policy meeting. More recently such suspicions led to a government clampdown on anti-third term speeches and a campaign of violence by party youth against leaders of NGOs, NGO consortia, church groups, and media houses that openly opposed the President's third-term bid. Therefore, civil society groups that take a stance about food-related issues that can be construed as 'political' – e.g., rights-based development, the politicisation of food aid, the abuse of the SGR, the right to food – may well find themselves under pressure from government.

## 1.4 The role of the vulnerable/poor and how their interests are represented to policy-makers

The poor in Malawi are almost voiceless. Illiteracy <sup>11</sup>, poor communications <sup>12</sup>, and isolation have ensured that many do not receive information and that even fewer have an input into central government, or even local government policy-making. They have little representation through their MPs – who might be selected (or de-selected) by party leaders and imposed on constituents and who rarely visit their constituencies after elections.

Historically, villagers (comprising 85% of the population) are represented by traditional authorities (TAs), who over the years have been incorporated into the executive branch structure – chiefs are paid a wage by government, for instance, and are appointed by the President. Chiefs and headmen have a role in adjudicating local civil cases, distributing land, and settling disputes, though their authority and reputations have declined in recent years. District Commissioners (DCs) are appointed by the OPC, though they are advised by local district committees. Ruling party officials still play a major role in village life, especially decision-making and resource-allocation. This traditional government structure (of TAs, DCs and party representatives) permits easy politicisation of decision-making and programme implementation, including around food-related issues.

The decentralisation programme now underway is meant to increase participation of people at the local level – through the creation of elected district assemblies with powers to establish and implement policy and to allocate and spend money through locally based ministry officials. NGOs and CBOs also target communities, encouraging their participation in designing, implementing and benefiting from projects concerned with health, education, food production, environmental protection, infrastructural development, etc. Participatory development strategies, investigations and other data collection procedures have generated a fair amount of material about the livelihood strategies, living conditions, and expectations of villagers, which is used to design projects at central level. This is not to say, though, that their *direct* input into programme design is frequent.

The creation of village-level, gender-balanced relief committees (though democratic processes) for the identification of beneficiaries and the distribution of food aid has been promoted by WFP instead of using the existing village structures (e.g., disaster committees), which are heavily influenced and representative of officials and traditional authorities. WFP and its partners begin by identifying with government vulnerable districts. Then they undertake a household food economy survey, to determine which families are most in need. Household targeting is done with the assistance of local women, who also play a key role in distribution. Beneficiary lists are forwarded to NGOs, who also undertake post-distribution monitoring to ensure that food aid reaches the proper population. The involvement of villagers, especially women, and the creation of relief committees that are representative of (selected by) the people and independent of local authorities are in keeping with WFP's global policies.

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11 *Malawi Poverty Reduction Strategy Paper*, p. 15: 'In 1998 .... the literacy rate was low at 58 percent where female literacy rate was at 44 percent. Education attainment, defined as completion of Standard 8, was only 11.2 percent for adults aged 25 years and above, and only 6.2 percent for women'.

12 Newspapers rarely reach the rural areas, TV Malawi is confined to the cities, and MBC radio 1 reaches almost the whole country but is closely controlled by the ruling party/government. MBC radio 2, BBC and a handful of independent FM radio stations exist, but most – with the exception of a women-run station in Mangochi – are urban based.

## 1.5 Current plans/policies and initiatives designed/subscribed to by each player and group, including historical origins and rationale

Key to understanding the current initiatives for designing a new food security policy are events leading up to the 2002-03 food crisis. These are two fold: the mismanagement of maize in the strategic grain reserve by highly placed government officials<sup>13</sup>, and secondly, the slow response of central government to the emergency. The creation of the Food Crisis Joint Task Force and its subcommittees was a response to both of these developments in that an investigation of the SGR sale was sponsored by one subcommittee<sup>14</sup> while another subcommittee initiated the design of a new policy on food security to reduce the need for emergency relief in the future. There are two (currently autonomous) government initiatives underway at the moment:

**The Parliamentary Agriculture and Natural Resources Committee** has begun a study of 'Food Security at Household level and Self-sufficiency at National level'. The terms of reference for that study are:

- How to achieve food security at household level and self-sufficiency at national level
- How to increase food production
- How to diversify food production
- How to improve access to food

The committee will hire a consultant to help research and prepare the report, which will probably not be completed before the May 2004 election.

In the **Ministry of Agriculture**, the Food Crisis Joint Task Force's Programmes and National Strategy Development subcommittee has proposed the formation of a **Food Security Policy Working Group**, which will design a new **Food Security Department** and a **National Food Security Policy**. The subcommittee has produced a 'Proposal for Supporting the Food Security Policy Working group under the Office of the Principal Secretary of the Ministry of Agriculture and Irrigation' (Feb 2003), a 'Draft Concept Paper on the Establishment of the Food Security Department' (April 2003) and by May its consultants had produced 'Malawi National Security Policy: Literature Review, Final Draft Report' (n.d). These and discussions with members of the Task Force inform the following overview of the current MoA food security policy formulation process.

The terms of reference of the Food Security Policy Subcommittee of the Task Force were agreed by line ministries – MoA, Ministry of Finance, and the National Economic Council (aka EP & D) – donors and civil society in May 2002. Its mandate is to draft a new food security policy, taking into consideration the lessons learned during the recent food crisis and any evaluations of on-going food-related programmes related to the crisis. A work plan was established in June 2002, outlining the activities and results expected. The first task proposed was a literature review – which has now been published. The review was to

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13 The main complaint focuses on sales of SGR maize (nominally under NFRA management) by Admarc without NFRA or donor (EU) permission, sales that profited colleagues of Admarc's manager (now Minister of Finance) as well as a missing K22.7m, which was supposed to have been paid by Admarc to NFRA but was never received. See Malawi National Assembly, Agriculture and Natural Resources Committee, 'Investigation into the Procurement and Sale of Maize from the Strategic Grain Reserves, 1999-2001' (Dec 2002).

14 The subcommittee hired the international accountancy firm of Ernst and Young from Nairobi, which worked with a local consultant with many years' experience of Malawi, and they produced a report circulated in mid-May 2003 to subcommittee members. Meanwhile the sale of the SGR gave rise to several other reports – two by the Anti-corruption Bureau, a preliminary and final report by the Parliamentary Committee on Agriculture and Natural Resources, a report by the National Audit Office, and a Commission of Inquiry appointed by the President which presumably will release a report in due course.

cover the food security problems in Malawi, to identify gaps and to outline relevant experiences of other countries when drafting and implementing food security policy. Working under the direction of a steering committee (comprised of the Planning Division of the MoA, NEC/EP&D, EU, CISANET/SCF) answerable to the Food Security Policy subcommittee of the Task Force, a team of experts on topics related to food security policy was to be created. Six local experts are currently being interviewed and contracted for one year's employment to form this team and to work on 'food security and nutrition policy'.<sup>15</sup> The team will have technical and administrative support from the MoA and the technical secretariat of the Food Crisis Joint Task Force.

Their TOR for the food security policy team outlines the work of each expert, and emphasizes the multi-sectoral nature of food security policy. Specifically, the framework of the policy should be based on a broad conception of poverty reduction covering not only income generation and productivity, but also the challenges of vulnerability, lack of assets, lack of education and health services and social and political exclusion. In addition special attention should be given to food security issues that are not normally covered by the poverty agenda, including disaster response, nutritional issues and HIVS/AIDS. The team will cover the following issues: macroeconomic policies (with emphasis on PRSP guidelines), the business and regulatory environment, types and level of taxation and revenue collection, priorities and allocation of public funds, regional policies and international agreements/practices..., sectoral policies..., policies regarding social security and disaster response, policies affecting management, ownership structure and right of use of natural resources.

Emphasis in the TOR is also placed on how to involve the poor in their own social and economic development and how to make institutions more responsive to the poor and capable of delivering relevant services. Budget priorities should be outlined by the team, taking into account constraints on capacity and resources. The team ought to address gender disparities; the economic policy environment; and the nation's demographics, its social, financial, physical and natural assets, and patterns of vulnerability.<sup>16</sup> Its outputs include a new policy and update of the food security situation and a 'framework for intervention'. In the process of its work it is to help develop national capacity for designing policy on food security and to transfer 'know how' from international institutions.

After the team is hired a 'network of international and national expertise to support the working team in their assignment' will be established, and a workshop will be held (currently proposed for September) 'to share experience,... to develop a network and provide a back up support to the process'. Short term studies may be contracted to fill any gaps in policy formulation. After the new policy is drafted, a workshop of stakeholders will be held. This process should take more than a year, and a policy document may not be completed until after the May 2004 election.<sup>17</sup>

The international 'good practices' identified by the literature review suggested that an 'institutional entity' should be established that reflects the multi-sectoral nature of the problems and that is positioned in the government structure to reflect the national importance of the food security issue – i.e., accountable to Cabinet. This body should be responsible for coordinating the implementation of food security policy and monitoring

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15 Joint Task Force Technical Secretariat, 'Minutes of the Food Security Policy and Programmes Steering Committee meeting held on 12<sup>th</sup> May 2003'. Currently considered are five economists and one nutritionist.

16 'Terms of Reference for the Food Security and Nutrition Policy of the Drafting Experts', Annex 2 of 'Proposal for Supporting the Food Security Policy Working Group under the Office of the Principle Secretary of the Ministry of Agriculture and Irrigation' (Feb 2003).

17 Interviews with Paul Ginies, EU, food security expert, 15 May and Harry Potter, livelihoods advisor, 12 May 2003.

progress.<sup>18</sup> Thus in April 2003 the 'Draft Concept Paper on the Establishment of the Food Security Department' laid out the formation of a 'food security department' (FSD) in the MoA. The Concept Paper proposed that a National Steering Committee be created to oversee the activities leading up to the 'smooth establishment' of the FSD – including elaborating the FSD's mandate, functions, structure, job descriptions, budgets, work plans, resources, etc. The steering committee would be composed of principle secretaries from the Ministries of Health, Agriculture, and Human Resources, as well as the principal of Bunda College, the Secretary to the Treasury, the Secretary to EP&D (NEC), and the chair of a new National Task Force which is 'to spearhead the process of establishing' the FSD.

This new National Task Force would be comprised of technical staff from the Ministries of Agriculture, Human Resources, Health, Gender and Finances, EP&D, CISANET, and Bunda College. The National Task Force and the steering committee would share a secretariat based in the Planning Department of the MoA, comprising five economists. The estimated cost of establishing the FSD is K2.7m (approximately \$30,000) – which covers meetings but excludes staff costs and operations in each ministry. The time frame outlined by the Concept Paper sees the policy paper recommending the creation of the department sent to Cabinet in mid-2003, long before the food security policy design team will have produced its report and policy document.

