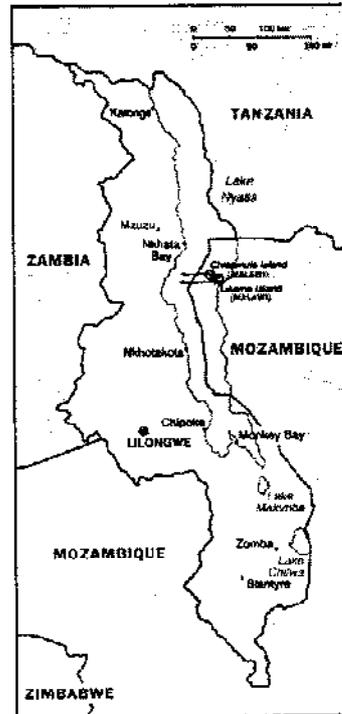


Ministry of Agriculture and Irrigation (MoAI)



Brief Summary of Policies and Strategies

**Presentation by The Minister of Agriculture
and Irrigation to Members of Parliamentary
Committee on Agriculture**

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Brief Summary of Policies and Strategies in the Ministry of Agriculture and Irrigation

1. BACKGROUND

Poverty in Malawi is widespread, deep and severe. According to the Malawi Poverty Reduction Strategy Paper, 65% of the Malawi population is poor. The consumption of basic needs (both food and non-food) of this proportion of the population is below the minimum level, estimated at MK10.47 per day. Within this category of the poor, 28.2% of the total population is living in dire poverty. The nutrition figures show that 49% of children are stunted (height for age); 25.0% are under weight and 6% are wasted. In addition, malnutrition has caused widespread mental retardation. The challenge facing the Government and other development agencies is to improve access to food and nutritional status of the people.

In 1994 the government adopted the policy of poverty reduction as a major goal of all government programmes. In collaboration with stakeholders, the Government has developed the Malawi Poverty Reduction Strategy Paper (MPRSP) which was launched by His Excellency the President Dr Bakili Muluzi in April this year. The MPRSP, in addition to other government initiatives, is the major tool which government is using to contribute to the attainment of the aspirations of the Vision 2020.

The MPRSP singles out agriculture as one of the key sectors expected to deliver and make significant contribution to poverty reduction mainly because of its contribution to the economy. Agriculture contributes 30 to 40 percent to Gross Domestic Product (GDP) and 90 percent to foreign exchange earnings. Almost half of the poor households are self-employed and agriculture is the predominant economic activity, especially in rural areas. Considering that 85 percent of Malawi's population lives in rural areas, the performance of this sector, therefore, directly affects the welfare of the majority of Malawians. In the medium term, therefore, agriculture remains the major source of growth and poverty reduction.

2. AGRICULTURE SECTOR VISION AND MISSION

The agricultural sector has set objectives, a Vision, a Mission, policies and strategies which form a basis for addressing the constraints and challenges the sector is facing.

2.1 Vision

The vision of the agricultural sector is that by the year 2020, Malawi shall have attained a high level of agricultural productivity that will ensure national and household food security, increased incomes, employment and sustainable utilization of natural resources.

2.2 Mission

The mission is to increase agricultural productivity, food security and sustainable usage of natural resources in partnership with private sector by encouraging investment, diversification and utilization of appropriate technologies in order to improve incomes and employment thereby contributing to poverty reduction.

2.3 Objectives

The sector development objectives are:

- Improving food self-sufficiency and nutritional status of the population;
- Expanding and diversifying agricultural and livestock product exports; and
- Raising farm incomes and promoting economic growth while conserving natural resources

3. AGRICULTURAL DEVELOPMENT CONSTRAINTS

The agriculture sector has identified various constraints, which impede the attainment of the vision and objectives stated above. These constraints are:

- Poor access to inputs,
- Limited agricultural financing,
- Poor irrigation infrastructure,
- Low technology development and adoption,
- Inefficient markets and marketing systems,
- Low livestock population and productivity,
- Inadequate agro-processing for value adding,
- Food insecurity and malnutrition.
- Low capacity in agriculture institutions
- Cross-cutting issues (Gender, HIV/AIDS, Environment and Insecurity)

