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# INSTITUTIONAL ARCHITECTURE SYSTEMS ASSESSMENT FOR FOOD SECURITY POLICY CHANGE: MALAWI

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# INSTITUTIONAL ARCHITECTURE SYSTEMS ASSESSMENT FOR FOOD SECURITY POLICY CHANGE: MALAWI

Africa Leadership Training and Capacity Building Program

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# ACRONYMS

ADD	Agricultural Development Division
ADMARC	Agricultural Development and Marketing Cooperation
ASTA	African Seed Trade Association
ASWAp	Agricultural Sector-Wide Approach Transformation Plan
ATCC	Agricultural Technology Clearing Committee
DAES	Department of Agricultural Extension Services
DAHLD	Department of Animal Health and Livestock Development
DARS	Department of Agricultural Research and Technical Services
BFS	Bureau for Food Security
CAADP	Comprehensive African Agriculture Development Programme
CARD	Center for Agricultural Research and Development
CISANET	Civil Society Network for Agriculture
COMESA	Common Market for Eastern and Southern Africa
ECAMA	Economics Association of Malawi
FISP	Farm Input Subsidy Program
FTA	Free Trade Area
GDP	Gross Domestic Product
GMO	Genetically Modified Organism
GTPA	Grain Traders and Processors Association
DCAFS	Donor Committee on Agriculture and Food Security
FIDP	Farm Income Diversification Program
FISP	Farm Input Subsidy Program
FUM	Farmers' Union of Malawi
GLDP	Grain Legume Development Platform
HaSSP	Harmonized Seed Security Project
IFPRI	International Food Policy Research Institute
IHS	International Household Survey

IPPC	International Plant Protection Convention
ISTA	International Seed Testing Association
MASIP	Malawi Agricultural Sector Investment Plan
MCCI	Malawi Confederation of Chambers of Commerce and Industry
MEJN	Malawi Economic Justice Network
MGDS	Malawi Growth and Development Strategy
MDGs	Millennium Development Goals
MoAFS	Ministry of Agriculture and Food Security
MoF	Ministry of Finance
MoIWD	Ministry of Irrigation and Water Development
MoLGRD	Ministry of Local Government and Rural Development
MoITPSD	Ministry of Industry, Trade and Private Sector Development
MRA	Malawi Revenue Authority
MVAC	Malawi Vulnerability Assessment Committee
NASFAM	National Small Farmers Association of Malawi
NGO	Non-Governmental Organization
NSO	National Statistics Office
OPC	Office of the President and Cabinet
PIAM	Poultry Industry Association of Malawi
PIPaHR	Presidential Initiative on Poverty and Hunger Reduction
PRSP	Poverty Reduction Strategy Program
PS	Permanent Secretary
R&D	Research and Development
SADC	Southern Africa Development Community
SATH	Southern Africa Trade Hub
SFFRFM	Smallholder Farmer Fertilizer Revolving Fund of Malawi
SOCAM	Society of Chartered Accountants of Malawi
SWG	Sector Working Group
TWG	Technical Working Group

VAT Value Added Tax  
USAID United States Agency for International Development

# PART I: INTRODUCTION AND METHODOLOGY

## PURPOSE OF THE ASSESSMENT

The path and trajectory of policy changes are complex, non-linear processes that are often unique to a particular country. No two countries share precisely the same process, experience has demonstrated that effective processes can and do share similar features; namely predictable, transparent, inclusive, and evidence-based policy-making. A core concern and commitment of African leaders in advancing the Comprehensive African Agriculture Development Programme (CAADP) framework is to establish a policy enabling environment for the implementation of national agricultural investment plans. In support of this goal and recognizing the critical importance of the quality of the policy change process, the USAID Bureau of Food Security (BFS) is emphasizing the need for an understanding of the Institutional Architecture for Food Security Policy Change.<sup>1</sup>

Institutional Architecture provides an approach for conducting country-level analysis of a country's capacity to undertake Food Security Policy Change<sup>2</sup>, by identifying implementation barriers, designing policy options, and coordinating actions across public and private institutions. This assessment examines the policy-making process through these characteristics, providing USAID, local policymakers, and other key stakeholders with information on possible constraints that could stymie effective policy change. This work will support USAID in providing technical assistance to improve the capacity and performance of the policy change process.

## METHODOLOGY

### PART I: MAPPING OF INSTITUTIONAL ARCHITECTURE FOR POLICY CHANGE

The first step in this process maps out the key systems, processes, and relationships that influence the food security policy development process. This approach involves identifying and mapping the guiding policy framework; the key institutions that hold primary responsibility for implementation; inter-ministerial coordination mechanisms; private and civil society organizations, as well as think tanks and research organizations, that impact and influence the food security policy change process. These factors are examined in the context of the broader economic and social dynamics that impact the policy change environment.

### PART II: CAPACITY OF FOOD SECURITY POLICY CHANGE

The second part of this assessment involves an analysis of a country's capacity to undertake transparent, inclusive, predictable, and evidence-based policy change. The country is examined through the following six components of the policy formation process to determine its 'readiness for policy change':

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<sup>1</sup> Institutional Architecture is defined as the set of partner-country procedures and processes for data collection and analysis, consultation and dialogue, policy proposal, feedback, approval, implementation, and enforcement.

<sup>2</sup> Food Security is defined by Feed the Future as "when all people at all times have access to safe and sufficient food to meet their dietary needs for a productive and healthy life. There are four main components: availability, accessibility, utilization, and stability of food."

- Policy Element 1: Guiding Policy Framework
- Policy Element 2: Policy Development and Coordination
- Policy Element 3: Inclusivity and Stakeholder Consultation
- Policy Element 4: Evidence-based Analysis
- Policy Element 5: Policy Implementation
- Policy Element 6: Mutual Accountability

Each of these components is analyzed through a set of indicators that determine the capacity and effectiveness of the overall policy change process. Each indicator is assessed using a three-tier rating system, which highlights the level of attention needed to improve the effectiveness of the component. A *Green* rating means the component is realized to a sufficient degree, and additional attention is not required. A *Yellow* rating means that the conditions required to achieve the component are partially achieved, but additional attention is required. A *Red* rating means that significant attention is needed to ensure the component is achieved. Indicators will be accompanied with a narrative analysis of key gaps and constraints to the policy Change process.

### **PART III: SUMMARY CONCLUSIONS AND RECOMMENDATIONS**

The third part draws conclusions based upon the above set of findings, and develops recommendations for future action.

