

What drives agricultural transformation in Malawi?

Lessons from a political economy analysis

SAIRLA Research Brief 3

Anna Mdee, Overseas Development Institute/University of Leeds and Alesia Ofori Dedaa, Overseas Development Institute

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In this briefing we explore the politics and institutions of agricultural policy and implementation in Malawi to understand how local institutions play a role in shaping agricultural policy and implementation. The findings and recommendations presented here are based on research carried out as part of the Afrint IV/Papaya project 'Equity and Institutions in Sustainable African Intensification' – a project designed to analyse patterns of smallholder intensification in Malawi, Tanzania and Zambia. The research sheds light on how agricultural policy is shaped and how it is implemented in Malawi and also assesses how agricultural policy and practice influence changes in society over time.

Using political economy methodology

The aim of the Equity and Institutions in Sustainable African Intensification research is to analyse patterns of smallholder intensification from a sustainability perspective with particular attention to: (a) gender and youth; and (b) the ways existing rural institutions could be enabled and incentivised to improve equity given prevailing policies, norms and structures. This particular piece of research covered three areas:

- (a) Mapping the organisational actors (who does what?)
- (b) Understanding the formal and informal rules of the game in which they operate (how are things supposed to work and how do they work in practice);
- (c) Analysing the differing incentives and interactions among actors (what are the dynamics of the actors working on agriculture?).

To address them, researchers adopted a political economy methodology. Political economy is the study of power and resources and how they shape

At a glance

Most of the Malawian population depends on agriculture for all or part of their livelihoods. Plot size for most farmers are small and declining, whilst commercial interests are also investing in land. Government intervention in agriculture is focused on the politically significant Farm Input Subsidy Programme (FISP). Elite capture of resources is problematic in the FISP and in current donor interventions and agri-business schemes, and the poorest are most at risk of exploitation.

Policy and implementation is fragmented and incoherent, as a direct result of a complex and dominant donor-government-NGO landscape, with very weak capacity for implementation at local levels. All partners must recognise and acknowledge their roles in creating this situation.

We recommend that local institutions (including universities, civil society and local government) adopt a problem-driven iterative adaptation approach (PDIA) to drive agricultural transformation. This works from real, locally defined problems, and from existing capacity to create an environment for active learning and experimentation to find solutions that are feasible and implementable.

the nature of the economy. It helps us to ask questions about who controls resources, and about how societies change to benefit or exclude particular groups. A political economy analysis entails multiple methods of data collection (e.g. key informant interviews, survey, secondary data, media analysis, focused group discussion), to gather many perspectives. It aims to provide a reasoned explanation for how a current situation comes to be as it is. It therefore requires understanding of how change happened, who influenced it and what outcomes it has led to. The nature of institutions and how they shape change is particularly key to this.

This briefing summarises the findings of the research in Malawi. A full version of the working paper is available at www.keg.lu.se/en/research/research-projects/current-research-projects/afrint/afrint-ivpapaya-0

The research is based on multiple sources of data: a review of existing data in conjunction with interviews with key informants from local and central government, CSOs and NGOs, donors and private agricultural enterprises.

Findings

Mapping the organisational actors

There are two types of farmers in Malawi; the estate owners and smallholder farmers.

Sustainable intensification before and after colonisation has always been the plea of smallholder farmers who consist of about three million households. Their plot sizes are small and declining, and there is a huge gap between potential yields and actual yields obtained by smallholder farmers.

Despite the agricultural-based economy of Malawi, factors such as land tenure issues continue to loom. Malawi's land tenure and production can be linked to its colonial policy which sought to envelope and manage the pre-existing systems.

Multiple systems of land access, allocation, and rights exist in a complex duality that continues to shape agricultural outcomes.

The history of Malawi shows a differentiated pattern of agriculture, with the development of large commercial estates producing for export, alongside small-scale farmers cultivating food crops. The structure persisted and was extended under the era of Hastings Banda and has continuing consequences for the structural dynamics of agriculture. With increasing liberalisation, state assets were privatised and the state was encouraged to withdraw from subsidising production and markets. However, particularly since the famine in 2001/2, subsidies to support smallholder maize production were reintroduced, and have evolved since that period, consuming most of state spending on agriculture.