The creation of the FSD is justified in the Concept Paper by first presenting an overview of the problem – food production and supply, access/marketing and income, consumption and use of food, food insecurity indicators, etc. Then the paper outlines the various policies and programmes that address these problems – DEVPOL, Smallholder Irrigation, Flood Plains Development, Winter Cropping, Crop and Diet Diversification, Fertiliser Loan Scheme, TIP, etc. The key actors are listed (MoA, World Vision, Care, FEWs, etc) and the rationale for coordination outlined:

Most studies have hinted that the key to achieving sustainable agriculture lies in the productive use of land. However, two main constraints affect sustainable agricultural production and food security: (a) inadequate farmer support systems (this includes issues of policy guidelines, finances, priorities, technical information, motivation and transport); (b) lack of social action by the farmers. This entails the consideration of the farmers (by the Government) as part of the problem and not part of the solution thereby placing the farmer in the position of being responsive rather than responsible. There is also a lingering view that food security is a production problem and that the solution lies in attaining self-sufficiency. While access to inputs such as improved seeds and fertilisers by farmers may increase production, this is only viable in the short run. In the long run, other factors like access to produce markets, price incentives, agroprocessing and transport network (sic). These are enormous issues that have to be properly coordinated. Plans need to be in place to effectively address the issues raised. A food security department would be mandated to ensure that salient issues are attended to and priorities and targets set. A department would be well equipped and carry the necessary weight to deal with food security issues satisfactorily.<sup>19</sup>

In discussions with stakeholders the question of the creation of a new institution to oversee food security policy and implementation was raised. One close observer noted that it is 'just another layer' added to the MoA, indicating that it would be an additional expense that

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18 'Proposal for Supporting the Food Security Policy Working Group under the Office of the Principle Secretary of the Ministry of Agriculture and Irrigation' (Feb 2003).

19 Ministry of Agriculture, Irrigation and Food Security, Planning Division, 'Draft Concept Paper on the Establishment of the Food Security Department' (April 2003), p. 8.

would achieve little. Another concurred: ‘who says we need a new food security policy in this country? [Food security has become] an issue, and now there is an idea that we should create a “council”. Is this donor driven? The policies [for food security] are there. There is nothing new. The question is whether to implement them or not. We write lots of nice things but we don’t get them done’.

A third respondent agreed, but was more specific. The creation of a new food security policy is a ‘hot topic’ but a ‘complete waste of time. There are three policy documents already written – the *PRSP*, *Safety Net Strategy* and the *Growth Strategy for Malawi* – which, if they were implemented, would solve the food security problem. Malawi doesn’t need a new policy.... Writing a new food security strategy detracts attention from what should be done’ – i.e., these three documents must be ‘implemented on the ground’.

Others disagreed, arguing that the existence of a food security unit and writing a new policy would ‘focus’ the energy of government on the food insecurity problem, and concentrate resources on its solution.

Whether the department belongs within the Ministry of Agriculture was another question raised by stakeholders, especially as the policies relating to food security (and the solutions to food insecurity) are multi-sectoral. ‘What is driving this process?’ another observer asked. ‘Politics’ was the answer given – the food security policy-design process (as well as the food crisis response) was removed from the VP’s office and taken into the MoA by the previous Minister. That it remains there, rather than being placed in an office with a wider remit than the MoA, is a political decision.

## 1.6 The way forward

Local experts differ in their opinion about the process to be followed to create a food security policy. Some feel that the policy requires an extensive consultancy process (1 year and 6 consultants), reviews, meetings and expert advice. Others feel that the elaborate and expensive process now underway is unnecessary. The latter’s concerns are two fold: the process must be locally owned, not led by foreigners or donors, yet they feel the current process is driven by foreigners (including donors), rather than by government.

Secondly, they argue that the process of writing a food security policy need not start at basics because a huge body of expert advice (on agriculture, poverty, land, etc) has already been reported. The list of policies and programmes already adopted by government (see Section 3 above) attests to the fact that much of research and thinking about food security is already done. Instead, the process should start by identifying any gaps in knowledge and address *only these* with new research. And instead of a large international workshop being held to discuss the issues, or new papers about food security issues being written, a smaller group of senior government staff from relevant ministries sitting with representatives of civil society, should meet to discuss the policy, and what is needed to write and implement it. The process as now underway is seen by these critics as too long-term, large-scale, foreign-owned, divorced from expertise within government, and expensive.

The question of what the food security policy design process should address is also fundamental. This can be broken into several smaller questions –

- Will the new food security policy (or preliminary policy documents) address the cause of the current crisis – including the mismanagement of the SGR, profiteering, and political

will – or does it look only at factors such as productivity, trade, environment, etc?

- Does the policy focus too much on productivity of agriculture and too little on the poverty (lack of income/entitlement) of consumers? <sup>20</sup>
- Is food security defined in terms of national/household self-sufficiency in food, or even maize, and how does that affect policy planning?
- Should the policy be designed to address national food security or household food security?
- Does the policy (and early documents) focus enough on implementation of policy and the factors undermining implementation?
- What is the proper role of a food security unit: management, implementation, oversight, coordination, and/or information management?
- In light of the fact that Malawi is part of a larger regional grain economy <sup>21</sup> is it appropriate to focus on the creation of a *national* food security policy?
- What should be the relationship between emergency aid and production of food, e.g., how to import food for emergencies without undermining farmers' incentives to produce grain?<sup>22</sup>
- What government policies and practices will the food security policy/department inherit that are fundamentally flawed and contribute to food insecurity, and how will these be reformed?
- Is it likely that all people in Malawi can become food secure, and what safety net policies are needed to ensure the long-term vulnerable are served?
- Can food insecurity really be addressed without 'political will' or 'genuine political change', including a change of 'ethic' and 'culture' within the civil service?

Commentators noted that the process of designing a new food security policy and establishing the unit to oversee its implementation will take a year or more. As such, the issues not now addressed in the Concept Paper, the literature review or other internal documents can be added to the agenda for discussion and study during the year.

Importantly, the FCJTF-commissioned literature review made passing reference to aspects of policy design processes (e.g., a World Bank study of the *MPRSP* process) and to implementation of various policies. But the emphasis of the literature review was on food security-related policies and programmes. It was not a review of literature concerned with *implementation* (problems, capacity, constraints) of food security-related policies. This author considers this to be a serious omission, for by ignoring the problem of implementation the consultation ignored one of the *key* factors explaining food insecurity in Malawi – i.e., the various reasons why so many previous policies, plans and programmes have failed. Moreover, by not prioritising this issue of implementation of policy, the review leads planners, including the policy design team and technical staff within the MoA, to focus on policy analysis and policy-making rather than on analysis of problems undermining implementation and planning.

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20 One respondent noted that the 'roots of the crisis' this year is the current emphasis on creating household maize self-sufficiency. This is impossible where land shortages are so severe. Instead, the emergency this year was a 'crisis in purchasing power' and it is poverty that should be addressed. What should be grown are high-value crops. Two people noted that perfume oil (from flowers or trees) is one such high-value product that could be grown/manufactured here.

21 Imani Development International/Kadale Consultants, 'Maize Market Assessment and Baseline Study for Malawi', (Regional Agricultural Trade Expansion Support Programme), May 2003.

22 For instance, there is currently an extra 250,000 MT of maize in the country, imported by government to sell during the emergency, which is depressing prices just as farmers are determining how much maize to plant next season.

## **2 The Relationship between Vulnerability and Food Insecurity**

### **2.1 The impact of HIV/AIDS on food security**

Many stakeholders, including the UN Special Envoy for Southern Africa James Morris, assert that the real crisis in the region and Malawi in particular is the impact of HIV/AIDS. In other words food insecurity is a manifestation of loss of productivity, the loss of coping mechanisms at the community level and the generalised poor nutritional status of the population. Doubtless there are other compounding factors such as environmental vagaries and misappropriation of food reserves. However the ability of the population to deal with external shocks has demonstrated itself to be limited. At the household level there is empirical evidence that as the traditional income earners become ill it is children who are taking over that role and ensuring food security. Of course this has repercussions in terms of education and the eventual development of the country. Poor nutrition has been prevalent in Malawi with no improvement in the rate of chronic malnutrition since the 1990s. The current situation reflects an alarming malnutrition rate of 49% chronic malnutrition among children under five. Causes for this situation are not specifically lack of food but are more related to behaviour practices, poor infant feeding practices, poor sanitation and a dependence on maize which precludes the use of a diverse and nutritious diet. It must be recognised that HIV/AIDS and food insecurity are inextricably linked. Research shows that malnutrition increases the risk of HIV/AIDS transmission from mothers to babies and the progression of HIV/AIDS. It is worth noting the observations of the UN agencies in Malawi in its 2002 Consolidated Appeal, that “The recent food crises in Malawi results from a number of conditions such as chronic poverty, reliance on a single crop, unfavourable weather conditions, and a high prevalence of HIV/AIDS”. de Waal (2002), in his ‘New Variant Famine’ in Southern Africa paper states that “just as HIV destroys the body’s immune system, rendering it susceptible to a range of familiar pathologies that would otherwise be harmless, so the HIV/AIDS pandemic renders society susceptible to familiar social and economic problems – and makes them more virulent and harder to treat”. He further asserts that “with the social immunity destroyed through the HIV/AIDS pandemic, a condition (such as drought) that could otherwise be resisted, has become more virulent and perhaps even fatal.

The extent of the impact of HIV/AIDS on the economy is assumed to be high at the macro, sectoral, firm and household levels. It is clear from past studies that HIV is mostly affecting people of the economically active age group who are predominantly the major contributors to the household and national economy. Days of labour lost due to illness or death of a worker, the high labour turnover, lower returns to investments in training and schooling, are all economic costs which are compounded by the age structure of HIV/AIDS prevalence. The implication of this is that households and firms may invest less in schooling and training than is socially optimal. The other impact is that family members not affected by AIDS may lose productive labour time due to the need to provide care to sick members, or orphans, and the need to attend to social demands such as attending funerals. Additionally, the costs of care to the household from the treatment of AIDS and AIDS related illnesses (such as TB), and eventual funerals, can be a significant share of household incomes, particularly for the poor. The poor are also less likely to be able to absorb the cost of foregone labour arising from illness or taking care of the sick. Finally, the cost to the health system of care of hospitalised AIDS and AIDS related cases could be quite substantial.