#### **OVERVIEW OF THE FOOD SECURITY CHANGE PROCESS IN MALAWI**

According to the IMF, real GDP grew at 6 percent annually since the adoption of the MGDS-I<sup>3</sup>, spurred by comprehensive, sector-wide economic investment led by agriculture. The sector is critical to overall economic performance and poverty alleviation, contributing 33% to national income and supporting 80% of the population. Despite strong growth, substantial challenges remain. The sector remains dominated by subsistence, low output, rain-fed farming, with smallholder production accounting for 80% of agricultural GDP. Dependence on rain-fed farming and inadequate access to irrigation leaves the sector vulnerable to drought.<sup>4</sup>

The Government has maintained a strong commitment to agriculture, allocating nearly 17% of the national budget. The national food security plan is framed in the Malawi Growth and Development Strategy I and II, and is articulated in the Agricultural Sector-Wide Approach (ASWAp). The ASWAp operationalized the agriculture and food security portions of the MGDS I and provided a 5-year strategic framework for priority areas for investment and estimates of financing needs.<sup>5</sup>

The Agricultural Sector Wide Approach (ASWAp) is Malawi's guiding food security plan, designed to achieve 6% annual growth in agricultural productivity. The ASWAp was completed and signed in 2008 before the CAADP Compact. Government agricultural and food security programs are heavily concentrated on the continuity of support to the delivery of farm input subsidies that are intended to increase the productivity of below-poverty line households and to increase the production of food

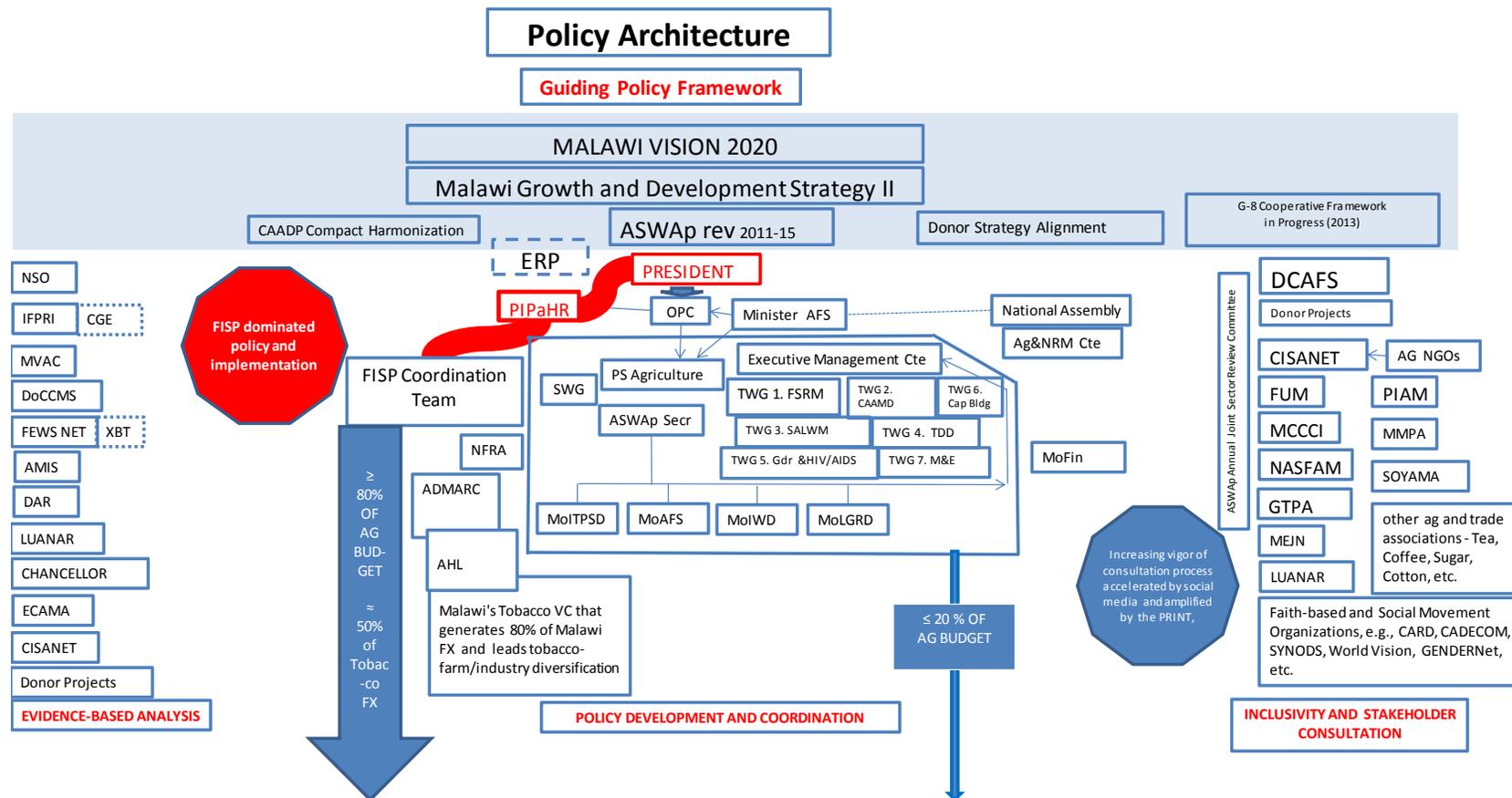
<sup>3</sup> IMF, 2012. Malawi Poverty Reduction Strategy Paper: Washington, DC. IMF Country Report No 12/222.

<sup>4</sup> Ministry of Agriculture and Food Security ASWAp, 2008.

