

ACTIONS TO ADVANCE TOWARD A RELIABLY FOOD-SECURE MALAWI

This closing chapter summarizes a set of policy and public investment recommendations that were discussed in earlier chapters:

- Continue efforts to increase agricultural productivity and reduce volatility in food supplies.
- Strengthen agriculture and food markets in Malawi by ensuring predictable government engagement, adopting policy stances that are supportive of agricultural market traders, and expanding participation in regional markets.
- Target agricultural development investments to commercially oriented smallholder farming households, while also addressing the needs of all households that are food insecure.
- Develop incentives for Malawians to work outside of agriculture, ensuring they have the skills to productively do so.

Attention is also given to reforming the institutional framework through which public efforts are made to address food insecurity in Malawi. Food security policy should be informed by a broader conceptualization of how Malawian households can reliably access the food they require beyond subsistence production. Institutionally, an approach to food security is needed that goes beyond agriculture alone to encompass multiple sectors and draws upon high-level leadership, coordination, and accountability.

As was highlighted in the introduction, this book takes the position that the dominant subsistence orientation of most farmers in Malawi will never sustainably assure the country's food security nor provide the economic growth necessary to propel a structural transformation of the economy. To achieve a food secure Malawi will require economic development policies and programs and public investments that lay the foundation and provide incentives for Malawians to improve their well-being through economic pursuits outside of subsistence agriculture. In parallel, public investments must be provided to improve the productivity of those Malawians who will continue to farm. A critical component for achieving these changes will

be to significantly improve the functioning of domestic food and agriculture markets to increasingly allow individual Malawian households, including farm households, to produce less of, and rely on markets for more of, the food they eat.

How best to address food insecurity and to overcome the factors that constrain the development of the agriculture sector and rural economies are questions that are not unique to Malawi. Similar development challenges face most of Malawi's neighbors and other low-income countries across Africa and elsewhere. What are the lessons from this examination of the challenges faced by Malawi in assuring food security and promoting agricultural and rural economic development that can be adapted by these countries to employ in their own specific contexts? Here we draw out some that are broadly applicable both to Malawi and to many other low-income countries.

Inherent to the development approach advocated in this book is weakening the agricultural identity of food security. Conceptually, food security is not synonymous with household own production or, nationally, with domestic agriculture. There are a broad range of mechanisms beyond own production through which households can obtain the food that they require. Closely associating food security with agriculture ignores many food insecurity problems, including those of nonproductive rural and urban households. The food security of the most vulnerable households likely can be best addressed through specific policies and actions on social protection. In contrast, the food security of productive households likely can best be ensured through sustainable and broad economic development, giving households, through dynamic and efficient labor and product markets, a broader range of options for meeting their own food needs. Moreover, while national self-sufficiency in food production may be justified on economic and risk management grounds, it should not be accepted as an unexamined doctrine of national policy. Agriculture is a necessary means, but neither a sufficient nor an optimal means on its own, to assure household and national food security.

Raise Agricultural Productivity

Continued and expanded efforts in agricultural research and in providing agricultural extension services will enable more efficient use to be made of productive resources for agriculture. Obtaining more output per unit of land, labor, or other input used remains an important agricultural development goal. We discuss below two issues specific to Malawi, but not exclusive to the country, on which its government should act to foster increased agricultural

production—first, a range of efforts to reduce volatility in maize production and maize prices, and second, input subsidy reform.

Variability in aggregate maize production from year to year results in significant supply-induced inconsistency in seasonal maize price patterns in domestic markets in Malawi. The uncertain prices that households face in acquiring their staple food in the market convince many that the potential risks to the welfare of their household associated with relying on the market for food are too high. So most households remain engaged in subsistence agricultural production, selling in the market only the limited amounts of grain from their plots that exceed their household needs. These interlinked crop production and market performance factors result in weak incentives for farming households to produce surpluses of maize and, consequently, in the thin markets for maize in Malawi. It remains uncertain and potentially risky for most Malawians to rely primarily on the market for their access to food. Public investments in efforts to enhance maize production, if made alongside complementary efforts to reduce transaction costs and to limit uncertainty in government interventions in maize markets, will stabilize and strengthen those markets by increasing producer incentives to provide more consistent supplies of maize. Larger and more reliable supplies are a necessary, even if not sufficient, element in deepening maize markets in Malawi.

