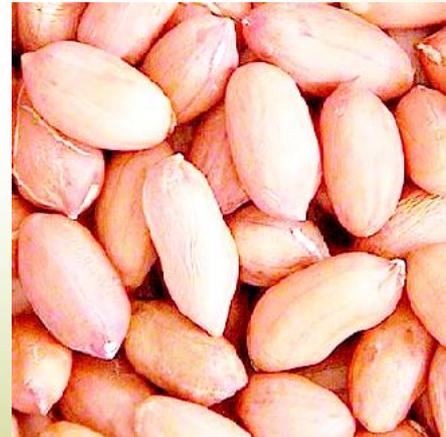


Sustainability of the Malawi Farm Input Subsidy Programme



Policy Brief

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The Farm Input Subsidy Programme

Malawi has become the focus of international attention following successful implementation of Farm Input Subsidy Programmes (FISP), which have turned the country into a food surplus nation within a very short period of time. The main objective of the FISPs in Malawi is to achieve food self sufficiency and increased income of resource poor households through increased food production. Its specific objective is to improve accessibility and affordability of agricultural inputs among the most vulnerable farmers in Malawi. Starting with the 2008/2009 season, the government also introduced a maize grain Storage Pesticides Subsidy Programme (SPSP) to complement the FISP.

The FISPs are implemented through the Ministry of Agriculture and Food Security through District Assembly structures. A crop diversification promotion campaign alongside the identification of beneficiaries and coupon distribution has been launched focusing on the need to grow more maize, groundnuts, beans, soybeans and pigeon peas and good crop management practices. Farmers are mobilised into clusters to facilitate integration and implementation of improved technologies. Government has intensified information, education and communication activities for the success of the FISPs.

Achievements of the FISP

Through the FISP, maize harvest for the 2005/2006 growing season recorded a surplus of 500,000 metric tonnes. The total harvest for the 2006/2007 season amounted to 3.4 million metric tonnes, representing a surplus of 1.3 million metric tonnes. From a 40% national food deficit in 2005, Malawi achieved a 53% surplus in 2007, some of which was exported to neighbouring countries. Due to poor rainfall during the 2007/2008 season, total maize production dropped and amounted to 2.8 million tonnes, representing a surplus of around 500,000 metric tonnes. Come 2008/2009, total maize harvest increased to 3.7 million metric tonnes, representing a surplus of 1.5 million metric tonnes.

One of the successes of the FISP is that national maize productivity during one of the years increased from 800 kgs per hectare to 2250 kgs per hectare. The record agricultural harvests during the period led to economic growth of 9.8% in 2008 and 7.6% in 2009. In addition, inflation remained moderate.

Challenges to the Implementation of the FISP

The success story of the FISP notwithstanding, the programme met various



The country has enjoyed bumper maize harvests courtesy of the fertiliser subsidies

challenges which threaten its sustainability. These include crowding out other essential players and programmes; corruption; and lack of linkage with other policies. In addition, the programmes are faced with the continuing trend of unreliable rainfall and climate change.

FISP in Malawi crowd out other equally important programmes. An analysis of the actual expenditures by the Ministry of Agriculture and Food Security indicates that the FISP is taking a lion's share in the financial resources allocated to the Ministry, crowding out other equally important programmes in the process. The affected areas include research, technology generation and development, which is an equally important area for sustainable development of the sector and the economy.

FISP vs the Malawi Growth and Development Strategy (MGDS): Agriculture and Food Security is one of the six key priority areas in the MGDS. The food security component has a long term goal of making Malawi a hunger free nation. The main strategies include improving agricultural productivity; implementing policies to improve the functioning of maize and other food crop markets; and implementing policies that do not distort the market and which reduce dependency on food aid.

Although the FISP is in agreement with the MGDS, there are other aspects that are in conflict. For instance, the resultant surplus maize emanating from the FISP has resulted into significant reductions of maize prices on the market. In some cases the reduction in the price has been so severe such that the final price does not reflect the cost of production. This is falsification of prices and is tantamount to

distortion of the maize market, acting counter to the objectives of the MGDS in the process.

FISP vs the Malawi Food Security and Nutrition Policies: The long term goal of the Food and Security and Nutrition Policies is to significantly improve the food and nutrition security of the population. The concept of nutrition security implies that healthy food choices and life styles are easy choices for all Malawians and there is absence of all forms of malnutrition.

Although the FISP has helped to achieve food security at national level, its emphasis on maize production, which may not be feasible in areas where maize can not be grown or where maize is not the staple food has in a way failed to achieve nutrition security at household level.