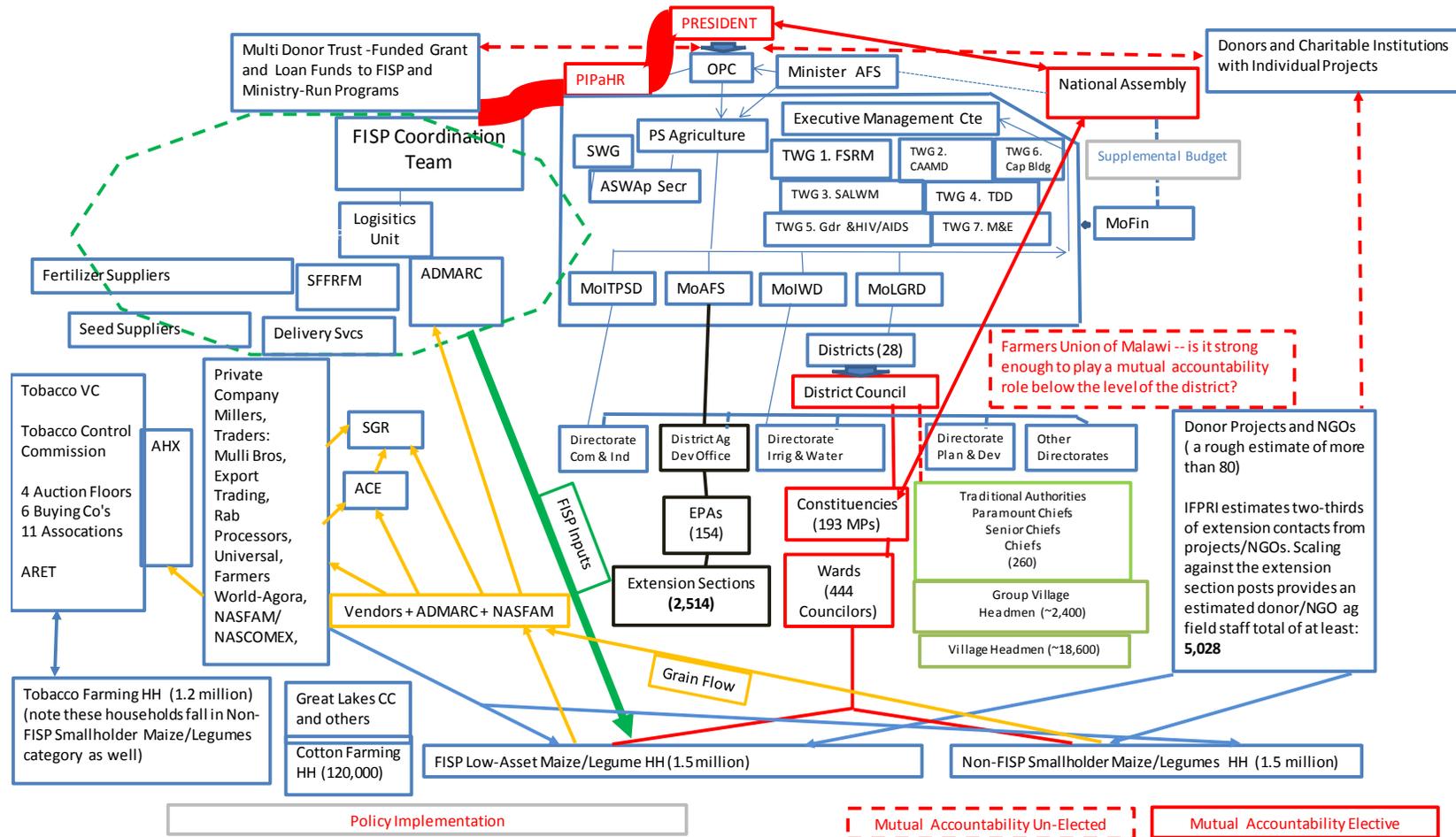
<sup>5</sup> Ibid.

commodities (see Figure 1 on Policy Architecture). These subsidies use about 80% of the national agricultural budget and about 50% of the FX earned by tobacco exports currently.

**FIGURE 1: MALAWI'S GUIDING POLICY FRAMEWORK**



**FIGURE 2: MALAWI POLICY IMPLEMENTATION AND MUTUAL ACCOUNTABILITY**





# PART II: CAPACITY OF FOOD SECURITY POLICY CHANGE

## POLICY ELEMENT 1: THE GUIDING POLICY FRAMEWORK

*Malawi has a long-term policy framework dating from the 1990s that has guided a broadly consistent set of strategies that express the aspiration to transform Malawi from a very low income to a middle income status by 2020, meeting MDGs by 2015, with agricultural and infrastructure investment as the core economic drivers for poverty reduction, food security, and economic growth.*

### OVERVIEW

In mid-1990s, the government of Malawi prepared the Vision 2020 as a long-term strategy. It was envisioned that by the year 2020 Malawi would be a middle income economy. The second important development was the initiation of the Malawi Poverty Reduction Strategy Paper (MPRSP 2002). The issues that were raised in the MPRSP included theft, fraud and corruption, marketing and trade, access to capital, infrastructure, food security, production and technology, and land shortage and degradation. The MPRSP review revealed that policymakers had put too much emphasis on poverty reduction as opposed to growth.

Malawi's overarching framework for guiding national development for the period of 2011 to 2016 is the Malawi Growth and Development Strategy II (MGDS II), which succeeds the first MGDS (2006-2011). The overall objective of the MGDS II is continued poverty reduction through sustainable economic growth and infrastructure development.

The Malawi Development Assistance Strategy (DAS) formulates policy and strategies to achieve the goals of the MGDS II and it is a key element for coordination and alignment of aid to national priorities. Bi-lateral and multi-lateral donors align their country assistance and sectoral strategies with the guiding policy framework.

The Sector Wide Approach (SWAp), with corresponding Sector Working Groups (SWGs), is intended to provide a consistent and coherent policy framework to plan and implement development programs mobilizing public and private resources and skills. The SWAp is the central mechanism through which the DAS and MGDS II will be implemented in various sectors. Sixteen sectors have been defined. However, the development of the SWGs is at very different stages, with the health SWG as the most developed.

The Government of Malawi initiated the formulation of Malawi Agricultural Sector Investment Programme (MASIP, 2000) to operationalize the strategies and action plans produced in the Agricultural and Livestock Sector Development Strategy Action Plan (ALDSAP) in 1994 and reviewed it in 1998-1999). The agricultural sector strategy was meant to form the heart of the MASIP from which a management framework, government expenditure and commitments from donors would be developed.

Considering the poor performance of the agriculture sector in the late 1990s and early 2000s, and to reduce chronic food shortages, the Ministry of Agriculture decided to rework its policies and programs

using a Sector Wide Approach in 2005. The Ministry had also realized that it had been locked up in short-term strategies dealing with food crises and that it needed to orient its policies to programs using a medium- to long-term perspective. The development of the agriculture sector program in Malawi has been a long process from the review of ALDSAP (1998-1999), the Sector Investment Program (SIP) to the MASIP (2000-2004); from the MASIP to the Agricultural Development Plan (ADP 2005-2008), and from ADP to ASWAp (2008 to-date). The ASWAp was launched in 2008 together at the same time as the World Development Report (2008) that re-emphasized the development need for public investment in agriculture.

The development of ASWAp was linked to the CAADP process through the CAADP Framework's Four Pillars, with an annual economic growth target of six percent to provide an economic return to the investment of ten percent of the National Budget to the food security sector. The CAADP compact for Malawi was developed through harmonization with the ASWAP revision process and was signed in April, 2010.