4. POLICIES AND STRATEGIES

To achieve the sector objectives, the Ministry has implemented a number of programmes as described below:

4.1 Policy Reforms

The early and mid 1990s saw a number of reforms implemented as follows:

- i. The repeal of the Special Crops Act removed the monopoly of producing high value cash crops by the estate sub-sector. This enabled smallholder participation in burley tobacco production.
- ii. The Agricultural and Livestock Marketing Act removed ADMARC's monopoly in the marketing of smallholder agricultural produce as well as farm inputs. As a result of this reform, farmers are able to sell their produce and buy inputs from various private traders

- iii. The fertilizer, Farm Feeds and Remedies Act and the Seed Act were repealed to allow private sector involvement in the importation, packaging and distribution of agricultural inputs.

4.2 Malawi Agricultural Sector Investment Programme (MASIP)

The Malawi Agricultural Sector Investment Programme (MASIP) was established with a view to coordinating stakeholders' participation in addressing key constraints facing the agriculture sector. Specifically, through the MASIP process:

- Analysis of determinants of agricultural livelihoods as they relate to poverty is conducted;
- Agricultural policy is developed, interactively reviewed and revised;
- Capacity of key sector organizations to take forward the new agenda is enhanced;
- Strategic, complementary and coordinated investments are planned and prioritized across the sector in support of rural livelihoods and implemented under government leadership; and
- Policy and institutional reform will be as important as public investment.

5. PROJECTS AND PROGRAMMES

The Ministry is implementing a number of projects and programmes to overcome some of the constraints outlined above. These are elaborated below.

5.1. Soil Fertility Enhancing Programmes

i. Promote The Use Of Low Cost Soil Fertility Improving Technologies Such As Manure, Vetiver Grass, Legumes And Agroforestry Species

Soil erosion and continuous cultivation have caused the soils to be degraded. The Ministry of Agriculture and Irrigation is promoting the use of all types of soil fertility enhancing technologies such as manure, intercropping grain legumes with cereals and practicing agroforestry technologies, such as undersowing *Tephrosia vogelii* with cereals and leaving *Tephrosia vogelii* as improved fallow. In this connection, the level of adoption of these technologies have increased from 25 to 40 per cent. As a result, there is a considerable improvement in crop yield

The Ministry is also promoting soil and water conservation technologies, contour ridging and vetiver grass hedgerows to arrest water and soil losses. The level of adoption of these technologies has increased from 30% to 50%. Better results will be achieved with increased adoption of these technologies coupled with farmer training.

The Land Resource Centre provides seeds for sale to communities for use in their gardens as part of the adoption of the agro-forestry technologies. The Ministry is encouraging farmers to establish village based vetiver grass nurseries from where farmers can source seedlings to establish their own nurseries.

Another strategy to improve soil fertility is promotion of compost manure application in farmers' fields. Since 1998/99 season there has been tremendous achievement in compost manure making and application. The making of compost heaps has increased from 10,000 heaps involving 10,000 farm families in 1998/99 season to about three million heaps in 2001/2002 season involving about one million farm families.

The greatest increase in compost manure making had been registered in the season 2001/2002 after the launch by the State President. However, the compost manure made has been of low quality in most cases. In response to this problem, the Ministry is promoting small stock ruminants that will enhance the availability and use of animal manure. In addition to compost manure, application of animal manure will lead to improved soil quality and an increase in crop yield.

ii. Improving Access to Inputs

Various marketing reforms have increased marketing channels. However, farmers' access to inputs is still limited due high prices and inavailability of inputs. The Ministry of Agriculture and Irrigation has in collaboration with the United States Agency for International Development (USAID) developed the Malawi Agricultural Input Market Development(AIMS) project which is being implemented by International Centre for Soil Fertility and Agricultural Development (IFDC). This project was launched recently and its main goal is to improve smallholder access to improved seeds, fertilizer and crop protection products.

