

The Malawi Experience 2001-3

(From sell-off, through shortages and suffering, to shared agendas and strategy for security and surplus)

Food Security is a fundamental right for the individual and a fundamental responsibility of Governments

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Malawi's Food Needs

- Maize : Staple cereal with annual need of ca 2.1m tonnes – production 2000 ca 1.4mt, 2001ca 1.7mt, 2002 ca 1.4mt
- Other cereals ca 100,000t (mainly rice) - former sorghum & millets limited by school attendance!
- Roots & Tubers : MoA estimates 3mt, true figure is probably less than 0.5mt, but only locally important
- Population is too poor to buy protein foods so overall diet is poor quality >>malnutrition common – compounded by HIV/AIDS

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Food Reserves – the background

- ADMARC parastatal (or parasital?) >25yrs old, inefficient, political tool, excessive (½mt) storage facilities (costs), unable to manage markets or prices, slowly privatising
- NFRA set up 1999 to manage SGR of 60kt (= 2 months sales) + cash reserve for 30kt
- Private sector storage small, not increasing due to high interest rates, MG market interventions, etc

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Origins of the Crisis (1)

- By 8/2000 MG had purchased 167kt through ADMARC & NFRA through loan finance (why so much, who decided and why untransparent procedures ?)
- IMF & other donors advised stock rotation for 60kt and sell-off of rest to repay loans
- Sales continued to mid-2001, without restocking to leave <4kt by 7/2001 – sales at low prices led to loss of over \$12m and revenue not accounted for
- Sales did not stop even when 2001 harvest indicated shortfall of ca 300-400kt

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Origins of the Crisis (2)

- 8/2001 MG asked donors for support to import the 200kt both agreed as necessary
- Donors indicated support would depend on clarity on sales revenues & decisions to allay HQ questions
- MG declined info and proceeded to contract (untendered) 150kt in 9/2001 through expensive commercial loan finance
- Deliveries intended by 12/2001, but logistic problems limited deliveries to 25kt
- Lack of stocks and speculation led to 500% price rise between 4/2001 & 12/2001 and severely reduced access, as reported by NGOs from 10/2001
- By end-12/2001 crisis apparent and discussion between donors, UN agencies and NGOs commenced, but not yet acknowledged by MG

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Initial Response

- Jan 2002 donors commenced support to NGOs (e.g. DFID to SCF), but uncoordinated and based on poor and not comparable field information
- Discussions opened with WFP (+WHO & UNICEF)
- WFP response design limited by local office inexperience and low capacity – little credibility with potential donors
- MG continued denial even on Presidential visits to EU, UK, US until finally MG declared “State of Disaster” 27/2/2002
- MG Disaster Committee formed but unclear role & capacity and lack of engagement with other stakeholders led to donor approach to VP to convene round-table

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The Watershed – 22/3/02

- VP roundtable held 15/3/02 with MG (local & central), donors, NGOs & private sector
- NGO presence given credibility by CISANET attempt to prepare response database
- VP meeting followed up by small group to prepare for establishment of National Task Force
- Small group agreed to support DFID proposal for working groups to break down crisis into “bite-sized pieces” for action
- Minister of Agriculture chaired NTF formation meeting and launched the working groups, with participation by all stakeholders in all groups
- **NB – this marked the beginning of “true partnership for development” in Malawi**

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The Working Groups

Reporting to National Task Force

- **1. Humanitarian Response** – To coordinate emergency relief (mainly feeding) activities. DDPRR chairs but MoA&UNICEF lead. As WFP leadership improved it became lead
- **2. Information Systems** – To co-ordinate data collection & management on production, storage, markets, nutrition & health. NEC initial chair but MoA took over
- **3. Logistics & Transport** – To deal with a specific major constraint for Malawi. Covers both internal and external routes. MoA Chairs but sub-group now led by pvt sector
- **4. Commercial and SGR Management** – To review systems and propose new “rules of engagement” . Supported investigations by ACB, NAO and Parl. Committee and arranged independent audit. MoA chairs.
- **5. Programmes and National strategy Development** – To coordinate recovery and develop long-term FS Strategy. MoA chairs

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Off and Running

- Working groups commenced 4/02 and have continued to meet regularly, except for Information which has been poor (now being addressed through VAC & FAO initiatives)
- New WFP team installed and WFP credibility established
- FAO/WFP assessment in 4/02 led to agreement on EMOP for Malawi and initial pledges
- Early agreement that poor 2002 harvest would mean shortfall of ca 500-600kt to be met from bulk imports (ca 250kt), humanitarian relief (ca 200kt) and informal x-border trade (ca 100kt)
- Bulk imports by MG as private traders hampered by high interest rates, forex risks, logistics and price uncertainties. **But** MG used commercial loans, no tenders and agreed expensive subsidy with IMF/WB without donor discussion⁹

Humanitarian Response

- EMOP agreed as main pipeline, gradually up to 30% of population, but supported by individual NGO & faith group efforts
- Cash & in-kind imports (ca 250kt of maize etc.) by WFP
- NGO consortium with CARE lead for food distribution, covering whole country with agreed systems and priorities
- Targeting based on initial geographic vulnerability supported by community-level household selection – accepted as imprecise but pragmatic and being addressed in VAC reviews
- Therapeutic feeding systems established by UNICEF with Africare as lead in a further NGO consortium
- Health surveillance and response led by WHO
- Response effectiveness greatly assisted by enthusiastic and good local agency heads for WFP, FAO, UNICEF & WHO
- Agricultural recovery helped by Winter TIP for 300,000 H/H and 2002/3 TIP for 2+m H/H supported by small NGO schemes, with CISANET network support¹⁰