Malawi received approval for a \$39.6 million grant from the GAFSP in 2011 to bridge funding gaps in the ASWAp/CAADP Investment Plan. ADF approved an additional contribution of US\$0.38 million bringing the total to US\$39.98. These funds were not released at the time of writing of this report. In 2013, Malawi formally requested to join the G8 New Alliance for Food Security and Nutrition. Through the leadership of the Ministry of Agriculture and Food Security and the European Union, the lead donor partner, Malawi officially joined the New Alliance for Food Security on June 8<sup>th</sup>. At the event, Malawi's New Alliance Cooperation Framework was launched, which includes policy commitments by the GoM. These commitments will be prioritized in a roadmap for implementation in the coming months. The New Alliance targets the building of public-private partnerships (PPPs) through the enactment of government policy commitments to drive future investment in agriculture.

## **CAPACITY FOR POLICY CHANGE INDICATORS**

### **Clearly Defined and Consistent Policy Framework**

#### ***Status: Green or Red***

Malawi has a clearly defined long and medium-term agricultural development and food policy framework in terms of its objectives and its overall alignment of ASWAp/CAADP committed resources of at least 10% of the national budget to agriculture to achieve 6% sector growth rates. The framework has been consistently applied to mobilize resources that have somewhat re-balanced Malawi's overall investment allocation towards agriculture compared with social expenditure. There is also a high-degree of consistency in the application of this policy to concentrate 80% of the national allocation to the agricultural sector to what is now called the Farm Input Subsidy Program (FISP). The FISP provides mainly fertilizer, along with maize and legume seed and some agrochemicals to about 1.5 million people in households that fall below the national poverty-line, or otherwise meet a disadvantaged group criterion.

The FISP has been alternately praised and criticized over the years, and has entered a new phase of criticism as currency devaluation and flotation have increased the FISP use of up to 50% of the foreign exchange generated by Malawi's dominant export – tobacco. The program is also viewed by many outside government to have been over-politicized and inefficiently managed in the 2012/2013 production year. The rapid devaluation of the MK against the hard currency value of 140,000 mt of fertilizer has led some observers to speculate that the secondary market for coupons and fertilizer was probably very strong, going beyond the usual sales to other households to meet urgent needs to a localized currency

conversion of coupons into Mozambican meticals to preserve the a small portion of the purchasing power of households along the Tete Province border. However, the FISP policy concentration is clear, is consistently applied every year, and the discipline in terms of concentration of resources has been steady.

In terms of CAADP commitments, Malawi has exceeded the 10% of total national budget contribution target to reach nearly 17%. However, there appear to be two problems. 1) The 20% of agricultural budget and staff resources that must be split among ASWAp objectives and Ministry operations is insufficient to support core functions and programs; and 2) the objectives are overridden by emerging policy priorities often from the Office of the President and Cabinet (OPC) that re-orient much of ministerial staff and available financial resources to their further development and implementation. The alignment of the Presidential Initiative to sector policies including ASWAp is not clear. While this assessment did no analysis of the assumptions or calculations behind the CGE model, if one assumes that the 20% of the agriculture budget helps to produces a 3 % annual growth rate, then these expenditures are 4 times more efficient at generating growth than the FISP.

The FISP policy is clear, consistent, and draws an annually adjusted budget to supply 1.5 million poor Malawians with subsidize inputs. Therefore, the FISP component of the policy earns a green rating. The remainder of the ASWAp receives a red rating, because there is little consistency or rule-based vs power-based discipline in the annual translation of the guiding policy framework into policy and programs. Policy schizophrenia earns the Malawi policy framework both a green and red rating. This policy schizophrenia extends to the donors who are split between those who see the FISP as a flawed but important safety net transfer that is well-targeted and those who see the FISP as an expensive and deeply flawed instrument that affects productivity and total output mainly among the farmers who are better off than the poor and have the cash to buy coupons.

### **Predictability and Transparency of the Policy-Making Process**

#### **Status: Red**

The predictability and transparency of food security policy formulation and implementation is not consistent. While there is a clearly articulated legal process for developing and approving policy, there is not a clear policy- and law-making agenda intended to address pressing foundational (land, water, and taxation) and sectorally important (domestic marketing and foreign trade regulation and administration, academic and research institutional development, Ministry of Agriculture and Food Security core function identification) issues. The formal policy-making process is often by-passed during the law-making and regulation development and application. Laws and clauses that should have been repealed as part of market liberalization reform (for example the Market Act of 1987) were instead “silenced” in terms of their application, only to have their provisions re-applied with little consultation years after their “reform”. Some interviewees, for example were astonished that licensing provisions of the Market Act of 1987 were re-established in the middle of this 2013 marketing season. Further, they indicated that application of policy changes requires a 21-day notice period before application. In this case, since the Act was never repealed by Parliament, the Government argument is that no notification was needed to permit it to instruct the police and traditional authorities to apply existing legislation.

### **Clear and Functional Legislative System**

#### **Status: Yellow**

The Constitution provides the legal framework for the legislative system with clear steps for tabling, committee approval, and the three required readings of the law before Parliament can vote. There is annual discussion of the need for a review and amendment of the Constitution, but there is little sign of

the political momentum needed to move a Constitutional commission forward. The President serves as Chief Executive and Head of State of Malawi's parliamentary democracy. While the legislative process is clear, the President and the ruling party or coalition government controls the legislative agenda and usually determine the final provisions of the bill and its passage, although strong public reaction to a controversial act can delay a vote. The recently concluded session of Parliament was dominated by 1) acrimonious debate over Article 65, which is supposed to regulate the role of members of parliament who cross party lines, and 2) the measures needed to permit the tri-partite elections scheduled for 2014. The size of the FISP budget is always an item of discussion in the review of the annual budget bill, which is debated in the early summer session to permit passage before the start of the fiscal year on July 1.

There is little legislative staff support or legislative research capacity assigned to Parliamentary committees. All parliamentary committees share just four clerks. The Agricultural and Natural Resource Committee is viewed by some as having members who understand the sectoral issues, but who seldom have a base of reliable evidence or relatively unbiased expert analysis to assess to affect the passage and implementation of an Act's provisions. Anecdotal reports, for example, noted that few of the ANR Committee members in 2008 had seen the ASWAp documents.

The preparation of the technical provisions of new or revised laws is done primarily by the line technical ministries. Consultation is done, but drafts of the laws are usually circulated to a very limited set of stakeholders. In consultative reviews of laws in which the authors of this report have been engaged, the following issues have arisen: drafts tend to be compilations of the older laws and their amendments with little reference to international standards or benchmarks; draft provisions are seldom circulated during development to stakeholders; the consultation workshops tend to be held over 3-4 day at sites outside Lilongwe or Blantyre, reducing the potential for business leaders to participate; and, the laws are almost never accompanied by any evidence-based analysis of the costs and benefits of the proposed provisions.