There is a range of technical approaches that would sustainably raise production. Adaptive agricultural research is critical to doing so. Efforts are underway to develop more water-efficient maize varieties that are less susceptible to yield loss under erratic rainfall conditions. Research to address pests, diseases, and other biotic constraints to crop production needs to be maintained and intensified. Continued efforts to refine crop and soil fertility management practices are required so that farm households consistently realize much higher yields. Expanded irrigation is part of these efforts. Although staple food crop production under irrigation is unlikely to be financially viable, the income benefits for producers and the dietary benefits for consumers of increased irrigated production of high-value crops, particularly of nutrient-dense vegetables and fruits, can lend greater stability to food markets and improve diets. For all these technical approaches to improved agricultural production, effective agricultural extension services are a necessary corollary, whether provided by government, nongovernmental organizations, or private firms. Information on how to realize greater crop productivity should flow to farm households using any effective means, whether in person or, more remotely, using new communication technologies.

The potential contributions that larger commercially oriented producers could make to expanding national food production and stabilizing food markets in Malawi require further examination. Such efforts should determine how best to encourage commercially oriented smallholders who are able to scale up their production to do so. However, addressing factors that limit the participation of the so-called agricultural estate subsector in commercial food crop production is also required. The identification of clear economies of scale for food crops, possibly under different production practices than are currently employed, if profitable, could significantly improve national food security. Further economic and agronomic research on this topic is needed. However, critical to improving incentives for such farmers to expand their commercial production of food crops is for the government to be consistent in the level of oversight it has over food production and marketing, and in specifying under what food (in)security conditions it will intervene and how it will act to improve the country's food situation. Many of the restrictions that the government imposes and arbitrary interventions it makes in maize pricing, marketing, and trade should be removed. These result in almost absolute disincentives for larger crop producers to engage in commercial maize production, which increases the probability of food insecurity crises and restricts the options the country has for dealing with them when they arise.

Pursuing avenues to ensure that farmers have access to modern inputs without a subsidy program is required if the production benefits of the use of such inputs are to be sustained. Raising maize prices and, at the same time, identifying ways to provide inorganic fertilizer (particularly nitrogen) at lower cost to Malawian farmers are the principal elements of any reforms that would enable the sustainable use of inorganic fertilizer to improve crop production. There are significant opportunity costs in the heavy government financing of subsidized fertilizer, which leaves little funding for other public investments in the agriculture sector. Some of these missing investments, such as those in agricultural research and extension, would increase the efficiency with which inputs are used, increase production, enhance farm household incomes, and improve access to food for many more households. Similar arguments can be made for reallocating some of the funding now used to subsidize agricultural inputs to other public investments, including market information systems and transportation and communication infrastructure, that would provide farmers with greater returns on the crops they produce and, hence, greater incentives to increase production. However, such policy reforms, particularly if they require higher food prices, will face significant political headwinds.

Food Security Better Achieved through Stronger Markets Than from One's Own Fields

Markets are becoming a primary source of the food that Malawian households consume. As households increasingly are unable to meet their food needs solely from their own farm production and as workers consequently more and more seek livelihoods outside of farming, the role of markets as the principal source of food will intensify. Food security strategies should reflect the entire food system and seek to strengthen the various pathways through which households obtain food. Privileging subsistence production and, consequently, promoting primarily agricultural solutions to assure the food security of the country reflects a misdiagnosis of both the challenges and the opportunities Malawian households encounter in meeting their food needs. In this, the Malawian situation is not very different from that seen in food systems in many other low-income countries.