'potential yields for hybrid maize range from 5 to 8 tons per hectare, the average actual yields range from 1.5 to 2.5 tons and rarely exceed this'

Post-famine, there has been a clear and growing interest by donors in agriculture, targeted at encouraging foreign investment and favouring large-scale out-grower schemes.

These donor interventions amid the growing number of NGOs in the country has significantly influenced aspects of government policy, and in doing so created policies that are contradictory, and often unimplemented by institutions without adequate capacity. Projects such as the Green Belt Initiative, 'a sustainable poverty reduction strategy from the government' has facilitated massive land grabs further pushing the poor into adverse poverty (Chinsinga 2017). Sustainability of intensification is given some attention in policy- with some focus on Conservation Agriculture, but there has not been a consistent focus. Presently, a growing

middle class and elite are increasingly interested in agriculture and are rapidly acquiring land, but agriculture remains a risky and uncertain business.

Inequality is growing, and this is the most critical concern for inclusion. The Malawian economy has few other sources of employment beyond agriculture, so the poor may be most at risk of exploitation in relation to losing access to land, and having their labour exploited.

The formal and informal 'rules of the game'

The legitimacy of a government in Malawi greatly depends on whether it can provide maize to the people either through subsidised production or at market prices they can afford. The formal and informal rules of the game are unfixed, dynamic and inconsistent.

The gap between policy on paper and implementation is vast in Malawi: to the extent that policy often exists as a narrative 'collective fantasy' concocted by the mutual interests of donors, civil servants and political elites. Local government and institutions charged with policy implementation are ill-equipped to do so, lacking human capacity, resources and authority. Resource allocation remains heavily centralised despite an advanced policy of decentralisation.

Where agricultural intervention does exist, then elite capture at all levels, is a frequent issue, as is illustrated in the example of the Farm Input Subsidy Programme (FISP). Policies such as the FISP – presented as a solution to rural poverty and increase food production – is being used as a political vehicle. Traditional authorities and resource allocation committees are frequent sites of elite capture and potential exploitation. Elite capture may have a gender dimension but requires explicit consideration of class. This also applies fundamentally to land policy, where land titling and formalisation may have made it easier for the poorest farmers to be dispossessed of land. A poorer man is very much more disadvantaged than a wealthier woman in this regard.

Incentives and interactions

Policy frameworks are dominated by an aid-driven donor discourse. Except for the politically important FISP. State investment in agriculture, beyond FISP, remains limited. Interviews in 2018 revealed deep reservations in relation to donors and the unsustainable nature of aid-funded intervention:

"Aid is weakening everybody- we need to kick out the donors. There is so little capacity to implement the policies that are designed by them. In the end, the Districts just rely on NGOs to do anything."

Private finance is often unaffordable to the small farmer and out-grower schemes have disappointed many of those involved, and in some cases decreased local food security.

Elite and commercial interests are favoured in legal and investment frameworks and in the everyday business of institutions. Markets remain exploitative, hard to access, and unreliable for the small farmer. Exploitation and dispossession of resources are the dominant trends.

Financial institutions in the country are motivated by commercial interest and mostly unmediated by government. For smallholder farmers hoping to transit into large-scale commercial agriculture, there is little support from financial institutions due to the high-risk environment and substantial transaction costs.

Moreover, eligibility criteria for farmers to qualify for loans indirectly disqualifies women (who often do not have direct access to land) and youth (who lack collateral). NGOs in rural areas are presently dealing with these gaps by promoting group-based savings and cooperatives for farmers to raise capital. However, our field interviews with academicians in the country revealed that such savings are limited in scale and ineffective. Agri-businesses provide support to farmers in the form of loans and inputs to intensify their outputs. Though there is no form of inequality recorded in these transactions, such schemes have been known to push farmers into further debt. Government has little or no control over such transactions due to the market structure and conflicts of interest. Our study for example revealed that the Government minimum pricing strategy is rarely enforced and buyers (agribusinesses) hold all the power in the market relationship with poorer small holder farmers with immediate cash needs.