### **Appropriate Dispute Resolution Process/Judicial Framework**

#### ***Status: Yellow***

The legal framework for the Judiciary is well developed and clearly articulated. However, in practice, the Judiciary is not considered strong and independent, and civil cases are expensive and time-consuming to pursue. While stakeholders feel they have little effective means to challenge the policy decisions of the President, the OPC, and the line ministries, this is not unique to Malawi, the region, or most nations in the world. Malawian stakeholders outside and inside government remarked that public pressure through the media is a more viable route, as long as they can access information and evidence.

### **Clearly Defined Institutional Responsibilities**

#### ***Status: Red***

The formal charters for most Ministries are defined, but the fusion, fission, and creation of ministries is re-worked with each administration. Agriculture and food security are inherently cross-cutting areas in a country where 80% of the population depends upon agriculture for their livelihoods. However, interviewees frequently mentioned that far too many ministries were directly involved in the implementation of agricultural development activities. And, the Ministry of Agriculture and Food Security is still locked into definition of its responsibilities as an implementer of input procurement and supply, technology dissemination, and other areas of economic activity more properly undertaken by the private sector. The Executive reinforces the crowding out of the private sector, especially in the fertilizer arena where political interests collide with reform interests. The current public contractualization of seed supply via the FISP also distorts investment in the seed industry. Maize seed supply of hybrid varieties is

buoyed by the artificially high demand of the FISP. This shifts breeder and foundation seed demand even among the strong private sector firms. Fortunately, direct purchases of maize seed still dominate the marketplace, with FISP intermediated sales adding to private sector profits. This process has induced the proliferation of seed companies of widely varying capacity and taxes the ability of the seed certification authority the Seed Services Unit to inspect seed fields, do timely sampling, and carry out required purity, damage, and germination testing. The rapid growth of demand for grain legume seed has outstripped national capacity to inspect and certify production. FISP derived demand for grain and legumes has created an artificial market for groundnut and soybean seed that far exceeds breeder and foundation seed production capacity. The parallel loan program that has been mooted, if implemented, has the potential to tremendously distort the seed industry in Malawi. Signs of this are already evident in the stockpiling of grain legumes in NGO and farmer organization warehouses for potential sale as seed. These stocks are those recovered in NGO “seed” recovery programs and produced as ordinary market crops with little supervision and no official inspection. Combined public policy, regulatory, enforcement and market roles engender conflicts of interest. These problems are not exclusive to Malawi and appear in some shape or form in all economies that have major agricultural industries, but the trend line seems to be towards deeper public sector crowding out of the private sector in Malawi, because of centralization of control and issues that have sharpened with the advent of the main campaign season for the tri-partite elections in 2014.

When Malawi was developing MGDS I and the first version of the ASWAP, it started a Core Function Analysis intended to better define institutional responsibilities and to refocus budget and other resources on core functions. The process was stopped when department heads and others perceived that their budgets, positions, or power could be threatened by the results of the analysis.

Administration processes also deflect the clearer definition of Institutional Responsibilities. The Public Sector Reform Program lodged in the OPC has tried to advance a clustering of sector activities across ministries to improve the assessment of budgetary allocations to sectors, such as agriculture. The Ministry of Finance rejected this type of budget preparation for the 2013/2014 draft budget as misaligned with the budgetary review and subsequent financial management processes, which are Ministry and department based. The current budgetary process does make it much more difficult to identify the diffusion of responsibility for agriculture across ministries.

## **RECOMMENDATIONS**

1. Provide support for the use of the sampling frame of the Integrated Household Survey III to categorize farms and conduct an assessment of how households receiving FISP coupons use/dispose of them and what the effects of their use or disposition have in terms of household incomes, productivity, and resiliency.
2. DCAFS purpose is to deepen dialogue, coordination, and cooperation among development partners and between these partners and the Government in respect to Agriculture and Food Security, with a view to strengthening the quality of partnership and effectively supporting the ASWAP, CAADP, and relative agricultural development strategies. It is driven by consensus among members, who represent a wide range of national and international interests. It would seem appropriate for a consensus-driven process for DCAFS members to use a common base of quality evidence provided by its main beneficiary, the Malawian government. We strongly urge consideration by DCAFS of support of pilot programs with the Parliament, the OPC, and the MoAFS to provide agricultural economists/economists as staff to the Agriculture and Natural Resource Committee in Parliament and

the Department of Planning in the Ministry of Agriculture to provide evidence-based analysis of legislative and regulatory concepts, proposed legislation, and implementing regulations for currently pending legislation, e.g. the Land Act, the Seed Act, and the Dairy and Milk Products Act.

3. Develop and support programs with the Parliament and MoAFS to make existing laws (including proclamations, regulations, directives) more readily available to the public on-line and in print, starting with agriculture and food security-related laws. Support town-hall meetings combined with call-in programs on radio during comment periods that should extend for 30 days after a law has been tabled for Ministerial review and a second 30 days after it is submitted to Parliament and the Agriculture and Natural Resource Committee.
4. Provide technical support to Parliament and the OPC to develop and operate a pilot web-based legislation tracking system that tracks the passage of legislation through its steps from MoAFS to the OPC to Parliament, and make this available to the public online.
5. Following the 2014 elections, advocate for a renewed Core Function Analysis of the ministries involved in coordinating and executing the ASWAP following a review of the elected government's willingness to consider greater rule-based policy on the definition of public administrative, technical, and regulatory space and private sector space in the agricultural economy of Malawi.

## **POLICY ELEMENT 2: POLICY DEVELOPMENT AND COORDINATION**

*The formulation of national and macro-level policies and strategies is predominantly undertaken by the federal government. Administrative decentralization to the district level is occurring slowly, but district agricultural and food security administrations are primarily responsible for executing policies and programs such as FISP and reporting on seasonal and annual activities. Policy-making in Malawi is centralized in the Office of the President and Cabinet, but strongly influenced by multilateral and bi-lateral donors and lenders, who provide budgetary support; program finance; and project support that can represent up to 50 percent of Malawi's overall investment and recurrent expenditure.*

### **OVERVIEW**

Malawi is made up of 28 Districts that are further divided into Extension Planning Areas which may be larger or smaller than customary law units of the Traditional Authorities. The President is the most influential actor in setting the policy agenda supported by the Office of the President and the Cabinet (OPC) that is made up of 36 cabinet members. The number of cabinet members and ministries varies at the pleasure of the President. The OPC by law is mandated to coordinate the development of policy and the coordination of all public program implementation via line ministries and state agencies. Ministries are grouped into three categories: General Administration; Economic Services; and Social and Community Services. The primary ministries engaged in the formulation and implementation of the ASWAP agricultural development and food security programs are found in two of the three categories: the Ministry of Agriculture and Food Security, the Ministry of Irrigation and Water Development, and the Ministry of Industry and Trade (Economic Services); and the Ministry of Local Government and Rural Development (Social and Community Services). The Ministry of Economic Planning and Cooperation and the Ministry of Finance are substantive contributors to agricultural and food policy development.

