



Agricultural Transformation in Malawi: A Call to Action

Presented at the Ministry of Agriculture Monthly Policy Seminar 1

Capital Hotel, Lilongwe

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Both the NAP and NAIP Embody the Spirit of Agricultural Transformation

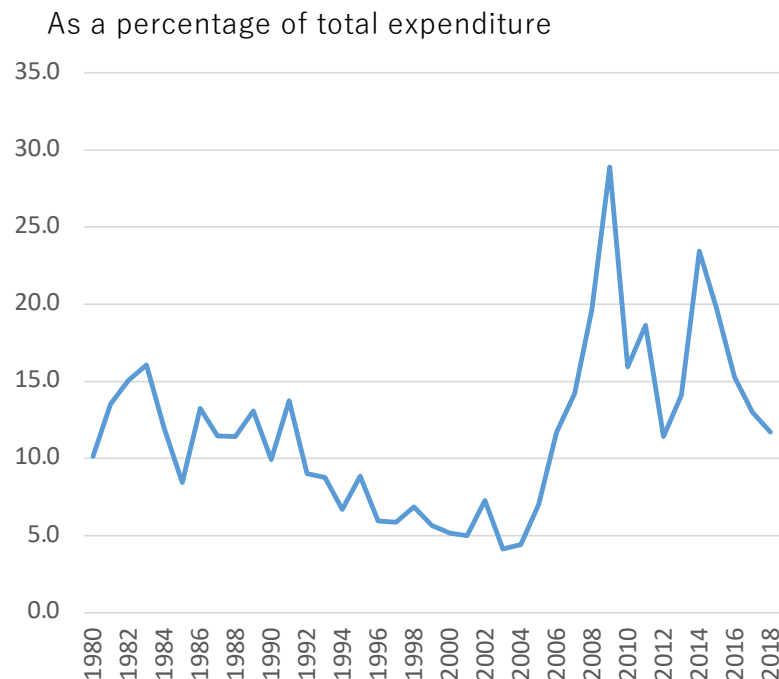
Goal of the NAP:

- “To *achieve sustainable agricultural transformation* that will result in significant growth of the agricultural sector,” (NAP, 2016)
- The NAIP is a “*Prioritised and Coordinated Agricultural Transformation Plan for Malawi*” for the period 2018 to 2023 (NAIP, 2018)

Why is Agricultural Transformation Imperative for Malawi?