Recommendations

There is a significant gap between stated agricultural policy and actual practice on the ground. Some evidence of Government-led initiatives is visible in fieldwork, but the scale is often limited. Donors are consistently mentioned as part of the problem in causing policy and practice fragmentation, and funding channelled through unsustainable project-based intervention.

- **Take time to understand local politics if their programmes are to make a difference regarding inclusive agriculture intensification;** Whilst donors emphasise the formal rules of the game, implementation is according to informal rules, hence the need to understand the local context of politics. Informal rules of the game facilitate distribution of resources by patronage – largely practised at the national and local levels of government in Malawi.
- **Acknowledge the power of the central government in facilitating change whilst curbing elite capture at the local level;** Despite a rhetorical commitment to decentralisation, it is central Government that holds the power to act on agricultural and inclusion issues, as local government actors have little power or resources to do so.
- **Apply a class-based analysis of agricultural transformation;** Whilst contract farming may have positive welfare effect for some farmers, it may also be driving new processes of elite capital accumulation and land grab in the areas where it is practised. A more explicitly class-based analysis of inclusion is required, particularly in a context where a history of estate formation, and now the encouragement of investors, contrasts with the very small plots held by most smallholder farmers.
- **Engage with FISP as a critical entry point;** Learning partners need to work together to reform and evolve nationwide policies such as the Green Belt Initiative and FISP. An intensive reformation process of these policies could serve as a starting point to an inclusive and sustainable agricultural intensification in Malawi.
- **Move agriculture and sustainable intensification beyond policy statements, working groups and land titling initiatives aimed at 'women' or 'youth';** Agriculture remains largely the business of the family unit, and inclusion initiatives must take this into account. Neither should the family unit be assumed to be nuclear and clearly defined. Land is not a purely individual asset, it is part of complex customary, legal and collective relationships, and land titling initiatives will not transform gender relations or grant youth access to land (See Andersson Djurfeldt et al 2018). Additionally, it is potentially harmful to treat all women or youth as equally disadvantaged, as this underpins considerable opportunity for elite capture by more advantaged and well-connected members of these groups.

Further reading

Andersson Djurfeldt, A.A., Hillbom, E., Mulwafu, W.O., Mvula, P. and Djurfeldt, G., (2018) 'The family farms together, the decisions, however are made by the man' – Matrilineal land tenure systems, welfare and decision making in rural Malawi', *Land Use Policy*, 70: pp.601-610.

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Chinsinga, B., (2017) 'The Green Belt Initiative, Politics and Sugar Production in Malawi', *Journal of Southern African Studies*, 43(3): 501-515

Mdee, A., Lemma, A. & Emmott, R., (2016) 'Compatible or contradictory? The challenge of inclusive structural economic and environmental transformation', *Challenge Paper for Chronic Poverty Advisory Network*, London: Overseas Development Institute
www.chronicpoverty.org/resources/2016/10/31/compatible-or-contradictory-the-challenge-of-inclusive-structural-economic-and-environmental-transformation

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Mdee, A., and Dedaa, A.O., (2018) 'What drives agricultural transformation in Malawi? Lessons from a political economy analysis', *SAIRLA Research Briefing 1*, Chatham: Natural Resources Institute

About SAIRLA

SAIRLA is a UK Department for International Development-funded initiative that seeks to address one of the most intractable problems facing small-holder farmers in Africa – how to engage in the market economy and to deliver sustainable intensification of agriculture which avoids negative impacts on the environment. The programme is managed by WYG International Ltd and the Natural Resources Institute, University of Greenwich. For more information visit www.sairla.nri.org

About Afrint IV/Papaya

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For more information about Afrint IV/Papaya see www.keg.lu.se/en/research/research-projects/current-research-projects/afrint/afrint-iv