Another complementary project is the agro-dealer development project which was launched in August this year. The project is funded by Rockefeller Foundation and is being implemented by Citizen Network for Foreign Affairs. The projects is training agro-dealers by providing skills to distribute inputs to farmers and offers a guarantee of 50 percent for any credit that a company offers to agro-dealer.

5.2 Access to Credit

Currently, agricultural credit is offered by a number of government programmes, and financial institutions particularly the Malawi Rural Finance Company (MRFC), Agricultural Productivity Investment Programme (APIP) and commercial banks.

5.2.1 MRFC

This year MRFC is planning to provide credit as follows: K500 million in seasonal credit; K20 million through Mudzi Fund and K69 million through APIP. The major problem faced by credit institutions is high default rates. Last year, MRFC disbursed about K600 million

to borrowers. However, the company managed to recover 80% of the disbursed loans, representing a default level of about 20%, or about K120 million.

5.2.2 APIP

Credit from **APIP** will cover 54,000 farmers in the 2002 production season with a value of K272 million. Last year the Programme serviced about 48,000 borrowers. At its peak, in 1998/99, APIP credit covered about 250,000 borrowers. The decrease in the number of borrowers is a result of high default rates.

5.2.3 Agro-Input Scheme

The Agro-Input Scheme provides credit to small and medium size farmers to enable them grow tobacco. Last year the scheme covered about 9,700 farmers. The value of the credit was about US\$ 4.68 million. High default rates – averaging about 56% last year – have been experienced. Because of the high default rates, government will have to pay over K150 million to input suppliers.

5.2.4 Employee Credit Scheme

The Employee Credit Scheme, launched this year, will contribute to increased use of agricultural inputs. The scheme has been designed in such a way that it should be default free.

5.3 Promotion of Irrigation Development

Irrigation is an emerging cornerstone of agricultural development and food security. The area under irrigation has increased from 35,000 ha in 1994 to 62,000 ha as of October 2002, mainly using simple irrigation technologies and residual moisture out of which 14,000 ha is under smallholder farmers.

Government is promoting the use of treadle and motorized pumps, and the construction of canals. The plan is to have at least, 400km of canals in four years. About 50 km of canals have been dug to date.

A total of 300,000 treadle pumps will be made available to farmers in five years – an average of about 60,000 treadle pumps or more per year. With

these treadle pumps it will be possible to irrigate between 90,000 to 120,000 ha. This will result into an increase in the production level from 450,000 mt to 600,000 mt per single crop or between 900,000 mt to 1,2 million mt in two crops; or between 1.35 million mt 1.8 million mt in three crops, assuming yield level of 5mt/ha.

The total cost of the irrigation programme is about US\$80 million. This is far below the almost US\$250 million which is being spent on maize imports.

Other Government initiatives in irrigation development include rehabilitation of earth dams. So far 1835 hectares of existing irrigation schemes have already been rehabilitated and 1374 hectares are under rehabilitation.

5.4 Farm Mechanization

To reduce drudgery of farm operations and improve farmers' productivity, the government established and launched a tractor hire scheme in 1999 which was operated by ADMARC. However, due to operational problems faced by ADMARC, the government has recently established a Farm Mechanisation Scheme which is implementing the tractor hire scheme including other farm mechanisation activities on hire or direct purchase. The implements for hire or direct purchase will include treadle pumps, motorised pumps and spraying equipment.

The Ministry has established a hiring centre at each ADD. At present there are 17 tractors and 16 ploughs on this Scheme. A total of 225 hectares have been ploughed in the 2002/2003 season. The tractors are not adequate to meet the demand as such the government has planned to procure 16 additional tractors in the current financial year.

To improve smallholder farmers accessibility to draught animal power, government is examining the feasibility of establishing draught animal hiring centres in all the Extension Planning Areas (EPAs) throughout the country. This component will assist farmers with very small land holdings where the use of a tractor may not be appropriate. The Ministry's long term plans are to establish draught animal hiring centres in each village. In addition to the above, Government further intends to establish draught animal multiplication centers in Lilongwe and Kasungu ADD to improve the availability of draught animals to farmers intending to own these animals.