Because agricultural and food markets have been consistently undermined over recent decades, intensive efforts to strengthen those markets should be a key part of any effort directed to sustainable food security in Malawi. These efforts include putting in place policies and programs that are supportive of agricultural market traders, more closely specifying the conditions under which the government will intervene in markets and how it will do so, and building the business capacity of farmers and farmer groups so that they engage in the marketing of their produce from a position of knowledge. Government has a legitimate role in regulating markets to ensure transparency and fair trade, to sanction dishonest behaviors, to uphold quality standards that affect prices and food safety, and to strengthen access for all market actors to price and other market information, among others. However, it should not exercise this role in an uninformed and haphazard manner—predictability is important as to the market conditions under which government will intervene and impose any heightened restrictions on marketing and trade. If these and other market-strengthening efforts are successfully implemented, many more people will have reliable access to sufficient nutritious food.

Moving ahead with these efforts will require a change in the policy stance of food security stakeholders—they will need to recognize traders as central actors in ensuring food security in the country. Traders mobilize their own resources to obtain food and other products from farmers and supply it to consumers and processors. However, with little justification, politicians generally see traders as social parasites who work against the best interests of both farmers and consumers. This view should be challenged. Although traders are

certainly self-interested, just as are both the producers who sell to the traders and the consumers who buy from them, it is not in their longer-term interest to operate in a manner that is unfair or is not determined by market conditions. Within a competitive market, it is irrational for traders to take advantage of those with whom they are repeatedly transacting their business—they will not stay in business long. As a matter of policy, the activities of traders should not be undermined. Rather, traders should be supported in their role to ensure that the food available within Malawi and the region is provided to those who need it in a sustainable and beneficial manner for all concerned. In general, agricultural markets in the country must become sufficiently inclusive and efficient to foster stronger commercial engagement by producers, processors, traders, and consumers, both to improve livelihoods and to ensure reliable access to food.

Similarly, the government can support producers to help them engage more profitably in markets. One of the principal arguments for the formation of farmer groups and cooperatives is the benefits that individual farmers can obtain by marketing their produce jointly with others, obtaining a higher unit price from traders who seek to buy in large quantities. The government can aid farmer groups by building the abilities of their leaders and providing the information they require to negotiate better prices for their members. State agencies also have an important regulatory function to play in overseeing the contract farming arrangements that are increasingly being used in Malawi, particularly in tobacco production. These arrangements can be an important means to increase the engagement of smallholder farmers in specialized, commercially oriented production and to build their farming and marketing skills through doing so. But this will happen only if the contracts are mutually beneficial, with a fair sharing between contracted producers and buyers of the risks of production and marketing—something that prudent government oversight can play a part in assuring.

Beyond strengthening domestic markets to build food security, Malawi also should significantly expand its role in regional food systems. Regional food trade provides significant economic opportunities for farmers and makes all of the national food systems involved more secure and diverse. Malawi's trading partners will welcome access to Malawi's farm produce to supplement what their own farmers produce. Equally, Malawian food consumers are better served by having access to the much larger supplies of food available regionally, giving them more reliable and lower-cost access to food than if they rely solely on the production of Malawi's farmers.

However, reliance on regional and international markets for food, although enabling a country to better manage shocks to domestic food crop production, does entail risks related to the concurrence regionally of national food deficits with adverse regional food price movements. In Malawi, the strategic grain reserve managed by the National Food Reserve Agency will continue to be an important means for the country to manage, at least in the short term, some of the risks associated with any breakdown in regional supplies of food.

The future of ADMARC, in contrast, is less clear. We take the view that the social costs of the parastatal institution in recent decades have far outweighed any benefits it has provided to farmers or consumers. It is not in the long-term interest of the development of Malawi's agriculture sector to have the parastatal engage in cash-crop value chains that are reasonably profitable for the private firms and producers participating in them. Although it may be financially attractive to allow ADMARC to participate in such value chains to finance the costs of its engagement in food markets, its primary role should be as part of Malawi's food system and not part of broad agricultural development and marketing, despite its name. Any profit orientation on the part of ADMARC should be challenged. Consequently, if ADMARC is to be retained as a mechanism through which the Malawian government intervenes in food markets, the government will need to provide sufficient financing and professional management, in keeping with the importance of ADMARC's role within the country's food system.