The process for developing a new law varies. The President may initiate the process; a line ministry may seek to update an outdated law; a SADC, COMESA, or AU agreement may trigger law revision; or an

industry or interest group may lobby a line ministry to revise a law. The relevant line ministry will develop the main elements of a law after confirming with the OPC that it will be considered. The Ministry of Justice provides technical guidance to the concerned Ministries on the proposed laws. Technical consultation on the draft provisions of the law is required, but the consultation processes are driven by the concerned ministry or department within the ministry, until a draft is submitted to the OPC. The Law Commission of Malawi supports the formulation of some laws and reviews major laws for potential conflicts with existing laws and court decision precedents. Consultation processes can be informal or formal until a draft Act is recommended by the concerned member of Cabinet for preliminary approval by the President and final review by the Ministry of Justice. Once cleared by the OPC the draft proclamation is then sent to one of four standing committees in the Parliament, where it should be publicized, public notification and consultation undertaken, and three “readings” completed to permit Member of Parliament comment and consultation with constituencies before it is voted. Once approved, the Act goes to the President for signature, and the law is gazetted. The implementation of the law is usually supported by regulations, approval of which includes the OPC, administrative directives or notices, which are approved by the OPC or line ministry according to the provisions of individual laws. Directives that have regulatory effect and enforcement provisions are generally published in the newspapers. Circulars are also issued by the Line Ministries, or their equivalent agencies and departments, but their legal grounding is not clear.

The **Ministry of Agriculture and Food Security (MoAFS)** is the main institution for agricultural and food security policy development, with the majority of responsibility for development of agricultural development programs and projects at the National level, but with the OPC playing a major role in national program coordination. MoAFS is divided into the following main organizational departments: Planning, Agriculture Extension Services (DAES), Department of Crops, Department of Fisheries, Agricultural Research Services (DARS), Animal Health and Livestock Development (DALHD), Human Resources (HR), and Finance and Administration. The MoAFS is central to implementing the policy change, with responsibility for prioritizing investments, designing and coordinating projects, and assessing potential impact.<sup>6</sup> However, policy implementation meets challenges because the national ministry and district departments have to satisfy political interests and competing technical interests. These challenges greatly affect how effectively sector policies are supported and implemented. MoAFS is supported at the district level by the District Agricultural Development Officers and their staff. However, this staff reports to the MoAFS, the MoLGRD via the District Executive, and on certain issues to the elected District Council. Malawi, similar to most other SADC members, has a long history of difficulty in mobilizing resources to support the operations of district-level agricultural development, extension, veterinary, and livestock staff. Decentralization and devolution of responsibility to the District Councils has not improved District Revenue to the point that it can support expanded service delivery, nor do districts have direct fund raising (public bond issuance) authority for investment. Donor projects and NGO programs that are aligned to national policy execute projects that associate district and EPA level staff, but operate semi-autonomously under project agreements or MOUs. These projects sometimes sign MOUs with MoAFS to participate in the annual production surveys to help overcome some of the financial and operational challenges that confront district-level staff.

The ASWAp provides the formal structure for the development and coordination of agricultural and food security policy among ministries and with national stakeholder bodies and donors. However, all of the Technical Working Groups are chaired by Directors (often substituted for by more junior alternate staff) in the MoAFS. This causes two problems: firstly, the Ministry controls the process and agenda, even if

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<sup>6</sup> Ministry of Agriculture and Food Security.

the emphasis of some TWGs is commercial, and sometimes the chairs simply use the TWG to air Ministry concerns, e.g. capacity building implicitly defined as funding and filling MoAFS vacancies; and secondly, the principle of non-subsidiarity in Malawi's government means that participation by equivalent decision-makers, i.e., the directors from other ministries, is low. Participation by the private sector in the TWGs is low. Private sector stakeholders consulted see very little relationship between their needs in terms of government actions in standards, regulations, SPS capacity, public R&D, and TWG agendas. The annual Joint Sector Review of the ASWAp provides for review and consultation, but policy development and coordination is still firmly anchored in the Office of the President and Cabinet. The alignment of the Presidential Initiative and the FISP Parallel Programme with the ASWAp is not clear.

## **CAPACITY FOR POLICY CHANGE INDICATORS**

### **2.1 Approved Food Security Investment Plan/Policy**

#### ***Status: Yellow***

The MGDS and ASWAp are approved, but the mechanism to guide resource allocation and use is weak. Allocations appear to be made regardless of the productivity of their use and generally are not evaluated using consistent technical and economic criteria. Inter-ministerial coordination in the ASWAp is judged by most participants to be poor, and coordination with the private sector is very poor to antagonistic. Quotes from private sector food commodity traders are: "ASWAp is a half-dead animal;" and, "ASWAp is fiction."

Interviewees from government, the private sector, and the donor community indicated that The National Export Strategy (NES) announced in November 2012 and the accompanying Trade and Investment Promotion (TIP) Sector Wide Approach were developed with good levels of inter-ministerial and public-private consultation on policy priorities. These participants hope that well-balanced policies will develop around the need for diversified sources of foreign exchange with higher national value addition that will attract investment and generate new sources of employment. They also hope that the government, donors, and the private sector will sustain the policy and investment commitments made in their June 2013 signing of the Cooperation Framework for New Alliance for Food Security and Nutrition. Realization of NES goals will require that the Government use a holistic, multisectoral and multipartite approach to address critical issues that threaten to derail or slow progress, for example, the proposed Land Act whose current form would radically alter the environment for Foreign Direct Investment, the complicated and often counterproductive regulations on export and trade, or log-jam in the gazetting of basic industry standards that creates unnecessary risk for companies and the general public

### **2.2. Predictable Policy Agenda and Priorities Developed**

#### ***Status: Green for FISP, red for the ASWAP***

No one that was interviewed in government, civil society, or the private sector could identify a policy agenda at any level that was used to establish a prioritized work plan, beyond the dominance of the FISP. The FISP weekly coordination meetings were the only ones that were seen as being consistent. No one could describe any tools used to prioritize policy work. While IFPRI still maintains the CGE model, few Malawian researchers and policy makers use the CGE to update underlying policy assumptions.