The emphasis on maize, which is mainly a source of carbohydrates, ignores the production of other nutrients sources like proteins, fats and vitamins and is therefore not pro-nutrition secure. In addition, the FISP does not recognize the role of food sovereignty in both food and nutrition security.

FISP vs the Malawi Government Crop Production Policy: The Crop Production Policy aims at a balanced and diversified production of food and cash crops to meet the country's requirements for food, foreign exchange and raising rural incomes. It also aims at improving and maintaining the productive potential of the land.

With its emphasis on maize production, the FISP is in conflict with some of the objectives of the Crop Production Policy as it implies that maize should be grown in all areas regardless of agro-ecological factors and topographic conditions. In addition, the emphasis on maize promotes the practice of monoculture, which is not good for sustainable soil use and defeats attempts to diversify.

Unreliable rainfall and climate change: With most of its smallholder farmers dependant on rainfall, Malawi is particularly vulnerable to large season-to-season variation in production. The returns on the fertilizer investment vary accordingly. This has been evidenced by the varying total maize production during the period which FISP has been implemented.

For instance, the total harvest for the 2006/2007 season amounted to 3.4 million



Fertiliser uptake, hence production are vulnerable to seasonal variations in rainfall

metric tonnes. However, due to poor rainfall during the 2007/2008 season, total maize production dropped and amounted to 2.8 million tonnes. Come 2008/2009, total maize harvest increased to 3.7 million metric tonnes.

Policy Options and Recommendations to Counter Effects of Climate Change

The Government of Malawi needs to design and implement a strategy to reduce rainfall dependent production variability and prepare farmers to adapt to climate change. This strategy will require major public investments on a scale comparable to those that have supported the FISP.

The strategies include water harvesting, sustainable extraction of groundwater, conservation farming (reduced tillage, crop residue retention, and crop rotations), and improved water use efficiency in rain-fed areas; Expanded irrigation through dams and extraction of water from Lake Malawi and the streams that feed it, subject to assessment of environmental impact; Shifts toward maize varieties with greater drought tolerance, and improved pest and disease resistance, and corresponding adjustments in the national research agenda; Enterprise diversification toward higher value crops, value-adding, and off-farm employment that will generate income to buffer possible maize crop failures; Weather forecasting and provision of timely advice to farmers; and Weather-related crop insurance.

To Counter the Effect of High Fertilizer Prices

While there is no immediate substitute for inorganic fertilizer, there may be scope to improve the efficiency of fertilizer use. Delayed access to seed and fertilizer is a recurring complaint of farmers in Malawi and elsewhere in Africa. The timing of fertilizer application can be improved as delayed application can sharply reduce uptake efficiency. This requires timely coupon distribution, fertilizer and seed supply and early replenishing of stocks fields.

Application of manure should also be promoted. This organic substance improves soil fertility and structure which can significantly reduce the amount of organic fertilizer that needs to be applied.

Inclusion of grain legumes in crop rotations can bring multiple benefits to smallholders. Groundnut, soybean, beans, and pigeon peas are well adapted to different parts of Malawi. These crops provide cash income and improved nutrition in addition to improving soil fertility through their nitrogen fixing phenomenon. A national crop legume promotion programme is strongly recommended.

To Deal with Political Interference and Corruption

Looking at the proportion of the national budget that goes to FISP in light of the positive effects of the programme on the welfare and the economy, issues of



Timing of fertiliser distribution should be improved as delayed application sharply reduces uptake efficiency



Legume crops enhance soil fertility, provide cash income and improve nutrition

political interference and corruption need to be addressed. What needs to be done is to advocate for transparency and accountability in the management of the programme. Stakeholders should also lobby and advocate for the inclusion of the legislature and more civil society organisations in the monitoring of the programme. This could help in checking against political interference and corruption, which are distorting the good image of the programme.

To Counter the Crowding Out of Other Essential Programmes

Stakeholders should lobby and advocate for speedy implementation of various policies that have been sidelined as a result of the FISP. The stakeholders should advocate for a more inclusive and encompassing programme, with the view to ironing out inconsistencies in the various strategies. Stakeholders should also advocate for increased allocation of resources to programmes like research and development, extension services and livestock production, which are equally critical to the development of the agriculture sector and the economy as a whole.

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Centre for Environmental Policy and Advocacy
Plot No. 163, WICO Premises,
Johnstone Road, Off Masauko Chipembere Highway,
P.O.Box 1057,
Blantyre, Malawi
www.cepa.org.mw