Given the inherent political considerations, however, it is unlikely that ADMARC reforms will result from technocratic assessments alone. Both civil society and the private sector have a stake in reforming ADMARC and will need to engage in advocacy efforts. Civil society's continued advocacy for increased accountability around the substantial government subventions ADMARC receives is valuable. The private sector rightly should protest the unfair competitive position of ADMARC in Malawi's agricultural markets, given the government resources regularly placed at its disposal. Both sets of stakeholders should also ensure that any positive functions that ADMARC now performs to improve the food security of vulnerable Malawian households continue to be supported in any reform process, whether by the parastatal itself or through alternative mechanisms.

Finally, the government has an obligation to provide the public services needed for effective market operations that the private sector cannot be expected to provide. Throughout the post-independence period, the

government of Malawi has invested considerable resources in building roads and strengthening other transportation and communication services. Further investment and deeper penetration into rural areas continue to be required. Farmers in remote areas will not get a chance to participate in markets if it makes no business sense for traders to engage with them due to the prohibitive costs of communication and transport.

Equally important are improvements in the quality of information that is provided—especially on crop production and market prices—and in its dissemination to all market participants. If both parties to a sales transaction are using dependable information on prevailing commodity prices to guide their decision to engage in that transaction, the risk that the transaction will fail is significantly reduced. Similarly, if the government is considerably more confident in its estimate of the amount of maize available in the country at any time, it is more likely to act to address any concerns around food insecurity in a manner that is supportive of existing, private sector-organized market mechanisms that can ensure access to food for those who need it. Without reliable information on maize production and stocks, the government will respond to perceived food crises in an uninformed manner that, as has been shown in the past, is likely to exacerbate such crises.

Adopt a Differentiated View of Rural Communities to Foster Economic Transformation

Commercially oriented smallholder farming households should be at the heart of efforts seeking to foster rural economic growth led by the country's agriculture sector as a path to broader economic transformation. Focusing public investment on such households to transform the rural economy will, over time, bring the benefits of these investments to a much larger share of rural households than would be the case under alternative approaches. Commercially oriented smallholder farming households are uniquely positioned within rural communities to serve as engines of rural economic growth and to meet the food needs of their communities. As their farm production expands and their incomes increase, they will demand more of the labor-intensive and generally nonmarketable (outside of the local area) goods and services that the many rural asset-poor households produce—construction, transport, education, health, and other social services; furniture- and handicraft-making; food and beverage processing; and the like. There are significant positive spillover and multiplier effects in rural communities from the economic success of these

commercially oriented smallholder farming households and the increased demand for local goods and services that their success generates.

This approach to rural economic transformation is developed through a consumption pathway—increased demand by commercially oriented smallholders for the nontradables that other economically active rural households produce locally. Larger-scale farmers, whether foreign investors or citizens, do not provide these broad benefits to local rural economies, inasmuch as they tend not to reinvest the income from their farming in the local community through increased consumption of local products. Although these larger farmers may be important for the local diffusion of more productive technologies and for improving the prospects of commercial agricultural production for all local farmers, their local consumption patterns will not contribute much to broader local employment. Similarly, poor, subsistence-oriented households that engage in some farming also do not contribute significantly to this process of economic transformation in rural communities, because they sell very little of their production and generate little, if any, new wealth in their communities through their agricultural activities. Recognizing economic differentiation in rural communities across the country and targeting agricultural support to commercial smallholder farming households will raise crop productivity overall, accelerate the economic growth of rural communities, and provide poorer, subsistence-oriented households with more remunerative means to obtain their livelihoods than from farming.

But at the same time as efforts are made to improve the economic returns realized by commercial smallholder farming households, the economic development of other rural households will need significant support. These households, which typically engage in some subsistence farming alongside other economic pursuits, make up the largest share of households in rural communities across Malawi. For these other rural households, pursuing livelihoods outside of agriculture will better serve their economic prospects, improve their well-being, and contribute to the economic growth of their communities. The government and its partners should work with these households to build their capacity and create opportunities outside of farming so that they will increasingly find that their food security and overall livelihoods are best ensured through engaging in more specialized work. This can be done by providing the programs and incentives to enable workers in these households to build their own abilities to successfully and profitably operate nonfarm enterprises or to find jobs that provide a good wage. Through its investments in public goods and appropriate regulations, the government can establish a broader

economic environment that is more conducive to enabling these households to improve their livelihoods and incomes from nonfarm activities, whether in rural communities or elsewhere.