[1] Subsidies Dominate the Agriculture Budget at the Expense of R&D

Government agriculture expenditures



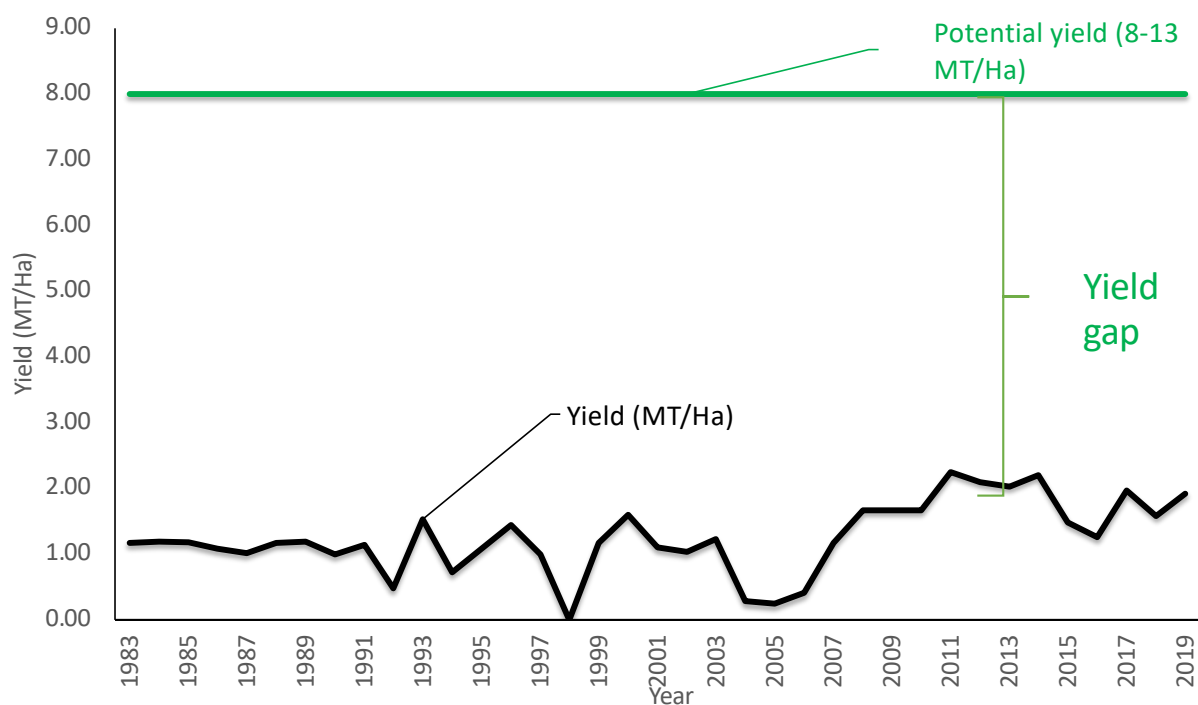
Source: resakss.org

1. Agricultural subsidies crowd-out expenditures on R&D distract government's attention from productivity promotion interventions
2. FISP accounted for 90.8% of ORT expenditure in FY2011/12 and 62.0% in FY2015/16
3. Expenditure on R&D was merely 1.9% of total MoA budget in 1994 and 0.5% in 2014

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[2] Productivity Is Even Lower at Smallholder Level Compared to Potential

Maize yields at smallholder compared to potential

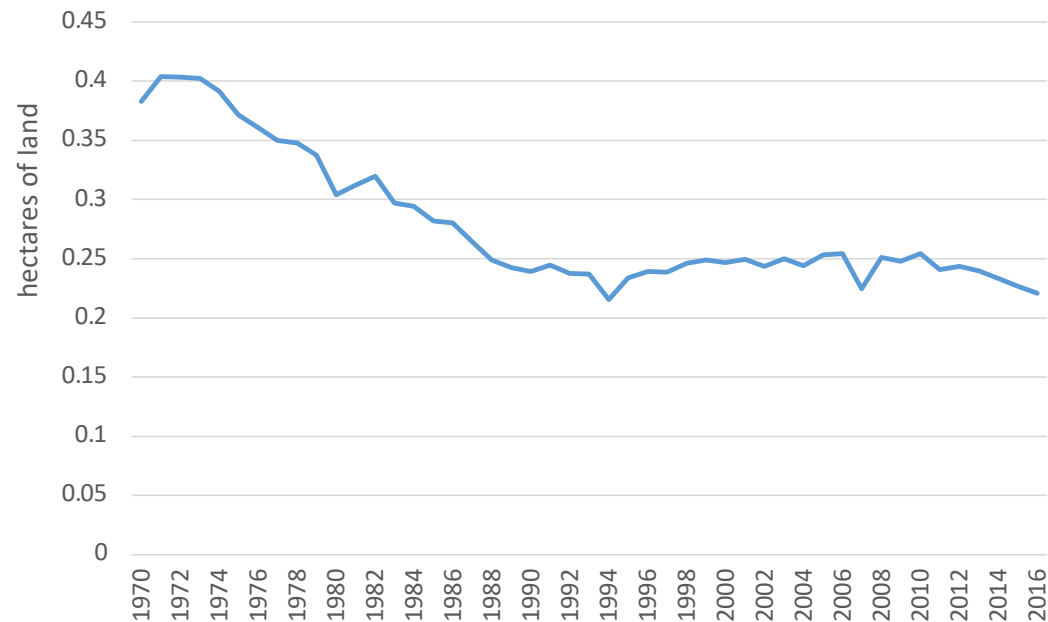


Source: MoA – APES Data

Why is Agricultural Transformation Imperative for Malawi?

[3] Land is Becoming Increasingly Scarce

Arable land per person over time



Source: World Bank (2020)

Why is Agricultural Transformation Imperative for Malawi?

