STATUS OF FOOD SECURITY

THE CASE OF MALAWI

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Malawi is among the most food insecure countries in the world. According to UNDP (2004) only 12 of all 174 countries reporting fell below Malawi on the Human Development Index, and half of these countries were recovering from conflict and state failure.
20 years after independence in 1964, Malawi was fully capable of producing all the food it needed. The country is now in a near constant state of food shortage with persistently high levels of nutritional deprivation.
Maize is the dominant crop covering about 60% of arable land.

Production of maize has significantly fluctuated over the years.

In 1999 and 2000 production was around 2.3 million mt; this was due to starter pack.

In 2001 and 2002 production was around 1.6 million mt.
MAIZE PRODUCTION TREND

Maize Production
Kg/person (5 year averages)

Source: Steve Carr, 2005
In 2003 and 2004, the country experienced shortfall between 250,000 to 400,000 mt.

In 2005/06 production is estimated at 2,3 million mt – too early to celebrate?

Maize production is predominantly under smallholder farmers.

Grain milling is dominated by one large company.

There is a large number of small hammer millers whose capacity is limited during low production periods.
POLICY STANCE

- Malawi liberalized agricultural markets except maize marketing.
- The Government has continued to interfere in food and input marketing to maintain low prices
  - 2005/06 Maize Price fixed at (MK17/kg) US$123/mt.
  - Market Price – Jan – March $289-$362/mt
- This has been at the expense of producers and input traders.
- Banning of exports.
Malawi requires 2,173,600 – 2,654,080 mt of food in maize equivalents.

During the past 5 years the country has experienced a shortfall in food of approximately 450,000 mt.

On average Government imports 250,000 mt of maize for commercial distribution.

Limited quantities of maize are imported by the private sector (2005 estimate – 70,000 mt)
STRATEGIES TO AVERT HUNGER
- cont

- Humanitarian distribution of food covers part of the shortfall (food aid).
- Free distribution of inputs (1999-2004)
- Public Works Program – cash, food and inputs for work.
- Promotion of cassava production.
- Promotion of irrigated winter of maize.
### 2005/05 Food Security Plans

<table>
<thead>
<tr>
<th>Free Distribution</th>
<th>Quantity (mt)</th>
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</thead>
<tbody>
<tr>
<td>Ex-SGR</td>
<td>6,000</td>
</tr>
<tr>
<td>Imports - Donors</td>
<td>42,000</td>
</tr>
<tr>
<td>Option to Import</td>
<td>40,000</td>
</tr>
<tr>
<td>Humanitarian Relief</td>
<td>31,000</td>
</tr>
<tr>
<td>Commercial</td>
<td>68,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>241,000</strong></td>
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</tbody>
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CHALLENGES TO DESIGNING STRATEGIES

- No consensus on extent of food insecurity and vulnerability
  - Gov relies on crop estimates and donors rely on VAM
- Distrust between Gov and private sector.
- Dependence on maize.
- Dependence on rain-fed agriculture.
- Donor influence.
- Rent seeking.
NEGATIVE EFFECTS OF POLICY INTERVENTIONS

- Drain on foreign exchange and government budget.
  - For example, out of 235,000 mt of commercial maize imported in 2003, only 41,433 mt were sold.
- Macroeconomic instability – inflation.
- Increased risk to private sector to invest in input and output marketing.
- Increased instability in Input and output marketing resulting in wild price fluctuations.
NEGATIVE EFFECTS OF POLICY INTERVENTIONS-cont

Figure 2: Nominal wholesale maize prices, May 96-October 03, Malawi Kwacha per kilogram (Source: FEWS NET, Malawi)
Figure 3: Nominal wholesale maize prices, May 96- April 03, Zambian Kwacha per bag (15 kg) (Source: FEWS NET, Zambia)
Figure 4: Maize price development Jan 1998 – Dec 2002 for Zambia, Malawi, Mozambique and South Africa (prices in US$/MT). (Sources: Safex, FEWS NET)
CONCLUSION

- Government’s involvement in input and maize sectors discourages private sector investment and limits private sector development.
- High cost of Gov intervention fuels macroeconomic instability.
- Banning and delays in allowing exports creates uncertainty on food trade flows.
- Dependency on crop estimates leads to unreliable estimate of food shortages.
This is not the first time recommendations have been made.

Private sector should develop capacity to lobby and influence Gov decision making.

Private sector in collaboration with civil society to develop an effective monitoring system to hold Gov accountable.
RECOMMENDATIONS-cont

- There should be a clear demarcation between development and safety-net programmes.
- Government to contract private sector in the delivery of safety net programmes – Input subsidy and free food distribution.
- Government involvement in input and maize trading to be curtailed.
- VAM and Crop Estimates programmes to be merged and conducted by an independent body.
THANK YOU FOR LISTENING