The gender dimension and the disease's impact on children is a major area of concern. Not only adult mortality but also children and infant mortality can as well be linked to the disease. In Malawi, about half of the HIV/AIDS cases are found in the female population. The awareness about HIV/AIDS in rural communities in Malawi according to the Vulnerability Assessment Committee (VAC, 2002) assessment community questionnaire is very low, and therefore rather alarming. Communities throughout the country are reluctant to talk about HIV or are not relating high numbers of orphan headed households and chronically sick people to the virus. The loss of human capacity and/or reduced time spend on agricultural activities clearly links to the emerging food security situation in the country. These links can be articulated through their transmission mechanisms at various levels as follows (VAC, 2002):

- **Microbiology** – An individual's nutritional status can increase the probability of infection due to decreased resistance of epithelial tissue to penetration by the virus. The likelihood of mother-to-child transmission is increased in individuals with micronutrient deficiencies, such as vitamin A.
- **Microenvironment** – Agricultural activities create opportunities for people to congregate and increase the likelihood of casual sexual contact, such as rural weekly markets and trading centres. Often this may be a small number of women having sex with a larger number of men, creating an epidemiological model of asymmetrical relationships, which are known to facilitate the spread of HIV. Markets for tobacco and sugar cane are examples in Malawi where men are away from their families for extended periods of time and where opportunities for sexual promiscuity abound. In addition, plantations and estates that have high demands for seasonal labour are also areas for increased risk of casual sex and subsequent infection.
- **Meso-environment** – Rural poverty, food insecurity and lack of livelihood opportunities also contribute to the susceptibility of infection, especially in young adults. Poor women may be forced to sell sex for food or money. For married women, poverty and illiteracy leave them economically dependent and with limited influence on use of condoms. For young men and women, lack of work opportunities in rural areas often forces them to move in search of employment.
- **Macro-environment** – National policies may actually contribute to greater food insecurity and thus increase risky behaviours or the opportunities for exposure to the virus. For example, poorly planned and managed market liberalisation policies can remove guaranteed prices for cash crops and thus increase food insecurity among smallholder farmers. Some programs like Food-for-Work projects which create job opportunities and improve rural infrastructure can help prevent the spread of the disease through reduced migration.

The impact of the pandemic on food security is thus an issue which needs close scrutiny. Each of the levels of the environments described above has related impacts on the food security situation.

- **Microbiology** – There are increased nutritional requirements for people living with HIV/AIDS. HIV/AIDS and related illnesses diminish the productive capacity of infected individuals.
- **Microenvironment** – The impact on the microenvironment can be considered from three levels: household labour supply, household resources, and attitudes and knowledge.
  - a) Labour supply - Not only is the quantity of labour reduced in a household because of the sick individual, but also because of household care-time for the infected

person. In addition, community productivity is reduced when people are spending time and money assisting affected households and attending funerals. Loss of adult labour has immediate impacts on the family, primarily in use of land and other resources – agricultural activities are delayed because family members are seeking work outside the home or may pursue non-agricultural activities that generate income quickly. Other studies have shown that when a primary adult male dies in a rural household, the actual amount of land cultivated in cereals may increase. This can be explained by the fact that women in Southern and East Africa traditionally take care of cereal crop production while men focus on cash cropping. Thus, when the male dies, the land for lucrative cash crops is used for cereal crops.

- b) Household resources – Impacts on household resources are not limited to reduced income but also expenses related to care, especially from traditional healers which can be much more expensive than regular health care, especially in countries with poor rural health infrastructure. In addition, there are often various local traditions regarding funerals which further strain limited household resources. Often households resort to selling assets to cover these costs, usually receiving a fraction of their value due to the ‘distress’ nature of the transaction. “The sequence of responses to illness and death – reduced production, shift to less demanding and remunerative enterprises, sale of assets, indebtedness – often misleadingly called “coping” – results in deepening impoverishment for many afflicted households” (VAC, 2002). In addition, the other household members are thus left more vulnerable to malnutrition and infection – women may have no other options than to sell themselves for sex to make money to feed the family, thereby exacerbating the pandemic.
  - c) Attitudes and knowledge – People infected with HIV/AIDS and others affected by the illness often develop a short-term outlook and thus may prefer to participate in income earning activities that are less lucrative than agriculture but with quick returns on investment. In addition, children are often left without knowledge and skills necessary to participate in traditional agricultural and economic activities. When teachers drop out of school because of infection or to care for sick family members, entire communities are affected and the quality of education declines leading to lower enrolment rates.
- **Meso-environment** – HIV/AIDS affects rural communities also by eroding social security networks by spreading the burden of caring for the sick and orphans within the community – to both the better off and the poor households. The capacity of communities to absorb orphans will soon be stretched to their limits, increasing the vulnerability of girl orphans to abuse or to early marriage.
  - **Macro-environment** – In African countries severely affected by HIV/AIDS the availability and quality of human resources in Government institutions is greatly reduced. The most obvious impact is by the death of staff in administration, extension and research. Additionally, the quality of human resources declines as persons with less experience and fewer qualifications fill empty posts.

The HIV/AIDS scourge has had profound effects on the food security situation in Malawi. Assisting the HIV/AIDS affected population in Malawi has been crucial during the food emergency. Families living with HIV and AIDS require targeted and intensified support. The HIV/AIDS epidemic places unrealistic pressure on children, caregivers and communities. Through the provision of the home based care kits. Voluntary Counselling

and Testing (VCT) for HIV/AIDS is critical in the discourse for the mitigation of labour constraints in food production and food security. One of the crucial aspects of action in the formulation of the national food security policy is the realisation that stakeholders should also be active in encouraging people to pursue VCT. The VCT programs will ensure that women and men are fully informed, and can make sound decisions for themselves and their children (UNICEF, 2003).

One unfortunate outcome of the HIV/AIDS epidemic has been the dramatic rise in the number of orphans and vulnerable children in Malawi. Community Based Organisations, which provide a stable environment for children, have been established from throughout the country to address and assist vulnerable children and communities in their fight against the ravages of the disease including its impact on food production and food security.

## **2.2 The effects of slow economic growth and macroeconomic problems on livelihoods**

The UNDP's Human Development Report ranks Malawi as 165<sup>th</sup> out of 173 countries in 2000. What is worrying is that almost all the countries lower than Malawi are either in a state of war or civil strife, or have just emerged from some crisis. This implies that Malawi is one of the poorest country in one of the poorest regions of the poorest continent in the world. According to the Integrated Household Survey (IHS), 65.3% of the population is below the poverty line representing roughly 6.3 million people, while the Malawi Demographic and Health Survey indicates that nearly 60% of the households are food insecure. Of the poor households in the IHS, around 28.2% are ultra-poor. It must be recognised that 80% of the population of Malawi derive their livelihoods from the agricultural sector, and that most of these fall in the segment living below the poverty line. It is clear therefore, that in addressing issues of poverty reduction, one important element which is crucial will be general economic growth and development. This necessarily implies concerted efforts to address bottlenecks in the main engine for growth, agriculture in the long-term. It is clear that smallholder agriculture cannot provide rising incomes or employment for the 80% of an ever-increasing population in an already densely populated country. The main source of growth of output and employment will have to be outside of agriculture. At the same time, non-agriculture is not capable of providing productive jobs for more than a fraction of new entrants to the labour force in the foreseeable future. The premise of the smallholder-oriented growth strategy is that, while the ultimate destination may be a vibrant non-agricultural economy, the path to the destination leads through more emphasis on smallholder agriculture in the short-run (World Bank, 1997).

Since the late 1970's the growth and development of private industry in the country had been overshadowed by the market share of the three main holding companies: ADMARC Investment Holding Company, Malawi Development Corporation (MDC) and Press Corporation.<sup>23</sup> ADMARC and MDC are parastatals, while Press Corporation is ultimately (over 90%) owned by Press Trust which was set up by the former President, Dr. H. Kamuzu Banda. Early industrial strategy was been mainly inward looking which lead to stagnation once the initial phase of import substitution was over. The strategy also favoured private monopolies or oligopolies such as Press. There was official discrimination against Asian-owned businesses (who could not live or operate business outside major urban centres). Licensing requirements and other restrictions, coupled with preferential

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<sup>23</sup> Press Corporation operates through some 20 subsidiaries and numerous other affiliates in the distribution, manufacturing, agricultural and financial sectors of Malawi. The turnover of Press Corporation and its subsidiaries was equivalent to 17% of GDP (about 30% of monetized GDP) in 1994.

rents offered to the three holding companies impeded the development of enterprises since they were incapable of competing on a level playing field. In addition, the interests of Press (like those of ADMARC and MDC) in the financial sector were an obstacle to competition in the commercial and manufacturing sectors. This legacy of suppressed entrepreneurship is still evident now as manifested by the restricted range of large, medium and small enterprises in the overall industrial structure.

The Malawi Poverty Reduction Strategy Paper (MPRSP, 2002) states that in order for the country to maintain current levels of poverty, the economy would have to grow at 5.3%. In order to have any dent on poverty, the economy would have to grow at levels exceeding 6% which implies that agriculture would have to grow by more than 15% annually for sustainable periods of time (Government of Malawi, 2000). This is a far cry from current growth levels which are below 1% overall. The sources of pro-poor growth to fulfil the aspirations contained in the MPRSP would have to come from various sources, notably agriculture. In agriculture, the overarching goal is to increase agricultural incomes through the expansion and strengthening of agricultural incomes, the improvement of agricultural production through improved research and extension services, improved access to domestic, regional and international markets, promotion of small-scale irrigation schemes and drainage, production of high valued crops, encouragement in the production of livestock, reduced land shortages and land degradation, strengthening institutional and policy frameworks and a reduction in gender disparities and HIV/AIDS. Other measures include the sustainable utilisation of natural resources such as fishery resources, forestry resources and wildlife resources, encouragement of micro, small and medium scale enterprises (MSMEs). These will be promoted through the provision of support for the development of MSMEs, and improved institutional co-ordination and support.

Issues of diversification are important in addressing growth and poverty issues. The key element here is the development of manufacturing and agro-processing sectors which will be critical in serving as the main outlet for excess labour to be released from the agricultural sector. Key questions on the development of the manufacturing and agro-based industries include broadening the industrial base and improve cross-sectoral linkages, the development of new cluster-based industries, accelerated regional development, improved product standards and quality, the integration of MSMEs in industrial development and the establishment of a credible institutional framework. Apart from agriculture and manufacturing, other alternative sectors for growth identified are tourism and small-scale mining.

The MPRSP identifies an enabling environment as critical to the transformation of the economy and poverty reduction. Macroeconomic stability is perceived as a precondition to economic growth. This critical area includes improved fiscal discipline and a tight monetary policy. Credit and micro-finance also plays a pivotal role in mitigating problems of economic diversification and food security. This necessarily involves broadening the financial sector including a reduction in the cost of credit, strengthening the institutional framework, reducing high default rates, expanding competition and efficiency in the credit markets as well as diversifying and expanding the coverage of the micro-finance institutions.

Malawi has, over the past decade, experienced a failure to stabilise fiscal balances in a sustainable manner, and substantial domestic financing of deficits crowded out the private sector and consumed resources which could have been used for more productive purposes. It is well known that private investment has a decisive impact on the growth rate of the economy. Increased government expenditures under limited revenue collection

results in increased domestic borrowing and raising interest rates which in turn impacts negatively on the rate of inflation. High inflation rates reduce the ability of households to cope and save, and additionally, reduce the ability of households, especially those in urban areas, from remitting funds to their kin in rural areas, previously a major source of livelihood and a traditionally major source of incomes for rural households.

