



Future Agricultures Consortium

The Fall and Rise of Smallholder Agriculture? Reflections and Debates about the Future of Agriculture in Malawi

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Outline of Presentation

- ✓ Overview of the agricultural sector
- ✓ Phases of agricultural development
- ✓ Decline of agriculture in perspective
- ✓ Responses to food crises/agricultural revitalization
- ✓ Debates about future agricultures
- ✓ Concluding reflections



Overview of the agricultural sector

- Malawi is a predominantly agro-based economy
 - Contributes about 36% GDP
 - Accounts for about 87% of total employment
 - Supplies more than 65% of raw materials to agro-industry
 - Provides 64% of total income rural people
 - Contributes more than 90% of total export earnings

- Dualistic agricultural sector
 - Smallholder sector
 - Estate sector
 - One way transferability of land (smallholder to estate sector only)

- Major goals of Malawian agriculture have been **food security** (intensification) and **commercialization**



Phases of Agricultural Development

- Growth and prosperity phase (1960s and 1970s).
- Decline and collapse phase (1980s-2005/Structural Adjustment Programme (SAPs) period).
- Recovery phase? (Return to subsidy since the 2005/2006 growing season).



Agriculture Sector Performance, 1970-2005

Indicator	Pre-Reform	Reform Period			Post-Reform	
	1970-79	1980-84	1985-89	1990-94	1995-99	2000-05
<i>Levels (MK 1978 prices)</i>						
GDP per capita	122.12	118.44	116.89	113.87	113.20	113.31
Agricultural GDP per capita	48.41	44.10	41.94	38.16	46.94	56.17
Smallholder Agric GDP/capita	34.97	35.59	32.41	26.97	29.50	34.03
<i>Growth Rates (percent)</i>						
GDP per capita	2.40	-2.08	-0.20	-2.66	3.17	-0.28
Agricultural GDP per capita	1.90	-2.70	-1.89	-1.19	11.55	0.36
Smallholder Agric GDP/capita	5.80	-4.07	-2.88	1.52	10.57	-1.78



Decline of Agriculture in Perspective

- Agricultural growth declined from an average growth of 6.6% in the 1970s to 2% for most since 1980s
- The decline is attributed to:
 - Structural sectoral constraints (poor infrastructures, unfavorable weather conditions, reliance on rain fed agriculture, weak intra and inter sectoral linkages)
 - Impact of SAP on inputs and credit availability for smallholders (withdrawal of state – eg. ADMARC – leaving a gap)
 - Devastating impact of the HIV/AIDS pandemic

Decline of Agriculture? – the policy setting

- Decline phase witnessed multiplicity of agricultural sector specific and grand policy initiatives

- Agricultural sector specific policy initiatives included:
 - Agriculture and Livestock Development Strategy and Action Plan (ALDSAP) 1995

 - Malawi Agriculture Sector Investment Process (MASIP) (1999)

 - Agricultural Strategic Plan (2003-2008), influenced by NEPAD



Decline of Agriculture? – policy flux

- Grand policy strategies
 - 1995: Poverty Alleviation Programme (PAP)
 - 1998: Vision 2020
 - 2001: Malawi Poverty Reduction Strategy (MPRS)
 - 2003: One Village One Product (OVOP)
 - 2004: Malawi Economic Growth Strategy (MEGS)
 - 2005: Malawi Growth and Development Strategy (MGDS)
- Policies adhoc, inconsistent and overlapping (eg. MEGS vs. MPRS, OVOP vs. MPRS, MPRS or MEGS?)
- Agriculture sector specific policies (eg. food security) not well articulated in grand policy strategies, hence also lack of policy coherence at sector level

Decline of Agriculture? – the political dimension

- Compounded by deterioration of the general policy context since transition to democracy in May 1994
 - Neopatrimonialism and corruption became rampant
 - Technocratic policymaking entirely overlooked (patronage drove policy)
 - Capacity for policy formulation and implementation became thin (strategic policy recommendations not implemented at all, e.g. land reforms worsened by lack of political will).
 - Donors and international NGOs took over the policy function?
- Food production dwindled to an all time low and food insecurity became rampant (devastating food crises in 2002 and 2005) – crisis driving change in policy...



Responses to Food Security Crises: Agriculture Revitalization?

- Consequence of policy incoherence and politicization of food security issues (maize and fertilizer policies are hot button issues and attract high profile debates)
- Proliferation of policies and programmes often disconnected from and contradictory to each other
 - Safety net programmes to reduce vulnerability mainly PWP's World Bank/EU
 - Promotion of rural productivity through provision of agricultural inputs
 - Starter Pack 1998/99-1999/00 (GoM and Consortium of donors)
 - Targeted Input Programme (TIP) 2001/02-2004/05 (Led by DFID)
 - Agricultural Productivity Investment Programme (APIP) 1999 (EU)
 - Fertilizer subsidy 2005/06 to date (Led by GoM)
- Recovery of the agricultural sector? – doubts as to whether this is the outcome of implemented policies (maize surplus for the last two consecutive growing seasons due largely to favourable weather conditions)



Future Agricultures in Malawi

- **Agro-pessimism dominates debates** about the future of agriculture in Malawi – smallholder agriculture is seen as no longer viable because of excessive fragmentation of land
 - Deemphasize agriculture as a broad based engine for development and poverty reduction (diversification)
 - Intensification of smallholder agriculture on a commercial basis after consolidation of land holdings
- **But there are still key agricultural issues to be addressed** – these include land reform, food security, irrigation and infrastructure, food and cash crop services and markets, contract farming and fertilizer subsidies.



Future Agricultures in Malawi Return to Agricultural Subsidies?

- Fertilizer subsidy dominates the government's policy response (introduction of subsidy since 2005/2006 growing season)
- Impressive results on food security for two consecutive growing seasons
- Are subsidies a permanent feature of the smallholder agriculture in Malawi?
 - Supporters of Subsidies
 - Positive impact self evident!
 - Reasonable option than heavy reliance on imports
 - Subsidies appear non-negotiable from a political standpoint
 - Critics of subsidies
 - Precipitates excessive market distortions
 - Inefficient targeting hence crowding out the private sector
 - Negatively impact diversification efforts
 - Unsustainable in the long run
- Plans for the 2007/2008 subsidy programme are already under way of course promising to take into account the lessons of last two years.



Future Agricultures in Malawi Food Security

- Two options: self sufficiency and reliance on the market (imports)

- Challenges:
 - Option 1 requires complementary services such as technology transfers, extension services, infrastructure development, credit schemes etc
 - Option 2 requires massive foreign exchange earning through promoting export orientated cash crops or export orientated industrialization
 - Reorientation of the national food basket (maize is quite dominant)

- The main policy challenge is achieving balance between promotion of food crops and cash crops and diversifying away from maize as the main food

Concluding reflections

- Political attention and resources have been absorbed by the fertilizer issue.
- Consequently, other critical agricultural issues (such as food security, irrigation and infrastructure, food and cash crop services and markets, and contract farming) are not being properly addressed.
- Policy consistency across agricultural sub-sectors is difficult to achieve because of the excessive political nature of the food security issue (the legitimacy of the government is closely linked with food availability).



TRANSFORMATION