Commercial Maize (1)

- 300-400kt thought to be required by both MG & donors
- MG & donors reckoned on ca 100kt from informal imports from Tanzania & Moz (actually appears to have been much higher)
- MG Initially (without tenders!) contracted (7-8/02) at cost of ca \$90m for 350kt for commercial sale
- Donors proposed targeted subsidy for ca 30% population, but MG agreed (*in camera*) with IMF/WB for general subsidy @Mk17/kg (ca 50% subsidy) i.e. cost of ca \$40m on budget if all imports sold. Linked to IMF/WB package of ca \$70m – donors not happy!!
- Restriction on quantity allowed per sale (initially 50kg then 250) to limit opportunities for speculative buying by rich, with special arrangements for MG schools, prisons, hospitals etc

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Commercial Maize (2)

- Deliveries arrived very quickly, suggesting supply from local speculators rather than imports
- Unexpected efficiency of informal cash trade supplies and low purchasing power has limited sales to ca 25kt. MG cancelled contracts down to ca 230kt but still faces serious financial problem made worse by suspension of DBS
- Worries about impact on maize market of very high carry-over stocks being addressed by:
 - Increase of SGR to 100kt
 - opening markets to NGOs, faith groups
 - Opening tenders for 50kt to private sector
 - Negotiations for imports supplies to be diverted to other countries & use of local stocks for Malawi programmes
 - Negotiations for sale to other countries aid needs e.g. Zim

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National FS Strategy

- To cover production (intensification and diversification e.g. through irrigation), storage, nutrition, markets, linkages to education and health and to safety nets
- Will place special emphasis on HIV/AIDS impact mitigation
- Literature review stage completed for local and international experience
- Tender for drafting team being developed – local lead for ownership but TA support agreed as necessary
- Aim to produce by early 2004
- **BUT** success will depend on macroeconomic stability and political will (Election 2004!)

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Broader Issues

(– a selection only)

- Malawi cannot ignore regional context – SA economic dominance, logistic constraints, political trends (e.g. land) – so Strategy will have to incorporate such issues
- Particular problem with logistics, for both imports and exports, emergency and long-term. Hence focus on Nacala corridor as shortest, cheapest and least competitive route (DFID inputs)
- VAC and other information systems improvement essential for early warning and response planning and monitoring
- Economic & social development will depend on agricultural growth for H/H FS and income and to provide basis for IGAs and MSEs
- But agricultural growth not purely technology – much more emphasis on market development, value adding and dealing with non-tariff barriers
- HIV/AIDS will require attention to complex of land policy (inheritance), land use (labour, access to credit & inputs), social safety nets, service provision (loss of extension agents and managers) and competition for MG resources (Global fund?)

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DFID Response

- **Humanitarian & Recovery (cash)**
 - Support to Malawi EMOP (£5m)
 - NGO feeding programmes (£5m)
 - Public Works employment (£8m)
 - Agric. Inputs programmes (£12m)
 - Logistics (Nacala/bridges) (£4m)
- **Coordination (Influencing & policy)**
 - Leading role in FS NTF & WGps
 - Leading role in Ag&FS donor group (incl.honest broker role with IMF/WB, UN, EU and MG), MASIP, National Safety Nets Strategy & Land Reform
 - Leading role in CABS, Health & Education SWAPs and Safety Security & Access to Justice
 - Using NGOs for “ground-truthing” of policy development, implementation and monitoring
 - Support to consortia approach in recovery and development agenda
 - Support to strengthening District capacity through partnership with NGOs & MASAF

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The Starter Pack & Targeted Inputs Story (1)

- Maize Productivity Task Force confirmed value of improved seeds & fertiliser for maize and triple value of legumes
- Removal of subsidies and increase in poverty constrained access to improved inputs during 1990s and poor rains added to problems in 1996-8, with maize deficit.
- Starter Packs introduced as “kick-start” in 1998/9 for all rural H/H (>2.8m)
- Packs for 0.1ha contained 2kg hybrid maize seed, 10kg fertiliser, 1kg legume seed (total cost about \$10). Programme initially ± entirely DFID-managed. Maize surplus!
- 2.8m SP repeated in 1999/00 with move to contracting out services and supplies. Very healthy maize surplus!
- National Safety Nets Strategy approved 9/2000 with inputs as one of four interventions with target of 350k h/H

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The Starter Pack & Targeted Inputs Story (2)

- 2000/1 at 1.5m and 2001/2 at 1m showed trend to NSNS figure, with introduction of OPV maize to move to replacement with other crops.
- Targeting based on socio-economic registration using MG and TAs working with village TFs. Success of targeting limited initially by poor social structures
- Evaluations continued to show 3:1 B/C ratio and demonstration of new methods.
- Winter TIP introduced 2002 for 300k H/H with minor irrigation. \$1.8m cost, produced maize on farm worth >\$5m
- 2002/3 TIP number increased to >2m as cost-effective, emergency recovery with associated multiplication programme for OPV maize and roots and tubers
- 2003 TIP number will be negotiated following 2003 harvest
- DFID main donor, but WB, EU, NORAD, RoC have provided support in particular years.
- Logistics unit established by DFID to manage programme gradually being localised

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