In light of the current food crisis, debate has concentrated on the provision of agricultural inputs through targeted programmes such as the Starter-Pack Programme and the Targeted Input Programme designed to provide inputs to the most vulnerable of the population. The stagnation in national maize output has raised concerns about the prospects for national food production and the challenges of addressing household food insecurity, leading to proposals to re-introduce fertiliser subsidies, credit subsidies, maize price support mechanisms and the agricultural input programmes. Each of these measures has the potential of raising food availability in the short-run, but have the unsavoury tendency to be costly and a huge burden on the macro-balances in the economy, and could make little or no contribution to longer-term food security. Maize price supports would distort the development of private input and commodity markets and adversely affect food security, as most of the food insecure are net buyers of maize.

## 3 The Role of Market-based Economic Development in Strengthening Household Food Security

### 3.1 Agricultural production

#### 3.1.1 Basic information

Key questions abound in the quest for increased agricultural development in Malawi. It is important to appreciate, from the onset, that agriculture is the single most important sector in the economy. It accounts for about 40% of the country's GDP and about 90% of its export earnings. Given the importance of this sector, it is not surprising that the performance in the agricultural and rural economy is the critical component of overall economic growth. It is disheartening however, to point out that the performance of Malawi's agriculture has been quite unsatisfactory, with low rates of growth, weak intra- and inter-sectoral linkages and the deepening of pervasive rural poverty. For agriculture to fulfil its role as the engine for economic growth and poverty reduction, a radical structural transformation is needed.

#### **Box 2 The Case for National Food Self-Sufficiency in Malawi**

The national food self-sufficiency approach concentrates on raising food production, mainly by hybrid maize production. As a landlocked country, with most of its population engaged in smallholder agriculture, Government has found it logical for Malawi to at least meet its basic food requirements through domestic production. Food deficits expose Malawi to high costs in foreign exchange of importing food and the risks associated with dependence on world markets or food aid from donors.

The drive for self-sufficiency has been a feature of Government food security policy since the colonial period (Devereux, 1996). Until recently, food security has always meant self-sufficiency in maize production for the Government of Malawi. According to Devereux (1996), the implicit model underlying this drive to maintain self-sufficiency in staple grains is the input-output approach. This approach treats agriculture as a kind of production line, with the inputs introduced at one end determining the amount of output at the other end. Key inputs include land, labour, seed, fertiliser and water. In a context of fixed land but steadily increasing demand for food, maintaining national food self-sufficiency requires increased use of the yield-enhancing inputs that will raise land productivity. As population increases, self-sufficiency can be achieved mainly through hybrid maize, which offers superior yields over local and composite varieties.

The case against national food self-sufficiency is that promoting national self-sufficiency in food production suggests a focus on high potential areas, while a concern for household food security requires a focus on marginal areas. Thus, the focus national food security implies actually neglecting marginal areas.

#### **Dependency on hybrid maize increases smallholder risk**

Agricultural production in Malawi has become more concentrated on maize and tobacco. The objective of food security should be to increase the range options available to poor people to access food. Any strategy that reduces choices also increases risks. Interventions such as the delivery of hybrid maize seeds plus fertiliser, whether for free (e.g., Starter Pack), in the form of loans or in return for labour (e.g., inputs-for-work) increases farmers' dependence on hybrid maize.

#### **Recurrent drought undermines self-sufficiency**

Although Malawi has been self-sufficiency in food production in most years since Independence, recurrent droughts have reversed this situation and left the country as a deficit producer dependent on food imports in certain years. Twice in the 1990s and in 2002, Malawi was threatened with drought-induced famine and relied on food aid and food imports to fill the food gap.

## **3.1.2 Markets and their functioning**

### **3.1.2.1 Agricultural markets**

Malawi's annual nominal per capita GDP of about \$200 (less than half the sub-Saharan African average) implies a thin domestic market with stifled demand structures. Due to the predominantly rural nature of the country, the low nominal per capita incomes mean that the demand for inputs and output supply is hugely fragmented, thus raising transactions costs in market creation. A possible solution to the limits in market creation is the exploration and exploitation of world and regional markets which have hundreds of millions of consumers. This again begs the point that there should be aggressive efforts by government to sensitise producers on the existence of such markets and the inherent product quality demands, as well as sensitisation on the virtues of economies of scale. In order to exploit these "emerging" market opportunities, Malawi's growth strategies must focus on production for the export market. This necessarily points to a drive towards more competitiveness and the exploitation of the country's only abundant factor, cheap labour.

It should be reiterated at this moment that Malawi's agricultural marketing structure is characterised by high transaction costs complete with poor market infrastructure, inefficient marketing system predominated by the marketing parastatal ADMARC. There is little scope of access by small private traders into the market for inputs and produce as well as an acute lack of market information and fragmented input demand and output supply volumes which do not take advantage of economies of scale. The prices of agricultural inputs are relatively high for the majority of farmers while the prices for agricultural products is very low. The topical issues in agricultural marketing embrace most characteristics of developing country agricultural marketing and include:

- The withdrawal of the state agricultural marketing parastatal (ADMARC) from servicing remote rural areas due to cost-cutting measures and rationalisation of operations while the gap left behind is not addressed by private traders
- Poor market research and product promotion
- Fragmented input demand and fragmented output supply driving up transaction costs. There are low volumes and quality of products which inhibits market development for local consumption and for export
- Lack of information on local and international markets
- Poor infrastructure, especially agricultural produce markets and input depots, storage facilities and transport arrangements, again increasing transaction costs.
- Lack of agro-processing facilities to add value to production

Markets and market infrastructure are not adequate and in most cases, are also underdeveloped relative to the large proportion of the population in the smallholder agricultural sector and the variety of commodities emerging in the country. With the exception of ADMARC, most rural and urban markets use informal methods and unstandardised weights and measures. There is also a very irregular quality control mechanism. Limited market outlets and lack of competition in the marketing of non-traditional crops stifles farmers' efforts to diversify away from traditional crops such as tobacco. The lack of aggressive marketing strategies and limited information base reduces farmers' competitiveness and premiums received on both traditional and non-traditional commodities.

Cattle marketing services previously provided by government are still in great demand in spite of the presence of private cattle auction markets. Unfair pricing mechanisms

characteristic of a thin livestock market, lack of animal health services and facilities, and rampant cattle thefts are all issues of concern for farmers throughout the country.

### **3.1.2.2 Access to agricultural Inputs**

The key to increased agricultural inputs involves the intensive and effective use of agricultural inputs. This involves strengthening backward linkages from agriculture to other sectors such as the chemical manufacturers, seed producers; livestock feed manufacturers to name but a few. The key issue here is fragmented demand structures for input emanating from small land holding sizes, availability of inputs at the appropriate times, the distance to supply points, the number of input dealers, especially with the rationalisation of the role of ADMARC, the main conduit of inputs in the past and affordability of inputs to the majority of farmers who are, in the main, below the poverty line. Among the major inputs under consideration, the government is concerned about the following:

- **Fertiliser** – The use of fertiliser is relatively widespread but its management on the field is poor. The soil fertility in Malawi is extremely low that it would most certainly be impossible to realise any yield if neither inorganic nor organic fertilisers are used. Most soils in Malawi are often low in organic matter, nitrogen, potassium, sulphur and zinc, essential to increased agricultural production.
- **Seed** – Most smallholder farmers fail to grow appropriate crops on time or use the right varieties due to lack of seed and other planting materials. The affordability of quality seed is of equal importance in the transformation of the smallholder agricultural sector.
- **Pesticides and livestock drugs and feed** – Pests and diseases reduce crop yield in the field and in storage while parasites reduce livestock productivity. Livestock production is additionally heavily constrained through poor accessibility to low cost, good quality feed.

### **3.1.2.3 Irrigation**

As has been mentioned earlier, Malawi is predominantly rain dependent in its production options. The rainy season is short and more often unreliable. Irrigation is undeveloped with the exception of a few large-scale farms and some irrigation schemes run by the Ministry of Agriculture. These are often mismanaged and inefficient, providing the government with additional burdens on an already overburdened budget. The participation of the private sector in irrigation is limited and there is also an acute shortage of personnel trained in irrigation. There have been recent initiatives to introduce winter cropping by the Ministry of Agriculture and Irrigation. This has had limited success though it seems that with intensified extension services, the initiative would change the structure of agricultural production.

### **3.1.2.4 Agricultural financing, credit and capital**

Agriculture is a very risky business, especially when it depends entirely on the vagaries of nature. No financial institution is prepared to put forward resources to finance input requirements of farmers when they know for certain that chances of getting back their investments are next to nil. Other than the inherent problems concerning the unstable natural environment in which farming is practised, other problems abound. The lack of collateral, the low profitability of agricultural enterprises and unfavourable macroeconomic environment all combine to make agricultural lending a very unfavourable venture. The present situation on credit and capital is that:

- The banking system is inadequate in coverage and services (rural branch closures)
- Banks are reluctant to lend to the agricultural sector due to high default rates (uncreditworthiness), inherent risks of farming and lack of collateral. The high yield variability and marginal profitability of hybrid maize production as a cash crop makes borrowing for maize inputs very risk.
- Rate of interest on loans is very high while interest on savings is relatively low.

The issue with agricultural credit is whether financing institutions should opt for equity rather than debt financing. Equity financing<sup>24</sup> could be provided through earnings from more profitable cash crops such as tobacco or from off-farm earnings. Assistance for the poorest farmers could best be provided through increased opportunities to grow cash crops or, if income transfers are needed, through public works schemes which provide cash or vouchers for inputs

### **3.1.3 Extension**

Malawi has at its disposal a considerable number of agricultural research institutions throughout the country whose main mandate is to assist in the increase of agricultural output through the development of improved varieties and technologies. Unfortunately, technology promotion initiatives have not been effective. There are a lot of technologies in research centres which await communication to end-users while those that have been communicated have not been adopted or utilised fully. All this points to ineffectiveness on the part of extension service providers. The recent advances in agricultural sector management including market liberalisation, removal of subsidies on agricultural inputs (though there is a rethink on this), de-linking of agricultural credit from agricultural extension services have created constraints and new challenges for farmers requiring effective responses to sound advice and support. Extension service interventions are designed at the central level and have little input from farmers themselves. This results in ill targeted and inappropriate extension interventions. The Ministry of Agriculture (2000) realises the shortfalls in extension delivery systems and has proposed ways of improving these efforts through extension staff, NGOs and farmer associations such as NASFAM through demonstration plots, farmer meetings, distribution of technical literature, field days and the use of print and electronic media.