[4] Irrigation Development Has Significantly Lagged Behind its Potential

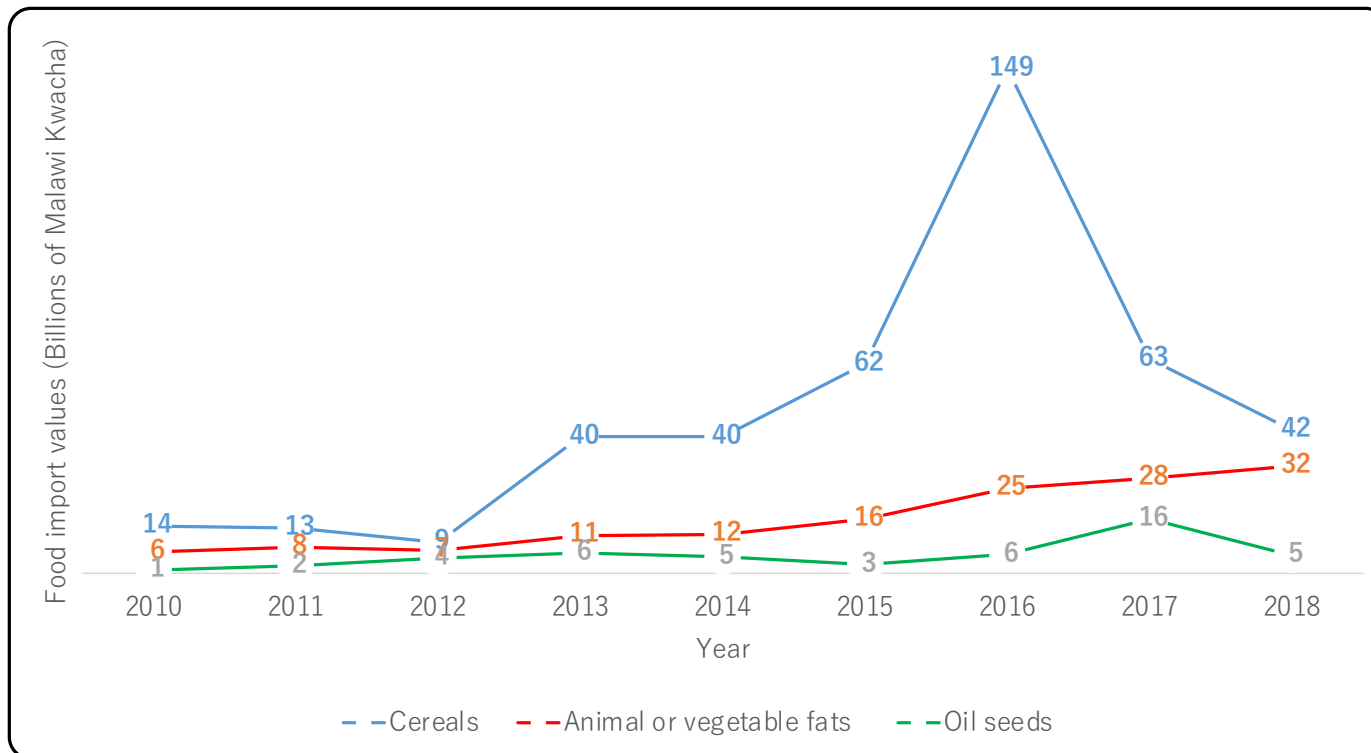
- Malawi's potential irrigable land is estimated at 408,000 ha (DoI, 2019)
- Only about a third of this (118,833 ha) is currently irrigated (DoI, 2019)
- And, about 52% of irrigated land is under smallholder farms, 48% under estates
- The Shire Valley Transformation Project is expected extend irrigated land by 42,000ha by 2030 – but more needs to be done



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[5] Food Imports Continue to Dominate the Import Bill Despite Implementing a Large Inputs Subsidy Programme