The government also has a continuing duty to ensure that the food needs of these other rural households are met. Their food security is at considerably more risk to production shocks than is that of commercially oriented smallholder farming households. Continued government support to such households is required to help make their farms as productive as possible. For the aims of both expanding the production of commercially oriented smallholder farming households and, in the short to medium term, increasing the food security of poor rural households, the policy and strategic plan of the government around agriculture—the NAP (Malawi, MoAIWD 2016b) and the NAIP (Malawi, MoAIWD 2018)—are appropriate. The NAIP will need to be sufficiently funded and professionally implemented so that it meets many of the needs of all farmers.

To best support rural transformation, NAIP implementation should explicitly target commercially oriented smallholder farming households under some of the interventions making up the agricultural investment plan, while others should benefit all farming households. Those NAIP programs that are focused on food security and improving the quality of the diets of rural households should be universal. All those who farm to produce some of the food they consume—both nonpoor, commercially oriented smallholder farming households, and poor, subsistence-oriented households that engage in some farming—should benefit from such programs. But for NAIP programs that seek to expand the participation of smallholder farming households in agricultural markets or those for which commercial viability is requisite to the success of the program, targeted approaches are needed. Market-centered strategies will have the greatest impact if they are principally targeted to commercially oriented smallholder farming households. Prudent targeting of the different government programs in the agriculture sector is needed to better reflect the sharply different economic development and agricultural transformation potential among households that now farm in Malawi.

Agricultural strategies, however, cannot put an end to the food security challenges of households that are not economically productive. Here two groups are of concern—first, the chronically poor who are not able to work and who may be unable to fully rely upon others in their family or community to meet their dietary needs, and second, those who have experienced a significant adverse shock to their livelihoods and therefore experience significant

food insecurity for a period of time as they work to rebuild those livelihoods. The food security of both types of vulnerable households is best addressed directly through specific social protection support. Agricultural strategies will certainly be critical over the medium term for assisting farming households that have suffered a severe livelihood shock. However, meeting the food security requirements of all will not be achieved without widespread and sufficiently funded programs of support targeted toward those who are not economically productive, whether chronically or temporarily. Social protection, both traditional forms based in the community and programs motivated or provided by government, is an important component of food security in any country. Governments have a responsibility to ensure that such support is provided to those in need.

In sum, a significantly more diverse and specialized, but also more integrated and mutually dependent economy should be the goal of the government of Malawi. In such an economy, particularly in rural communities, agriculture will continue to play an important, but not an exclusive or pervasive, role. In this way, food security will follow. At the same time, directly addressing the dietary needs of those households and individuals who are facing either chronic or temporary food insecurity will be part of a comprehensive approach to ensuring that all people have reliable access to food.

Structural Transformation

The efforts of Malawi's leaders over the longer term increasingly should be directed to transforming the country's economy and supporting a reorientation in the livelihoods its citizens pursue from reliance on subsistence agriculture to increased engagement in the service and industry sectors. This is a farsighted and long-term aim, but it is necessary if a vision of a country with no hunger or malnutrition and a healthy, productive, and creative population is to be achieved in coming decades. Even as the agriculture sector is transformed from being driven primarily by the own-consumption production decisions of smallholder farming households to a more specialized and commercial production orientation, so too the economy as a whole must be transformed so that increasingly all workers are able to use their skills and talents in more productive ways than they currently can.

Sustainable improvements in labor productivity must be at the center of any strategy for structural transformation of the economy. The ambitions that all people have for themselves and their children will be realized principally through their participation in decent work to which they can productively

apply their energy, skills, and creativity. To transform the economy, a healthy and well-trained workforce is needed to expand the human capital stock of the country and its economic potential. In addition to building their human potential, all workers need access to tools, resources, and public services that will allow them to realize their economic potential. This includes ensuring that all can benefit from electricity in their work and lives. Similarly, increasing investments in Internet connectivity are needed to build digital proficiencies and let workers take advantage of high global demand for such Internet-based skills.