### **3.1.4 Agricultural diversification**

As has been alluded to earlier, growth in the agriculture sector alone, though critical, will be unlikely to reduce poverty. The heavy dependence on agriculture exposes the economy to the vagaries of natural disasters and falling commodity prices, resulting in erratic overall economic performance. It is thus a common feeling in most government circles to reduce the share of agriculture in the national economy. Further, it has been realised that linkages, both upstream and downstream, should be enhanced to reduce the isolation that the agricultural sector is currently experiencing. An examination of input-output relationships in agriculture reveals that the sector has negligible backward linkages and few forward ones, especially in the smallholder crop sector. The only link that the smallholder has with the rest of the economy is through the consumption of a few consumption goods and some farm inputs, most of which come from the sector itself. This

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<sup>24</sup> This type of financing involves the participation of the financing agent/institution in the activities of the borrower until the loan is repaid.

begs for more efforts to be directed towards the need to add more value to agricultural output through agro-processing. Growth in agriculture must therefore be complemented by growth in industry to facilitate the emergence of agro-processing activities. At the same time, diversification within the agriculture sector, say from traditional to high value crops, must support diversification away from primary production into industry.

Malawi has an extremely narrow economic base as shown by the high share of agriculture to GDP, and to a lesser extent manufacturing, utilities and distribution. Despite the relatively small size of manufacturing, mining and tourism, there exists great potential for growth in these sectors if government policy were brought to speed. Currently, government development strategy has been slow in realising that apart from agriculture, the growth induced in industry and the rest of non-agriculture will be critical in sustaining the drive towards poverty reduction. With the opening up of regional markets in COMESA and SADC, the demand for manufactured and semi-manufactured agro-based products will have the potential of shifting the product mix in the export portfolio. Tourism, especially eco-tourism is becoming increasingly popular. Malawi, with its lake and relative calm, coupled with low wage rates, can be a cheap and attractive destination for tourists, especially if due consideration is given to infrastructural development and the removal of other impediments affecting the sector. The generation and acceleration of growth through improved technologies and strategic diversification within and away from agriculture requires huge public and private investment. The necessary micro-macroeconomic conditions to achieve this move towards a more diversified economy are still lacking.

The promotion of incentives and conditions for the enhancement of private sector investment is lacking. Though the government is actively trying to foster private sector growth, it must first address the broad policy areas for promoting private investment and private sector-led growth, including sound macroeconomic management (low inflation and small budget deficits), openness to trade investment, strong rule of law, a competent bureaucracy and good investment infrastructure and incentive framework. Investment in infrastructure must address efficiency issues in the utility sector (telecommunication, water, electricity, etc.) in order to reduce risk to private sector investment return and reduce transaction costs.

A much-needed structural change is the diversification of the smallholder production system and of the country's food basket. In as far as the national staple remains maize, and in as far as the general populous is unwilling to diversify their consumption basket, the chances that Malawi will change its consumption basket in the short-run is out of the question. The issue of agricultural diversification hinges to a large extent on the willingness to exercise flexibility on the composition of the average consumption basket, without which most farmers will be forced by necessity, to conform to, and grow those items most popular in the consumption basket. Evidence in diversification of smallholder agricultural production suggests that there has been some redirection of production efforts away from maize in response to changes in relative prices and profitability, periodic drought and emerging market opportunities. Recently, there has been noticeable efforts in diversification as evidenced by the declining share of maize in total output, while the share of burley tobacco and root crop production has shot up.

Among the measure instituted to promote agricultural diversification was the attempt to dismantle structural constraints through the liberalisation of the marketing and pricing of inputs and commodities. The quick movement toward aligning domestic prices with regional and international prices followed this. There has been concerted moves towards the growing of winter crops through the provision of winter-crop inputs, as well as the

establishment of various irrigation schemes, though the success for these is yet to be seen. Regional markets have opened up through the country's active participation in regional trade groupings and organisations such as SADC and COMESA. Other measures envisaged to further promote diversification include the removal of tariffs on imported animal feeds, increased efforts to promote small seed and tree nursery company development and on-farm or village level seed multiplication for secondary food and cash crops, increased research and extension efforts on secondary foods and cash crops and post-harvest management, facilitation of cross-border and other intra-regional agricultural trade and agribusiness investments.

The livestock sector has remained small, contributing only about 7% to GDP. Production levels and consumption of livestock products remains among the lowest in the world. Government has realised the need to formulate policies and strategies that will promote the expansion of the livestock industry to address food insecurity, human nutrition and curtail the import of livestock products. The importance of livestock activities on the reduction in poverty levels and improvements in household food security cannot be overemphasised. Livestock activities involve over half of the 2 million households in Malawi, a small proportion of who practice intensive husbandry techniques while the majority operate low input, low output management systems. Small ruminants and various types of poultry, particularly scavenging chickens, make a vital contribution to household food security. Although most formally marketed livestock products emanate from a relatively small number of large-scale enterprises located around the main urban centres. However, there has been very little integration of livestock enterprises into tobacco estates, where substantial amounts of land lie idle.

Most stakeholders reiterate that promoting diversification can achieve the objective of expanding the household's sources of food and income for food security, but only if it is done in such a way that it supports either what the farmers are doing or what they would like to do. If diversification means shifting from food production to intensive cultivation of some cash crop, such as cotton and tobacco, this could be very dangerous for food security. Given the strictly limited land, labour and cash for farming, growing cotton or tobacco will certainly mean less food production.

Devereux (1996) argues that, to some extent, this is also true of the current strategy of promoting hybrid maize, since this is driving out the production of local maize varieties. Local maize might be lower yielding and longer maturing than hybrid varieties, but hybrids are more sensitive to low volume and erratic distribution of rainfall. Composite varieties to some extent combine the best features of both local and hybrid varieties, but they are not actively promoted.

### ***3.1.5 The land question***

Malawi is a land locked country, featuring a very high population and growing at around 2% per annum (NSO, 1998 Census). It has a high arable land ratio, a high attrition in soil fertility, a single rainy season, limited irrigation capacity and legacies of repressed entrepreneurship and highly skewed distribution of assets and incomes. According to the World Bank, Malawi has reached the intensive margin of cultivation, implying there is little new land available to bring under cultivation, except in parts of the North of the country and some extremely marginal lands in the Centre and South of the country. Recent estimates by the Ministry of Agriculture indicate that 55% of households have an average land holding size of less than 1 hectare. Most of these households use traditional low-impact techniques which are unsuited for maintaining fertility, let alone increasing yields.

According to the Ministry of Agriculture, a smallholder should have at least 1.5 hectares of land for farming to attain the minimum levels of sustenance throughout the year. One of the major constraining factors to increased agricultural productivity and viability is the availability of the excess land required to expand on. A lot of customary land has been converted into public or estate land further increasing the demand for land by smallholders. With growing population pressure on land, the need to “create” more land is ever more urgent.

Experiences in various countries worldwide indicate that certain types of land reform can be detrimental to some agricultural development while yielded positive impact on sustainable food output in other contexts. When communal land is privatised, individuals are able to purchase it and utilise it in any way they deem fit. In some instances, the utilisation is done in such a way as to yield short-term profit, but may be environmentally damaging in the long run. On the other hand, international experience also shows that when a land previously owned by absentee landlords is sold, given or otherwise reallocated to small scale farmers, food production often rises, as for instance in the 1950s in Japan, Taiwan and South Korea (Chanthunya 1998). Other experiences such as the recent Zimbabwe land redistribution programme could result in previously highly productive commercial agricultural production being replaced by inefficient, low yielding traditional forms of agriculture which may not augur well with food security considerations. Reforming unjust land tenure is, therefore, more than a matter of justice. It is an important part of the drive to increase and sustain food production. Other examples of international experiences show that land reform can work well when it is backed up by credit, technical advice, training and infrastructure for small-scale farmers (Chanthunya 1998).

In Malawi, no comprehensive land ownership policy exists. Rather, there have been moves made by government to address the land problem through a series of consultative fora geared toward the eventual formulation of a land policy. Customary land, which is predominantly occupied by smallholders, has been perceived by many as being a hindrance to growth. Moves towards transforming customary land into leasehold land had been developed in the past, albeit on a small scale.

Large-scale (estate) agriculture was for a long time the focus of agricultural development in Malawi. Soon after the independence, the government embarked on an aggressive process of expansion through the alienation of land under customary tenure. Customary land, as was the case under colonialism, has in effect become a vast reservoir for public and private land. The result of these policies was that estate operators have always had the best land. Notwithstanding, indications are that rural freehold estates, particularly those under tea, coffee, tobacco and macadamia, are an important component of Malawi’s economy. It is also recognised that freehold estates support a substantial population of residents and seasonal employees and their families. Most of the freehold estates are owned by foreign nationals or corporations. As for leasehold tenures, it has been noted that a lot of the estates under this tenure are generally in a poor state of husbandry. With the emergence of acute population pressure on limited land, two questions arise:

- If the private land were to be taxed, would landowners give up those tracts of land not currently being utilized? And what would the tax rate be to induce such a change?
- If the land tax does not induce land redistribution, and Malawi still faces concerted population pressure, what measures would the government take to pacify the many landless people. How would this tally with food production policies?

It has been argued that in order to enforce better and more efficient land use practices, land taxation should be introduced in Malawi to encourage better land utilisation and improve the distribution of income and wealth. Chanthunya argues that one of the expected benefits of land taxation is the lowering of land prices which facilitates the development of a land market by making it easier for new farmers to buy or rent land. Land tax, in many developing countries, is seldom an important source of revenue. There is an absence of well-established property rights to a lot of land, further complicating the administration of a comprehensive land tax. Land taxes are also politically unpopular in that estates on freehold the tenure system are exempted from land taxation, hence the burden of raising land tax falls mainly on small leaseholders who are in the majority of those falling in the land-taxable category.

In Malawi, Local governments currently employ a property tax on the structure values and the Central Government a land tax; property taxes are considered superior to land taxes since it is difficult to separate land and structure values. There are several ways in existence to assess property value such as the use of annual net rental payment or the market value of the property. However, rural land and property values are difficult to assess since much of the rural land has never been sold, therefore has no property rights attached to it, and is communally farmed. The transformation of this land into another tenure regime would invariably bring forth complications in valuing for taxation with the limited analytical capacity currently available

The key question here is how sustainable the sector is, if on the one hand population will double in less than 20 years time, thus increasing already unprecedented pressures on an overtaxed arable land compounded by archaic production technologies, and on the other, an ever diminishing alternate industrial sector which is incapable, in the foreseeable future, of absorbing the excess labour that would emerge from agriculture if a transformation was to take place. It is worthwhile to note that Malawi has the dubious reputation of being the only county in Sub-Saharan Africa which has a single, comparatively short, rainy season combined with population densities of over 200 per square km.

From this, it is clear that agricultural growth should come from three sources: higher (more intensive) utilisation of land (increasing the share which is cultivated); shifting to higher value outputs; and intensification (increasing yields) (World Bank, 1997). With appropriate land tenure policies, there is scope for increasing utilisation on many estate lands. Cultivation can also be extended in parts of the North. The shift to higher value products is increasingly becoming important, and government actively encourages this development. In the long run, yield increases will be fundamental to increased agricultural output. This has been attempted through the intensification of input usage – which unfortunately has been limited to the poorest of the poor smallholder farmers who have little or no scope for further expansion. Another key question involves the thrust to diversification within agriculture by shifting towards the growing of high value crops. Specifically, what policies and supporting investments are needed to achieve maximum potential in a manner which is economically efficient, environmentally sustainable and socially equitable.