Most interviewees expressed the view that it would be impossible to develop a consistent policy agenda as long as continued emerging priorities constrained the implementation of ASWAp and stripped resources from ongoing activities. .

### **2.3. Work Plans**

#### ***Status: Red***

Fundamental legal change proceeds slowly in all countries, and needed updates to outdated laws and regulations are difficult to achieve because they generate winners and losers, and because their change raises substantial uncertainties about unintended consequences. Malawi is no exception. There is, however, only a weak institutional incentive in Malawi to develop an agricultural and food policy work plan when decisions are highly centralized and unpredictable. The policy commitments and timetable in the New Alliance for Food Security and Nutrition's Cooperation Framework provide a work plan to assess the national will and capacity to make timely and predictable change a larger part of the public policy change process.

### **2.4. Coordination**

#### ***Status: Red***

There is a coordination structure that is the OPC, and the ASWAp has both an intersectoral SWG and a structure for intersectoral consultation in the 7 TWGs, but beyond the FISP—which operates independently of the rest of the ASWAp—coordination is infrequent. Where coordination occurs among ministries—as it has in the 2013 marketing season—it takes place outside the ASWAp in the OPC, and it appears to be poorly timed or intentionally timed to disrupt the marketplace. For example, in April 2013, as marketing operations accelerated based on plans and financial commitments made before and during the growing season that started in October 2012, the MOAFS, MoTI, and the PIPaHr in the OPC announced re-instatement of 1987 marketing acts whose enforcement had been stopped as part of the market liberalization policy decisions of the 1990s. Their entry into immediate effect abrogated public advance notice requirements, and their timing indicates that the central decision makers appear to be unconcerned by the rapid increase in political risk ratings and the rapid decrease in investor confidence in the viability of investments that are intended to support major new economic development policies, such as the National Export Strategy.

### **2.5. Administrative/Secretariat Support**

#### ***Status: Yellow***

The ASWAp was designed to have a small, three-person secretariat that would coordinate inputs from technical working groups and report to a management committee. MoAFS departments did not have the staff or incentive to respond to the administrative requirements of the original three working groups that now number seven, as well as to OPC requests, and donor interactions.

### **2.6. Technical Capacity**

#### ***Status: Yellow***

There are seven TWGs, but participation across sectors is intermittent, because all groups are chaired by MoAFS directors and often co-chaired by donors, civil society, or the private sector. However, broad private sector participation is low. CSO participation is consistent, as is attendance by donor-supported projects.

### **2.7. Political Support and Approval**

#### ***Status: Green***

The OPC and the President drive the policy decisions. The OPC is a powerful mechanism, but its decisions in the agricultural and food security arena often run at cross-purposes because little analysis or evidence is used in the process of decision-making.

## 2.8. Engagement of Parliament/Legislative Body

### **Status: Red**

There is a standing committee on Agriculture and Natural Resources, but this committee has no research and analysis capacity, except that embodied in the knowledge and skills of its members. The FISP is frequently discussed and debated, but committee members are reported anecdotally to have little information about the ASWAp, which under its most recent revision has incorporated the FISP.

## RECOMMENDATIONS

1. Because the OPC and MoAFS policy results in a national resource allocation to MoAFS's budget that is 80% FISP and 20% other, focus on policy development and coordination to get best use of the FISP resources. Complementations strategies around diversification that align with the National Export Strategy focus on grain legumes and oilseeds require better integration and coordination of policy among the OPC, MoAFS, and MoIT. OPC may be the only location where functional interministerial coordination can occur; however, OPC and Ministries involved in ASWAp need comparable policy development capacities if policies are to be balanced among competing interests, so donor support should consider setting support targets accordingly among MoAFS, MoIWD, MoIT, and MLGRD and the OPC. Additional capacity at these levels will be needed to absorb the policy development and coordination (resource mobilization) requirements of podium directives so that medium term policy priorities are not neglected.
2. Support the cluster aggregation by OPC of programs/projects and accounting for expenditure on agriculture that accounts for agricultural and food security investment throughout Malawi ministries. Assess the expenditures against the MGDS and sectoral SWAPs to identify which ones are primarily recurrent income transfers, which are recurrent expenditure on productivity enhancing activities, and which are investments. This should permit better assessment of the policy coordination landscape.
3. Advocate for a budget that adds at least one staff member to each Parliamentary Committee, and strengthen the capacity of the Parliamentary Committees to undertake research on draft policies either directly or using recommendation.<sup>4</sup>
4. Consider providing competitive grant funding on key policy issues to promote third-party analysis by broadly representative groups such as FUM, CISANET, MCCCCI, SACOM, MEJN, ECAMA; sectoral groups such as GTAP, DIDP, SOYAMA; and academic institutions. USAID/Malawi, for example, has recently provided a grant to the Farmers' Union of Malawi (FUM) to strengthen non-state actor participation in Malawi's agricultural policy dialogue.

## POLICY ELEMENT 3: INCLUSIVITY AND STAKEHOLDER CONSULTATION

*Malawi's ASWAp process provides for inclusive participation in policy consultations by a broad range of stakeholders who do affect the medium-term agendas of donors. High level concordance of objectives exists, but stakeholder groups have little confidence that their transparent public input affects government resource allocation. The private sector participates intermittently in the ASWAp policy process, because direct trade association negotiation with senior officials produces better results in policy interpretation and regulatory action.*

## OVERVIEW

The 2008 ASWAp structure provided for inter-ministerial, donor, farmer group, civil society and private sector inclusiveness and consultation via both a Partnership Forum and the Sector Working Group. The ASWAP Executive Management Committee was established as a wholly governmental structure, which is reflected in the mandatory chairing of Technical Working Groups by MoAFS Department Directors. From an initial three TWGs—Food Security and Risk Management, Sustainable Natural Resource Management, Commercial Agriculture and Market Development—the ASWAp now has seven TWGS as show in the map on Policy Architecture. In one sense the opportunities for stakeholder consultation have multiplied, but most interviewee perspectives on the TWGs are highly varied in terms of TWGs strengths, weaknesses, leadership, and even frequency of meeting. Information flow is definitely improved, but the key litmus test of an evolving policy agenda backed by resource allocations and policy implementation outside of the FISP has not been met. One government advisor remarked that ministries are still “thinking in their separate boxes” with no sign of being able to break through. It may still be too early in the post-Bingu Matharika period for long-established patterns of institutional behavior to have changed. There has however been an increasing level of public debate intermediated in public space by representational organizations and the media.