5.5 Technology Developments and Dissemination

In order to raise yields in a sustainable manner, the Ministry has been promoting the improved technologies. For example, the following improved crop varieties have been developed and released to support crop diversification:

- i. One macadamia clone with higher yields and better adaptability characteristics;
- ii. Six higher-yielding cassava and sweet potato varieties. Cassava and sweet potato are now competing with tobacco and cotton as cash crops;
- iii. Three groundnut varieties which are high yielding and possess tolerance to drought and diseases. These new varieties offer opportunities to boost the groundnut industry in Malawi and regain lost export markets;
- iv. Three rice varieties with better yields and consumer acceptability. From these new rice varieties farmers are able to obtain better monetary returns;
- v. One pigeon pea variety which meets the market demands for seed coat colour and ease of processing.

In addition, a wide range of improved grain legumes are being promoted in order to improve the nitrogen levels in the soil. Groundnuts, soyabeans, pigeon peas and common beans are the major grain legumes promoted.

Since 1995, approximately 540 metric tons of these grain legumes seed were distributed to farmers for free. This has contributed to annual increase of hectareage planted to these grain legumes. For instance, area planted to groundnuts increased from about 170,000 hectares in 1999 to 176,000 hectares in 2001, while area under pigeon peas increased from about 66,000 hectares in 1999 to 137,000 hectares in 2001. Furthermore, emphasis has been put on traditional high value crops for both export and domestic markets. Paprika production is being encouraged throughout the country where favourable weather conditions exist. During the 2001/02 season the

production of paprika rose to 9,087 metric tonnes from 1,200 metric tonnes in 1998/99 season. Production is expected to continue rising as more farmers are growing the crop.

The production of cotton, cassava, soyabeans, groundnuts and rice is being encouraged. However, the production of these crops is being constrained by a number of factors such as poor markets, erratic rainfall, poor technology and limited access to credit.

To improve fruit production, the Ministry has initiated a commercial farmer managed fruit tree nurseries programme in all the ADDs. Sixty nurseries producing assorted types of fruits both tropical and temperate have been established. It is expected that more farmers will be trained to establish more nurseries in the coming season.

The Ministry of Agriculture and irrigation has reviewed research and extension delivery systems to ensure that services to the farmer are demand driven and effective. In the latter, a new extension policy for the millennium, which emphasizes provision of pluralistic demand driven extension services was launched last year. The policy recognizes the role of the private sector and NGOs in the delivery of extension services and promotes partnership between the public and private sectors.

5.6 Market Development and Promotion of Farmer Organizations

Most producer prices are low. This has reduced farmer incomes. The challenge is to raise producer prices and farmer incomes through various measures including marketing reforms, increasing competitiveness in commodity marketing, and establishment of farmers' groups, associations and cooperatives. About 300 farmer organisations in form of cooperatives, associations and trusts have been formed and are operational throughout the country. These are engaged in various activities such as horticulture crop production, tobacco, spice production and marketing, milk, rice, cotton, poultry, coffee honey, maize and others.

A total of 82 731 contact groups, 22 577 special interest groups and 4026 natural groups are currently working with Extension workers country wide. The formation of National Smallholder Farmers Association of Malawi (NASFAM) is manifestation of smallholder empowerment. NASFAM alone has 90,000 farmers organised into clubs. There are 5,135 farmers' clubs

nationwide. These clubs are organised into 34 associations. The clubs and associations are involved in a number of activities such as input and output marketing, linking up with the private sector, buyers and sellers. Farmers through their clubs and associations, negotiate prices of inputs with both buyers and sellers; they make delivery arrangements including transportation and even conclude contracts. This is a good example of farmer empowerment. The government is continuing with efforts to promote the emergence of more farmers' association, cooperatives and clubs.