### **3.2 Urban-based and Industrial Activity**

The path towards the diversification of the economic base of the country, and indeed the transformation of the economy from a purely subsistence one to a more commercial one lies in the promotion of Micro, Small and Medium Scale businesses (MSMEs). Micro-enterprises seem to hold the greatest potential on account of the general low levels of incomes and the limited possibilities for credit financing and equity participation. Three

levels of micro-enterprise in Malawi can be identified, namely, subsistence, stable and growth entrepreneurs. Geographically, farming practices dominate the Northern region whilst there is a mixture of farm and non-farm activities in the Central and non-farm activities dominating the Southern region. This is in line with the variations in land endowments in the three regions.

### **3.2.1 Macro-economic environment**

In order to promote the development and growth of the private sector, Government has set up an MSME policy document, which has been translated into a National Strategy for Enhancing the Growth of MSMEs in Malawi. The MSME strategy is an integrated package of measures, which recognises the need for increased partnership involving government, non-government organisations (NGOs), MSME support institutions, and the private sector. The strategy has placed emphasis on programmes that are private sector driven and those that focus on fostering the development of efficient linkages and networking among MSMEs, buyers, suppliers, technical and financial services

Minimal regulation and maximum openness create the appropriate economic climate for the development of MSMEs. A free market and competitive environment are therefore, essential to the growth of the private sector in general and MSMEs in particular. There are several business support organisations that target micro-entrepreneurs at the national level providing training and acting as financial intermediaries. There are also sectoral policies, which do not target MSMEs although their implementation has impacted their growth. Some of these policies are as follows:

- *Agricultural Production and Marketing Policy.*  
Allows private traders to participate in buying and distribution of agricultural produce. This policy does not however encourage economic diversification towards off-farm income generating activities since it is focussed on private trader participation in agricultural marketing deepening. Although private traders have the freedom to trade in any location of their choice, they prefer plying their trade in easily accessible markets, thereby leaving out a vast majority of markets which are inaccessible especially during the critical planting period. This raises the question of the social functions which ADMARC used to undertake as part of its mandate.
- *Investment Promotion Policy.*  
Allows establishment of institutions and organisations that provide a range of support services by making entry into the manufacturing sector much easier. Access to investment financing is a major bottleneck which has dogged government for a very long time. In the current situation, government borrowing to finance its deficit has resulted in the private sector being crowded out of the investment market due to high rates of interest from commercial banks.
- *Export Promotion Policy.*  
Promotes and assists in financing non-traditional exports from all producers with special focus on exporting MSMEs.
- *Internal and External Trade Policy.*  
Allows MSMEs have more access to foreign exchange as a result of liberalisation of foreign exchange control.
- *Privatisation Policy.*  
Permits the selling of interests in public enterprises consistent with the liberalisation to

individuals.

- *Competition Policy.*  
Prohibits anti-competitive practices, regulates and monitors monopolies and concentration of economic powers, protects consumer welfare, strengthens the efficiency of production and distribution of goods and services.
- *Poverty Alleviation Policy.*  
Creates an environment that increases earning opportunities of the majority of Malawians as well as encouraging private sector initiatives.
  - Enterprise Development and Employment Creation Programme creates an enabling environment for MSMEs development through formulation of a strategy, provision for skills, improving access to credit and other essential services such as technology, marketing and information.
  - The Small and Medium Enterprise Fund (SMEF), provides access to credit by the rural poor.
  - The Malawi Rural Finance Company (MRFC) aims at alleviating poverty by increasing access to credit and other financial services for the rural poor.
- *Monetary and Fiscal Policy.*  
Attracts sound regional and international banks to reduce financial fragmentation and increase competition in the financial sector. This is predominantly for large-scale producers. Primary policies designed to advance MSME expansion still do not provide an adequate enabling environment. However, on the contrary some of these policies only serve to hamper the potential expansion for the sector. Liberalisation together with rising poverty has led to informal business growth, which though not detrimental in itself, encourages petty trading in cheap imported manufactures, which in turn kills off local production initiatives. The difficulties in regulating informal activities often result in non-standardised commodities on the market. The development of MSMEs also needs an enabling environment to be created and consists monetary and fiscal policies, legal and regulatory framework development, access to appropriate technology, market development, institutional infrastructure and access to information.

The basic observation made from the prevailing scenario, indicates that only the informal businesses have a conducive environment whilst the operation of more formal businesses is penalised with costly bureaucratic procedures. Therefore, MSMEs are frequently excluded from being incorporated into the mainstreaming of the economic activity due to the cost of “admission”.

One major opportunity which exists for the development of urban (and rural) non-farm economic activity is the fact that Malawi has very low levels of per capita income, there is therefore limited internal purchasing power, and so directing production for export will offer stronger possibilities for growth.

### **3.2.2 Strategies for Enhancing the Growth of Micro, Small and Medium Scale Enterprises in Malawi.**

The Ministry of Commerce and Industry (MCI) is responsible for facilitating one of the government’s key strategies, namely development of MSMEs, to maximise their potential contribution to the economic empowerment of the people and realisation of the desired structural modification of the economy. Since Malawi had had no previous comprehensive strategy for the development of the MSME sector, a well-defined framework for

accelerated progress of the sector is essential. The problems affecting MSMEs can be divided into three thematic areas, namely: enabling environment, investment and finance and non-financial services.

### **3.2.2.1 The Enabling Environment.**

According to the MCI, This is comprised of monetary and fiscal policies, legal and regulatory framework development, and access to appropriate technology, market development, institutional infrastructure and access to information.

- **Monetary and Fiscal Policies.**

Changes resulting from fiscal and monetary reforms may present opportunities such as increase in demand for MSME products in cases where they are good substitutes of large-scale enterprises' output. A fall in real income because of adjustment policies could have an impact on this. MSMEs may be exempt from, or be able to shun many regulations and taxes. However small and modern enterprises are often more viable than micro-enterprises and tend to require formal services, such as banks loans or import licenses which are linked to observance of regulations relating to other aspects of their activities. Most MSMEs are therefore discouraged from expanding into small modern enterprises owing to the attributed high costs and poor operational procedures.

- **Infrastructure, Electricity, Water, Land, Industrial Estates, Roads and Telecommunication.**

The provision of these facilities is rising and at a faster rate than ever before, yet service availability still trails behind demand, especially in rural areas. Adoption of alternative sources in order to hasten business operations tends to hike various expenses and consequently makes the prices of local MSME products uncompetitive. Although construction, rehabilitation and maintenance of these services are a continuing feature of government's infrastructure efforts, poor organisational set up of certain statutory corporations present major bottlenecks to business development.

- **Market Development.**

Effective demand growth is a constraint to MSME growth. MSMEs have a definite advantage in distribution of goods to local markets as well as ability of quick response to changing tastes. However their lack of access to market information, technology and research gravely restricts possible innovation making the majority sheer copycats. The small number of entrepreneurs to manufacture a new product or attempt a new technology will create the category of growing enterprises and might be considered the 'Missing Middle'. Limited dissemination of market information restricts exchange of MSME products between urban and rural areas.

- **Technology.**

Modern and improved technology as well as the necessary expertise is scarce in the MSME sector and consequently productivity is low. There are a number of institutions assisting MSMEs in technology transfer but these still face many constraints such as,

- Inadequate funds.
- Poor linkages with industry.

- Inadequate co-ordination mechanism among the institutions.
- Weakness in administration at implementation levels.

Therefore much still remains to be done in order to achieve maximum effectiveness and efficiency.

### **3.2.2.2 Investment and Finance.**

The following factors raise problems for MSME lending,

- Enterprise level
  - Lack of experience with credit institutions/ credit history.
  - Inability to prepare acceptable business plans.
  - Lack of acceptable collateral.
  - Inability to raise owner's equity.
  - Low credibility arising from minimal management experience.
  - No access to external credit.
  - Heterogeneous state of entrepreneurs.
- Institutional level
  - Policies of direct control over interest rates and credit allocation.
  - Bank orientation towards import/export trade and large firms.
  - Lack of competition within the banking system.
  - High transaction costs and risks.
  - Inadequate information regarding MSMEs.

### **3.2.2.3 Non-Financial Assistances Programmes (NFAPs).**

#### **• The Scope of Non-Financial Assistance.**

Promotional programmes aimed at the development of MSMEs are be implemented at three different levels: the enterprise, the institutions dealing with the enterprises, and the policy arena.

#### Enterprise level.

- Technical skills,
  - To facilitate the choice, adaptation and innovative use of production processes and services, and to maintain equipment and other essential services.
- Information,
  - To make potential entrepreneurs aware of risks and alternatives.
- Management skills,
  - To control financial, material and human resources in order to improve profitability and seek new expansion opportunities.

#### Institutional level.

- Behavioural skills, attitudes and values,
- Selection techniques
  - To determine the entrepreneurial abilities of beneficiaries so that resources can be directed to those who have the greatest potential for success.

#### Policy level

- Information
  - To enable policy makers create an environment conducive to develop the MSME sector.

The developmental needs of the MSMEs at all stages will therefore be addressed by NFAPs. Information needed to change attitudes, approaches and skills of entrepreneurs, change agents and policy-makers will also be provided.

## • **Business Creation and Growth**

### Existing Business

A parallel strategy to creating new MSMEs, which will address the issue of unemployment, is the strengthening and upgrading of existing ones.

### Institutions Assisting In Business Creation And Growth

Government agencies are the institutions predominantly involved in strengthening existing businesses and these are often hampered by budgetary constraints. There is also little co-ordination between government agencies and other non-governmental organisations, which would otherwise have helped to optimise resources. The few existing associations also restrict channelling of assistance in a more effective manner.

## • **Development Potential and Major Opportunities**

- Regional Market
  - Malawi's membership to SADC, COMESA and other such groupings not only increases the market size for MSME output but also increases incentives competitive goods production.
- Liberalisation
  - Removes market entry barriers, allowing free mobility of factor services and therefore creating an MSME conducive atmosphere.
- Privatisation
- Increasing Non-Governmental Support
- Relatively Conducive Investment Climate
  - Industrial incentives, which were previously the prerogative of LSE, have been awarded to MSME.
- Promotion of Women in Development
  - Increased donor support for women participation raises motivation.
- Enterprise Creation
  - TEVET offers business start up training.
- Access to Technology
  - Institutions are now supplying appropriate technology to MSMEs once their capacities are strengthened, e.g. MIRTDC and ATTIGA.
- Support Infrastructure and Services
  - MSME sector already has many institutions operating and supporting it.

- Linkages Between MSMEs
  - These can be strengthened to accelerate sectoral development.
- Support Arrangements and Services
  - Institutions are aware of the fact that their capacities are limited and this realisation will be a useful asset for the effective utilisation of technical assistance.
- Special Interest Groups
  - The disadvantaged groups are ready and willing to become economically independent.