Main agricultural import commodities for Malawi

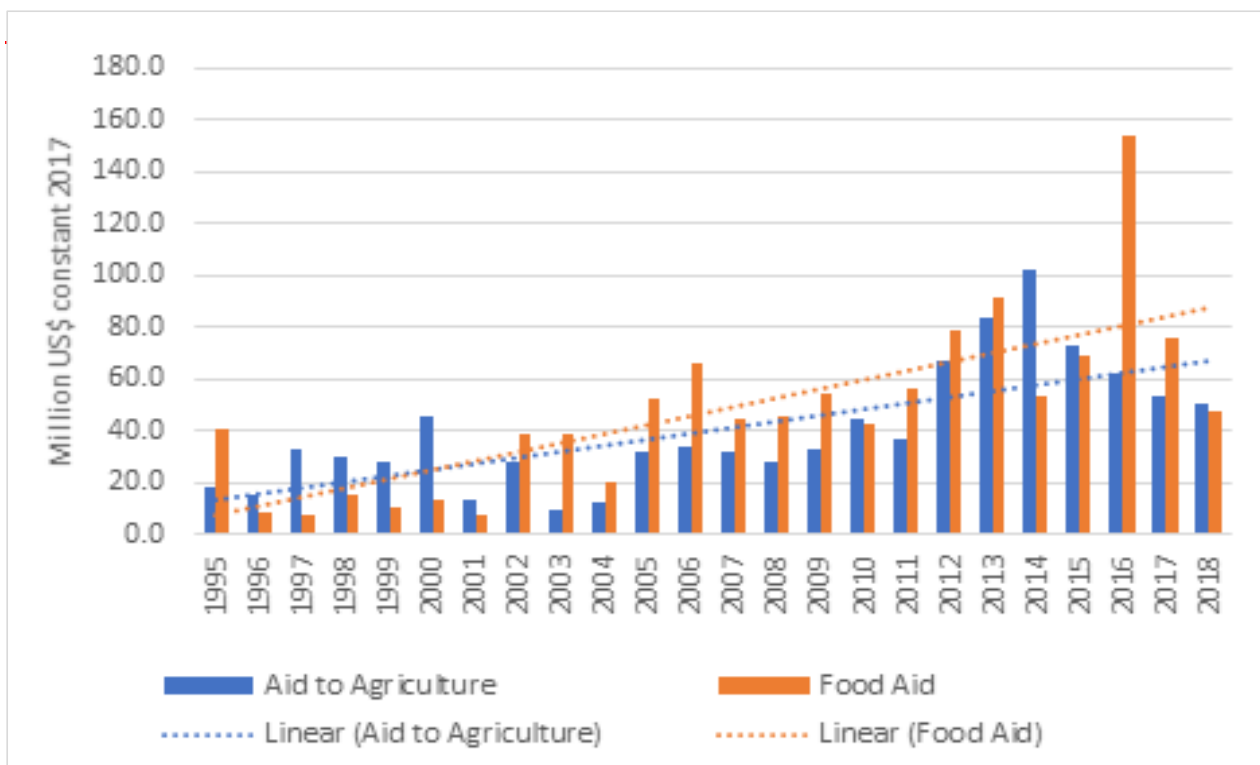


NSO External Trade

Why is Agricultural Transformation Imperative for Malawi?