Successful structural transformation of the national economy will principally take place in the cities and smaller urban centers of the country that are the hubs of manufacturing, services, and trade, including trade of agricultural commodities. Efforts and policies to reduce rural-to-urban migration and to give precedence to agriculture-sector development in national economic development plans are not in the interests of the country and its economy in the medium to long term. Prudent investments are needed in urban systems, housing, and transportation and communication infrastructure to accelerate urban-based economic development and the flow of labor to urban manufacturing and services jobs. Expansion of urban utilities and systems, such as housing, water and sanitation, electricity, and transportation and communication infrastructure, should be prioritized. Malawi's towns and cities need to be developed now in order to handle the growing flows of people who will seek their livelihoods there in coming years. Moreover, increased government attention in the near term to the development of urban services and infrastructure will make those towns and cities attractive locations for additional private investment. Thereby, a much broader set of resources can be leveraged for their further development.

Food Security Policy and Institutional Reform

Malawi currently does not have a clear or sufficiently expansive food security policy. This is because food security is seen principally as an outcome of sufficient domestic agricultural production. Self-sufficiency in food production is viewed as an ideal to attain both at household and at national levels. It is not. Food security policy in the country should be informed by a broader conceptualization of how households can reliably access the food they require. A more expansive policy should include making the investments and providing the incentives that will result in more efficient food crop production for both

own consumption and sale. It should also give equal, if not greater, weight to the understanding that household food security in the longer term is better ensured through increased income from both farm and, increasingly, off-farm sources to purchase food in much more vibrant markets than are presently found in the country. A greater market orientation to both crop production and food security will increasingly allow farmers to focus their efforts on the crops they can best produce and rely on the market to obtain those foods they need that are more efficiently produced by other farmers. It also will enable far more households to work outside of agriculture altogether, pursuing considerably more remunerative economic activities, confident that they always will be able to obtain the food they require from the market.

Leadership for creating the conditions to reliably ensure food security for all Malawians must come from a government institution with a more encompassing view on how the country's citizens could access the food they require. As long as the Ministry of Agriculture has primary responsibility for the country's food security, Malawi will continue its unsuccessful efforts to meet most of its food needs through subsistence agricultural production. A broader vision of food security, encompassing multiple sectors and drawing upon high-level leadership and coordination, is required. As both domestic and international markets are important complementary components to food production for making food available to all, both the Ministry of Industry and Trade and representatives of the private sector involved in food processing and marketing need to be closely involved in setting food security policy.

Food security is a critical dimension of national security and economic resilience. It is not a sectoral issue. For this reason, leadership would best come from a cross-cutting oversight agency of government at the level of the Office of the President and Cabinet or Office of the Vice President. Clear vertical coordination mechanisms would be required in such an institutional architecture to ensure that local leaders at district and subdistrict levels, who understand local food systems better than do national leaders, are given the information they need and the authority to guide local implementation of food security policies and strategies. The Ministry of Agriculture would remain a central technical agency contributing to the country's food security. However, the strategic policy orientation of the country in this regard needs to expand beyond viewing food security solely through the lens of self-sufficient and subsistence-focused agricultural production. A multisectoral approach will establish the policies and strategies needed to reliably achieve food security at both national and local levels.

Finally, the government should set for itself an ambitious vision for how food security is to be achieved for all households and individuals nationally. In the coming decades, a market-centered food system needs to increasingly supplant the current food system based on self-sufficient production. Higher productivity achieved by more specialized, commercially oriented producers of food will allow more Malawians to rely on the market for the food they consume at reasonable prices, with an increased reliance on social cash transfer mechanisms to meet the welfare needs of the most vulnerable. However, we should be clear that the transition to a market-centered food system will take time to complete, will involve some form of both agricultural input subsidies and ADMARC for some time to come, and will require continued government oversight even when achieved.