● **Problems, Weaknesses and Constraints**

- Low levels of Education and skills
  - Entrepreneurs are not innovative and cannot fit into most training programmes since the formal education system has not fully integrated vocational skills.
- Inadequate Linkages Within and Across Sectors
  - The low level of sub-contracting or partnership entry between MSMEs and LSEs decreases the opportunity of MSMEs to increase their production and employment which in turn inhibits improved productivity and competitiveness.
- Lack of Information
  - As a result, MSMEs have not coped with changing times and have expanded the scope of their activities.
- Limited Access to Credit
  - There is an unsatisfied demand for and limited supply of financial resources for the MSMEs, particularly those in rural areas.
- Limited Access to Appropriate Technology
  - Malawi has not sufficiently invested in technological research and development, resulting in use of traditional technologies, which restrict high productivity and inconsistent quality.
- Lack of Institutional Co-ordination
  - Unnecessary competition and effort duplication, ineffective use of limited available resources has resulted as well as confusion among MSMEs regarding who to approach for specific assistance.
- Limited Institutional Capacity
  - Institutions are unable to effectively and efficiently deliver their mandated services.
- Lack of Policy and Strategy?
- There is a limit to MSME product demand since these are supplied to the local market and Malawians have little disposable income.

## 4 The Role of Social Protection Measures in Strengthening Food Security

### 4.1 Social Protection Interventions in Malawi

Government's current policy towards safety nets and the targeting of assistance is articulated within the MPRSP. The Safety Net component has four pillars:

- The support to agriculture for subsistence farmers
- Support to feeding programmes for malnourished children
- Public Works initiatives (food for work) and
- Direct Transfer.

The MPRSP recognises the crucial link between food production and nutrition however as yet food security policy is seen in isolation. The recent crisis has had the serendipitous effect of a multi-sectoral approach to dealing with household food security. It has brought together health practitioners and agriculturists to go beyond the context of food insecurity issues of productivity and demand to address structural and cultural issues. The coming year will see therefore the development of a more comprehensive policy which in addition to ensuring household food security will seek to redress the hitherto intractable chronic malnutrition rates. Furthermore, the Global Aids Funds which Malawi will benefit from will combine within this framework to ensure HIV/AIDS receives real and adequate policy attention.

The Malawi Social Action Fund (MASAF) and the Supplementary Inputs programme (SIP) have also been influential in the provision of safety-nets for the most vulnerable through programmes such as Public Works Programmes (PWP) and Food for Work Programmes. These programmes aim to improve immediate household welfare while others have the additional objective of creating durable assets in the community, which lead to future increases in incomes, e.g., the MASAF PWP. It is worthwhile noting here, that while the objectives of safety nets programmes are to mitigate short-term liquidity and production shortfalls, they may well include some distortionary impact on input or output markets because they create incentives for behaviour change by households such as seasonal rises in local wage rates in response to the local operation of an off-season public works program.

Another key issue which has been articulated is whether programme resources should be targeted to communities on an ongoing or annual basis, versus on a once-off basis. There would be more sustained and substantial impact on fewer communities under the first option, while there would be larger coverage but smaller impact on individual communities under the second option. Indirect impacts may be higher under the first option as well, for example, a rise in local agricultural wages.

Given the poverty rate in Malawi and the impact of HIV/AIDS the question begs if the current design of the Safety Net Programme can be sustained in light of the vulnerability definitions and in particular direct transfers which are designed to help those who cannot enter the job or productivity market.

Malnutrition is not caused by food insecurity alone. There are many facets and the most significant include poor infant feeding practices and lack of food diversification. Over a ten-

year period and despite supplementary feeding programmes, there has been no notable improvement in the miserable nutrition status facing most Malawian children. This points to the fact that there is a need for more innovative strategies which address the causes and not the results. Among the measures suggested by stakeholders are the following:

- The targeted nutrition programme should be directed towards communities using interventions such as the development of nutrition gardens where communities provide the land, seeds, tools and fertilisers. These gardens would include various elements of the food basket to address micronutrient deficiencies such as iron and vitamin A.
- Particular focus should be on pregnant women and include education on infant feeding practices and the importance of exclusive breast-feeding.
- Through community structures assistance provided is targeted by the community themselves to meet the needs of the most vulnerable.

## **4.2 How might shorter-term humanitarian responses and longer term development responses be made more complimentary**

### ***4.2.1 Institutional strengthening***

There are several examples in Malawi of fall-out benefits from the acute response to the recent crisis. None more so than the example of the Therapeutic Nutrition Programme Group (TNP). This forum capitalised on an almost dormant committee within the Ministry of Health and Population (MOHP), which was an off shoot of efforts to operationalise the safety nets programme. In response to increased resources, acute need and the recognition that concerted effort was required this group embraced all stakeholders, NGOs, Academia, Government Ministries etc. Thorough this enhanced co-ordination; Malawi has paved the way within the region for the development of Protocols and guidelines for the implementation of therapeutic and supplementary feeding programmes. Significantly having standardised methodologies for nutritional surveys this forum is now quite advanced in developing longer term mechanisms for nutritional surveillance surely a strategic use of and entry point which was grounded in the influx of expertise and resources which is characteristic of an acute crisis.

Another crucial example of the symbiosis between emergency response and long term strategic interventions is the approach to the juxtaposition between the emergency situation and the profound impact of the HIV/AIDS pandemic. A concrete example is the approach to support for orphans of which there is estimated to be in Malawi between 800,000 to 1,000,000. Interventions such as child care centres, people living with AIDS (PLWA) groups and home based care (HBC) groups have been strengthened through their enhanced access to food assistance and perhaps more significantly the increase of resources for funding to enhance training and capacity building.

On the downside the longer term planning is complicated by a donor bias towards instant results when it comes to the politics surrounding assisting to developing countries. The co-ordination of the emergency response also begets problems of duplication of efforts by the various NGOs mandated with final distribution management as well as leaving out substantial segments of the population due to non-availability of information.

Stakeholders reiterate that national food security can best be stimulated by targeting agricultural inputs on more productive farmers living in more productive areas, since this maximises national output, yields per unit of land and marketed surpluses. Household food

security is best enhanced by targeting inputs on the *poorest of the poor*, since this will promote the achievement of self-sufficiency at household level at in chronically food deficit households.

Who is being targeted for support through policy changes and project interventions is a crucial question, but one that is often confused in Malawi – drought affected households?; the rural poor? chronically food deficit households?; potentially maize surplus producers?. ODA and most NGOs claim that their target group is the *poorest of the poor*, but they concede that it is virtually impossible to target these households, for a combination of political and practical reasons, and they are therefore forced to accept a blanket geographical coverage of projects, typically at district or EPA level.

A severely poor smallholder household, the *poorest of the poor*, typically cultivates 0.5 ha, on which it grows local maize and some secondary food crops such as beans. It can never afford to buy fertiliser or hybrid seeds, and it is excluded from credit because it is perceived as not creditworthy. Chronic food deficits are partially bridged through *ganyu* work by both adults, but this income is too little and there are several months of hunger each year. Market liberalisation has even made it more expensive to purchase inputs. Even worse, it has raised the price of maize, making it difficult to meet the household's food consumption needs in those months when it is market dependent.

Interestingly, of all policy oriented and strategic documents that have been produced on food security issues in Malawi, not one specifically focuses on interventions for the chronically food insecure *poorest of the poor*. The USAID/World Bank position seems to be that the benefits of market liberalisation will somehow trickle down to the poorest households, either through increased income from cash crop production or through increased opportunities for employment on wealthier farms. In the meantime, these households will be supported through the *transition period* (nobody knows how long this will last) by safety nets (income transfers through public works programmes)(Devereux, 1996). Devereux continues to argue that these safety nets are added as an after-thought, behind the cornerstone of the strategy, which is to raise “average agricultural incomes or crop production”.

There is no nation-wide state safety net; it is unlikely that resources could be found to fund a safety programme, which could ensure food security for the large proportion of Malawian population who are at risk. Thus, food security for all Malawians requires a cluster of programmes, which are well targeted, on specific vulnerable groups. However, as noted above, experience suggests that targeting below the EPA level is politically and logistically unfeasible in Malawi.

Dorward and Kydd (2003) argue that market based approaches to food security do not work in Malawi today, and they will not be effective without prior development of markets, with the broad based growth needed to support them. Significant growth is not possible in the short term, while policies promoting it need to be implemented immediately. Poverty reduction and food security policies must recognise markets' limitations and provide alternative, non-market mechanisms promoting secure and low cost availability of and access to food. These mechanisms must, however, be designed to promote rather than undermine development of markets and wider rural growth. This is a critical issue in debates about safety nets and targeting and delivery mechanisms.

#### ***4.2.2 Less focus on food relief and more emphasis on food security through a multi-sectoral approach.***

In the sense of lessons learnt perhaps that which is most apparent is that the only approach which has impact at the level of the community is a multi-sectoral; approach which takes a multi-faceted approach and addresses causal as well as immediate needs. This in, mind it is clear that the answer to Malawi's problems do not lie in food assistance and in many ways the massive infusion of food which has in fact led to a surplus which will no doubt destroy the market has in no way addressed any of the real causes and therefore can be viewed as a short-sighted intervention which bears no relationship to the deeper and longer term issues. In fact the targeting of food aid itself has ensured that the unsavoury issues such as corruption are a legitimate mechanism to distribute resources at the level of traditional authority through chiefdoms. However, this system has supported a bias guaranteeing nepotism, political favouritism and disregard for the concept of the "most vulnerable".

#### ***4.2.3 Maintenance of community involvement and participation on decision making process***

At the level of the community there is a stronger network than at then district level. The Government's decentralisation system has not yet taken hold and therefor communities are at the peril or benefit of district capacity. Despite that and as evidenced ion approaches such as the Community Management of integrated childhood diseases, communities are organised entities with functioning committees and more importantly with clear ideas on their issues of importance, Sadly until such time as there is an understanding among functionaries be they at the National or district level the community remains subsumed in traditional divides and discriminations.

The Malawi food crisis, its household security and national legitimacy towards ensuring sustainability has lacked vision and Sadly systems of distribution are not based on real vulnerability. Despite the VAC Studies the question begs why the discrepancies between VAC analysis and nutritional surveys. What is important is that one year into the crisis Malawi is enjoying a surplus of maize and yet the present economic framework cannot accommodate this surplus without serious threat to GDP. Malawi needs to address the causalities of the crises and also look to a more coherent safety net mechanisms. One cannot be done without the other and certainly there can be no long term strategies articulated without addressing the political issues<sup>25</sup> among Government and donors which will address the fundamental issues minus the vested interest which impact development and are not unique to Malawi.

Has their potential impact (positive or negative) on informal social security systems (community networks) been taken in to account? What is known about how well community networks are functioning at present?