[6] Dependence on Food Aid is Rising

Total Overseas Development Assistance to agriculture versus Food Aid

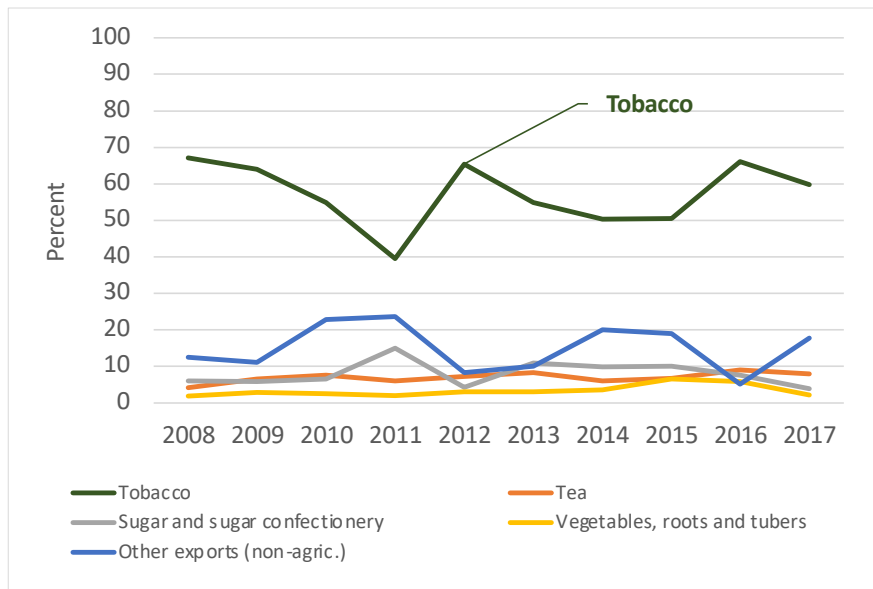


OECD (2020)

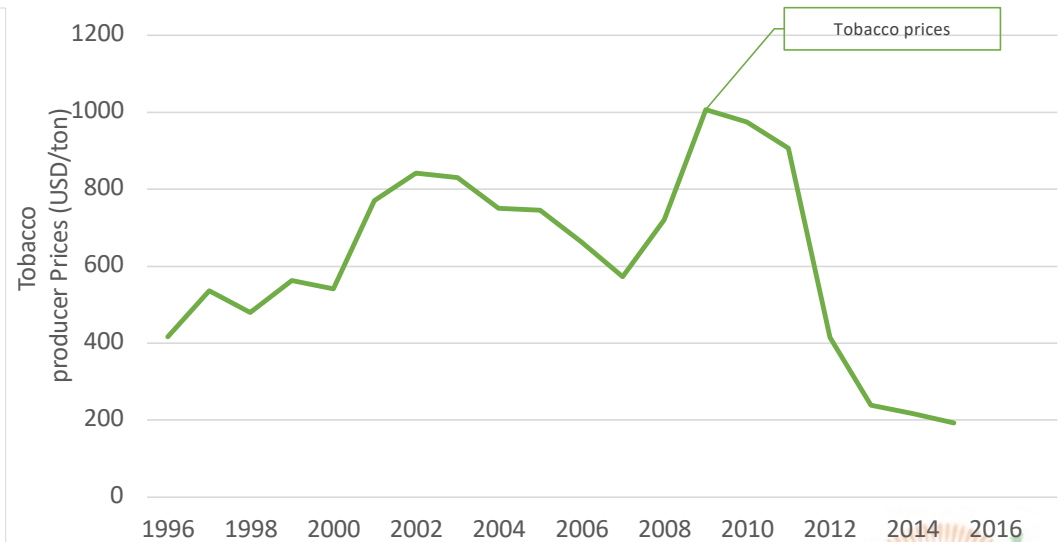
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[7] Meanwhile, Tobacco Prices Are Falling Steadily

Main exports for Malawi (% of total exports) and tobacco producer prices



Source: trademap.org



Source: UN Comtrade (2020)

Why is Agricultural Transformation Imperative for Malawi?

[8] Marketing Rigidities Continue to Disincentive Agricultural Investments

Controls in agricultural pricing and marketing prevent farmers from getting profitable returns on investment.



Photo credit: massip.ifpri.info

Promising opportunities that exist towards agricultural transformation

- Scope for increasing yields and total factor productivity
 - improving the productivity of livestock and horticultural products
 - enhance response of maize to NPK fertilizers.
- Scope for increasing irrigable land
 - land and water resources potentially still sufficient.
- Scope for developing value chains
 - opportunities to develop new value chains that could reduce Malawian smallholders' reliance on tobacco.
 - increase productivity along key value chains
 - remove barriers to private sector expansion.

Major issues for consideration requiring urgent attention

- Strong political will is critical to drive policy changes to successfully address some of the economic challenges.
- Concerted leadership that has led to broad based and inclusive economic transformation.
- Effective leadership needs to involve a “coalition of the willing” with interests that can mobilize and sustain support.
- Evidence based policy analysis to promote public debate and consensus-building.

Partners





Zikomo