5.7 Livestock Development

The livestock industry has been declining over the past ten years. For example, cattle population has declined from 1 million head to about 780,000 head of cattle between 1992 and 2002. The dairy herd is now at 15, 000 and has remained stagnant because of limited supply of dairy breeding stock. There are several factors that have contributed to the decline in the cattle population. Rampant livestock theft, slaughter of female and immature animals, poor husbandry and health practices are the contributing factors to the poor performance and declining livestock population.

The local poultry population is estimated at 10 million chickens and fluctuates yearly because of Newcastle disease. The commercial poultry sector has performed better, as a result most of poultry products are now produced locally and imports have declined. The industry faces feed scarcity as it relies on the availability of maize and Soya beans that are also consumed by human beings. This problem becomes more serious during periods of maize and legumes shortages.

To address the various problems highlighted above, the Ministry of Agriculture and Irrigation has developed strategies and action plans to improve livestock production based on the findings and recommendations in the National Livestock Development Master Plan that was developed in 1999. The measures included policy and strategy review, changing some Acts in the livestock industry and promotion of the private sector participation

The Ministry of Agriculture and Irrigation has been conducting research on using local materials for making livestock feeds. To date it has made recommendations on poultry rations using local ingredients. Technical messages on local rations in form of pamphlets and leaflets have been

developed. Staff and farmers have been trained in making and use of local rations. At the moments extension workers are assisting in making feeds at farm level. The formulae have also distributed to local manufactures for their own use.

Some research and recommendations were also made on pasture establishment and utilization. Improved pastures are being promoted in the dairy areas of Blantyre, Lilongwe and Mzuzu. The Ministry has established 15 pasture nurseries of Rhodes grass, Napier grass and Leucaena as a source of pasture planting materials for dairy and stall-feeding farmers.

5.8 Promotion of Agroprocessing

Most farmers realise low incomes from their produce because they sell them as primary products. Thus promotion of agro-processing industries to add value to Malawi's agricultural production and reduce post harvest losses is being promoted by Government.

The Ministry of Agriculture and Irrigation in collaboration with FAO has undertaken studies to provide some insight into the problems that affect the development of the ago-industry in Malawi. The studies have identified a number of areas which need to be addressed and these include: policy and legislation; taxation; human resource development; quality standards; information; and access to finance. The Ministry is in the process of developing a policy and projects to address the constraints

Among the manufacturing industry under agro-processing, beverage had the largest share of the manufacturing value added during the period 1994 to 2000 followed by food at 11 to 14 percent of the total. The rest of agro-process manufacturing was less than 5 percent of the total.

5.9 Food Security

To ensure food security a number of interventions – short, medium, and long term are being implemented. One of the short-term measures is the free distribution of inputs to smallholder farmers called the Starter Pack. The programme which has been modified to target poor households, “Targeted Inputs Programme (TIP)” was first implemented in 1999/2000. In the first two years of its implementation, 1999/2000 and 2000/2001, the country’s maize production was in excess of its requirement of about 2.2 million mt. This impressive performance demonstrated that the country could feed itself if farmers’ access to inputs, especially seed and fertilizer, is improved. Apart from ensuring adequate availability of maize as the staple food, the surplus helped to revive the livestock industry.

The Winter Cropping Programme has also contributed to increased maize output. It is estimated that 119,000 mt of maize will be produced from this year’s winter programme, saving about MK 3.3 billion. The Agricultural Productivity Investment Programme (APIP), the Sasakawa Global 2000 programme, the Chinese - Maize Programme and various other programmes have also contributed to increased output.

6. CONCLUSION

Despite the various efforts being undertaken by Ministry of Agriculture and Irrigation in collaboration with various agencies, poverty in Malawi is widespread, deep and severe. For the past two years, especially last year, agriculture production has been inadequate to meet the needs of our growing population. As a result, this year Malawi has experienced severe food shortage. The majority of the rural households have not been able to grow enough crops to meet their food requirements. There is, therefore, need to consolidate the reforms and the gains outlined earlier in order to deal with the constraints and challenges.

The Ministry Agriculture and Irrigation in collaboration with various stakeholders has lined up various policies and strategies to raise yields and improve the marketing of both inputs and outputs in order to achieve food security and improve nutritional status of the majority of Malawians.