The issue is how much has this emergency characterised by massive food relief in the absence of serious acute malnutrition rates brought Malawi back to an era of dependence without question. In other words food humanitarian assistance should take into account the emergence of good governance, people power and self-determination. One could conclude that the need for humanitarian assistance in the absence of well thought out strategies for longer-term impact has a resonance in a history of submission and compliance.

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<sup>25</sup> Governance, transparency, accountability and responsibility.

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# **Appendix Terms of Reference for Malawi Country Issues Paper**

## **1. Background**

The Forum for Food Security in Southern Africa is a project to support strategic thinking on food security issues in Southern Africa by facilitating a forum of specialists and key policy stakeholders from governments, donors, NGOs, civil society, the private sector, and the international and regional research community, with identified specialist knowledge of the issues and the region. The project will produce Policy Options Papers and host a combination of moderated electronic discussions and workshops on the key policy options.

The purpose of the Forum is to support initiatives by governments and donors to improve food security in the region. The work will focus in five countries — Lesotho, Malawi, Mozambique, Zambia and Zimbabwe — representative of a range of food security contexts across the region.

The project is running initially between December 2002 and August 2003. It is funded by the UK Department for International Development and implemented by a consortium of institutions in the UK and Southern Africa.

The project uses the FIVIMS definition of food security, namely when all people at all times have physical, social and economic access to sufficient safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life. The project is focussed on food security at the household level.

The project sees household food insecurity as closely related to vulnerability. It uses the SADC FANR Vulnerability Assessment Committee conceptual approach to understanding the relationship between food security and vulnerability, which highlights the twin components of exposure to risk (shocks and stresses) and ability to cope (assets and entitlements).

## **2. Purpose of Country Issues Paper**

To set out the institutional framework for food security policy decision-making and the current priority food security concerns in the focus country, in this case Malawi, in order to root Forum discussions.

The paper will be authored within country by an individual or group. It will set out objectively:

- a) the current institutional framework for food security policy making
- b) the key food security concerns, and the detailed arguments and questions behind them, that have been identified by stakeholders in the country concerned.

## **3. Specific tasks and outputs**

The country paper will be in the region of 40,000 words plus annexes.

The paper does not need to provide detailed documentation of the facts and figures of the current food crisis.

Rather, the paper will start with an objective description of the institutional framework in which the key food security concerns are being addressed in Malawi (approx. 10,000 words), following the outline in Annex 1 below. This will be authored by an individual or group expert in the field of institutional analysis.

Next, the paper will provide an objective description of current priority food security questions in Malawi, and the range of opinions on them, relating to the themes of human vulnerability, market-based development, and social protection (up to 30,000 words). A long list of potential food security questions is attached (see Annex 2). The food security questions selected for inclusion in the paper will be those seen as priorities by the key stakeholders in the country concerned.

For each selected question, the paper will set out:

- The nature and content of the question;
- Why is this question a priority in the country concerned? (including historical origin with timeline, relevant background information on the agricultural, social and economic factors that make this question a priority);
- Key players (see Box 1): which stakeholder groups are involved in each question and what has been their role in the debate?
- Areas of complementarity and conflict between the different stakeholder groups on this question.

In an Annex, the paper will log the major current government, donor and NGO policies, plans, strategies and processes relevant to food security. This log will include:

- Brief summary (250-500 words) of each initiative, including historical origins and rationale.
- Full citations for relevant documents – both formal policy statements and project documents, and relevant reviews and critiques of the initiatives.

#### **Box 1: food security stakeholders**

- **Parliament:** parliamentary sub-committee on agriculture
- **Government departments:** especially VP's office, EP&D (including ex NEC), Agriculture, Finance, Health, Relief & Disaster Preparedness, Poverty, Commerce & Industry, MASIP.
- **Monitoring networks:** especially NSO for crop forecasting, Famine Early Warning System Network, Vulnerability Assessment Committee
- **Consortia:** Food Crisis Joint Task Force, especially sub-committee on food security policy and programmes, National Aids Council
- **Private sector,** e.g. Rab Processors, Grain & Milling, NFRA, ADMARC
- **International NGOs,** e.g. Oxfam, SC, Care, Concern, Action Aid and through JEFAP
- **Civil society** and local NGOs, e.g. CISANET, Malawi Economic Justice Network
- **Research organizations** e.g. APRU, CSR, Institute for Policy Research, Chitedze/ICRISAT
- **Donors** e.g. DFID; EU; USAID; World Bank
- **UN/Humanitarian agencies** e.g. WFP, FAO, UNAIDS
- **Farmers** e.g. through NASFAM

#### 4. Timeframe

|                         |                                                                                                |
|-------------------------|------------------------------------------------------------------------------------------------|
| <b>1) Days</b>          |                                                                                                |
| Institutional framework | 5 days, of which:<br>3 days drafting<br>1 day stakeholder consultation<br>1 day final edits    |
| Food security questions | 13 days, of which:<br>9 days drafting<br>2 days stakeholder consultation<br>2 days final edits |
| <b>2) Timing</b>        | Draft completed by 1 March 2003                                                                |

In Malawi, the country issues papers authors will liaise closely with the Food Crisis Joint Task Force Sub-Committee on food security policy and programmes to ensure full stakeholder consultation on the draft paper, and will incorporate relevant edits arising from this process.

## **Annex 1: The institutional framework for food security policy decision-making**

(approx. 10,000 words)

### ***Stakeholders and interest groups***

- Note the key stakeholders in the food system (see Box 1), and their particular interests. Assess their relative power and points of leverage. In what ways has the configuration of stakeholders, interests and power changed over the last ten or even twenty years?
- The extent to which poor and food vulnerable groups represent their interests to policy-makers. Do they think of food security or social protection as a right?

### ***Institutional environment***

- Note organisations empowered to make policy on food matters.
- The extent that parliament, and its committees, can scrutinise policy. Other effective checks on executive action, through, for example the courts, ombudsman, etc.
- The freedom and capacity of the media — press, TV, radio — to comment on food matters. Their role.

### ***Policy process***

- List briefly the main policies that affect food security. Above all those affecting food production, food trade and marketing, social protection policy and (emergency) relief. Apparently important areas of food security that are not addressed by policy.
- How food security policy has been made. Mainly by the advice of professional civil servants, by ministers? How much influence have donor agencies had? Or domestic interest groups, lobbies — including farmer unions, academic or research institutes, etc.?
- Organisational capacity to implement policy. Key problems in implementation, such as lack of skills, incentives, corruption, etc.
- Accountability to the public of public agencies implementing food security policy.
- Highlight areas of overlap/conflict/complementarity (e.g. between humanitarian activities and social protection activities).

### ***Policy learning***

- Main changes in food security policy over the last decade. To what extent have policy changes reflected learning from previous experience?
- Groups calling for reforms of food security policy, policy-making or implementation. Or groups in government or civil society likely to be champions for making changes to food security policy.
- Opportunities for using research findings to influence food security policy.
- Opportunities for increased participation of the poor and food-vulnerable in making policy for food security.

Inter alia, include reference in the paper to:

- Declining effectiveness of traditional authority to resolve local problems;
- Where decentralisation has led to more regulations and local taxes making it more difficult to run businesses;
- Impacts of reduced ability of central government to provide services both social and productive; and,
- Worsening personal and civil security.
- The relationship between agencies involved in humanitarian/relief activities and those focussed on longer term development.

## **Annex 2: long list of potential food security questions**

This is a list of the kinds of questions being asked throughout the Southern Africa region as a result of the current food crisis. Based on their knowledge of the current food security debate in Malawi, the country issues paper authors will identify the 1-2 key questions for Malawi under each theme and focus the paper on the selected questions.

Length: up to 30,000 words in total.

### **1. The relationship between vulnerability and food insecurity**

Possible issues include:

- 1.1 The impact of HIV/AIDS on the vulnerability of individuals, households, and communities (via asset base and entitlements). The relationship between the HIV/AIDS crisis and the food crisis. How has the HIV/AIDS crisis driven vulnerability and affected ability to cope with shocks.
- 1.2 Problems relating to inadequate early warning systems, such as crop forecasting and vulnerability assessments. These may relate to capacity or methods or both. The effect of these problems on vulnerability and food security.
- 1.3 The effects of slow economic growth and macroeconomic problems on the livelihoods of the vulnerable, as seen in the availability of jobs, opportunities to open small businesses, returns to economic activities, remittances; costs of basic goods and of public services (e.g. user charges).
- 1.4 The effects of environmental change and natural resource management on human vulnerability, including long run decline in soil quality, deforestation, reduced common property in grazing, woodlands, water bodies owing either to increased population or to less access as rules change or become less effective.

### **2. The role of market-based economic development in strengthening household food security**

Possible issues include:

- 2.1 Agricultural production
  - The extent to which farmers, and in particular smallholders, have been able to increase their production of staple foods and higher-value cash crops. Problems encountered in:
  - Markets and their functioning, now that the state has withdrawn from supplying many services in favour of the private sector — for inputs, finance, output, labour, land, and water;
  - The provision of services in extension, veterinary attention, information, storage, etc.;
  - Lack of appropriate technology for, for example, diversification, conservation farming, winter farming.
  - Problems within rural communities such as lack of land, loss of labour.
- 2.2 Agricultural trade, grain reserves and food aid
  - Changes in rules and restrictions on trading across national borders. In particular, note effects on farmers living close to borders. Where increasing cross-border trade has been permitted, has this encouraged the entry of large grain traders into the markets? What has been the effect on net flows of food, and on prices in the country?

- The policy for holding of national strategic grain reserves, and how has this changed.
- The pattern of food aid shipments and their impact on local food supplies, and possibly on local food prices.

### 2.3 Rural non-farm activity

- The development of rural non-farm opportunities, and the extent to which the rural non-farm economy been able to create jobs and incomes. To what extent have the poor taken up very marginal rural non-farm activity to cope and survive?
- Key factors affecting opportunities in the rural non-farm economy?

### 2.4 Urban-based and industrial activity

- The ability of the urban economy to provide jobs and incomes. Effects on urban poverty, levels of rural-urban migration and on remittances to rural areas.
- The ability of the urban poor to obtain food. Factors affecting this, including jobs, real wages, prices of staples, availability of foods from public sources at concessional prices, etc.

## 3. The role of social protection measures in strengthening food security

Possible issues include:

- What is social protection? What specific problems or needs can and should external social protection interventions address (compared to informal social security systems)?
- What type of external social protection interventions are thought to be appropriate to address these problems or needs?
- Has their potential impact (positive or negative) on informal social security systems (community networks) been taken into account? What is known about how well community networks are functioning at present?
- How should resources transferred through social protection programmes be targeted? (Self-targeting through public works, for instance, excludes all those unable to work, while experiences in the region with community-based targeting have been mixed.) Are there some forms of social protection that can be delivered at minimal cost (such as policy changes rather than resource transfers)?
- How might shorter-term humanitarian responses and longer term development responses be made more complimentary