Women are still under-represented in the consultative processes, especially in terms of the shaping of fundamental policy reform. Gender groups for example, have roundly condemned the failure of the proposed Land Bill 2012 to deal equitably with the status of women’s inheritance rights to land, paralleling the debate about women and children’s rights to inherit assets in patrilineal areas of the country.

## CAPACITY FOR POLICY CHANGE INDICATORS

### 3.1. Inclusive Participation within the Policy Coordination Unit

#### **Status: Yellow**

The Agricultural Sector Working Group includes representatives from the OPC, the Ministry of Trade and Industry, MoIWD, MoLGRD, farmers’ organizations, NGOs and Civil Society, and Donors. It was defined to have broad, multisectoral representation. Donor representatives serve as co-chair for the SWG on a rotating basis. The subsidiarity of other ministries means that their representatives tend to be junior officers.

TWGs also include many stakeholders. All chairpersons are Directors of MoAFS Departments. Key private sector players usually do not attend these meetings, because of the lack of decision-making power that TWGs have over policy or programs. The newly established TIP SWAp is cited by many as a much better example of a goal- oriented coordination unit, and one that is closer to private sector groups.

### 3.2. Outreach and Communication

#### **Status: Yellow**

There is a Joint Sector Review (JSR) that takes every six months. Results are published a few months after the meeting. Participants have noted improvements in JSRs in terms of report frameworks and depth of discussions, but note the continuing need for improvements in following CAADP guidelines, for example, structuring of the JSR task team, key questions and report areas.

The agendas and minutes of the ASWG and the TWGs are circulated within the membership/attendees at the following meeting. There is no regular outreach mechanism to the broader agricultural community,

although some reports are made by groups such as CISANET, NASFAM, or FUM to their membership on an issue by issue basis.

### **3.3. Private Sector Participation – Opportunity/Space**

#### ***Status: Yellow***

The opportunity to participate at the SWG and TWG is available. MCCCCI representatives may attend if a key issue comes forward, but they have increasingly turned to direct media transmission of their positions on policies. SOCAM, the Society of Chartered Accountants of Malawi, regularly comments on the allocation and use of tax dollars and donor budgetary support, and is seen by government and the general public as less self-interested than Chambers of Commerce and Industry, trade associations and industry groups. Individual company issues are more likely to be dealt with at the most senior levels of government by the few large companies that exist in Malawi. SMEs have less capacity to engage government directly.

### **3.4 Private Sector Capacity to Participate**

#### ***Status: Yellow***

NASFAM is a farmer association and a processing and trading company (via NASCOMEX) that has the capacity to make reasoned cases on policy and regulatory issues. However, its policy staff do not think that publically transparent information is available to make evidence-based cases. Also, the ASWAp process is not one that they see as influencing policy in the short and medium- term. RUMARK the agro-dealer association that trains and supports agro-dealers, is an NGO developed from grant-funded projects whose strength depends mainly on upon donor financing, and only secondarily from its training courses and membership dues. Overall, a weak revenue strategy hinders trade association capacity development.

MCCCCI federates the individual chambers of commerce and industry in Malawi. It has a permanent capacity sized to its membership dues contribution and revenue from its facilities rental and events management, and represents its members according to their priorities. PIAM, the Poultry Industry Association of Malawi, has been formed and is hosted and lead by its almost entirely private sector membership. PIAM works through the MCCCCI on business climate issues, but has large enough individual businesses to go directly to the OPC and President with its members key concerns. One example occurred in 2012 when the high volatility in the soybean market globally—and a high price spike locally, led PIAM to advocate and obtain an export ban on soybeans. After the market calmed, NASFAM/NASCOMEX was able to get State House to agree not to enforce the ban. It should be noted that in June 2013 the Ministry of Industry and Trade issued a press release on export facilitation that stated all export bans for crops had been removed except for maize and rice. This shows that advocacy by key civil society and private sector organizations led to change in GoM decision making.

### **3.5. Participation of CSOs – Opportunity to Participate**

#### ***Status: Green***

The Farmers' Union of Malawi (FUM) and the National Smallholders Farmers Association of Malawi (NASFAM) are two of the most active participants in the ASWAp policy process. FUM's traditional strength comes from its base of power from the tobacco farmers, a base that has broadened over time. FUM has in-house policy analysis capacity and comments in press releases and interviews on national agricultural policies on a weekly basis. NASFAM, founded in 1997 with USAID assistance, is one of the most organized farmer bodies in the country, operating both as a famer's representative body and as a holding company with commercial processing and trading interests (NASCOMEX). NASFAM has an

experience policy unit. CSO representative bodies, NGOs, church groups, and women's groups all have the opportunity to participate in ASWAp policy discussions through the TWGs and through the SWG. CISANET, the network of civil society organizations in agriculture that represents the agricultural NGOs, is a very active participant in policy discussions at all levels and is effective at bringing farmers organizations, academia, representatives of the government, donor project staff, and their NGO members together to discuss sectoral and subsector/value-chain level policy issues and their prioritization. CISANET analyzes and reports on the national budget annually and is a frequent commentator on agriculture, food security, and natural resource management policies. For example, it has taken an important role in the establishment of the Dairy Industry Development Platform, bringing the milk producers and dairy processors together for the first time in Malawi to work through a common evidence set, host industry-academia-government discussions, and help to ensure broad value chain participation in the drafting of the Milk and Milk Products Act while promoting the development of a up-to-date livestock policy. However, CISANET is under budgetary pressure as some of its donor financing phases out. The MEJN advocates for economic justice, using a variety of national and donor funding sources and contracts to undertake research on past and current policies and their impact on different socioeconomic classes of Malawians. It publishes its research, is a frequent commentator in the media, and maintains a website. However CISANET is dependent on grants and contracts to undertake evidence-based policy studies. ECAMA depends upon its membership and donor support to develop analysis of macro-economic issues.

### **3.6. CSO Capacity to Participate**

#### ***Status: Yellow***

FUM uses much of its resources to advocate on policy change. NASFAM also invests in policy advocacy. Groups such as AWASA, CISANET, and GenderNet have leadership that can represent member interests. Those CSOs interviewed feel that they do not have the funding or capacity to do intensive evidence-based research to make their policy cases to government, the parliament, or the general public. ECAMA depends upon its members to address macro-economic policy, having only three staff members. Most CSOs depend upon donations and donors to do policy work that requires significant evidence-based analysis, which leaves them open to charges of bias driven by the origins of the grants and donations.

## **RECOMMENDATIONS**

1. Work through existing projects to advocate for public release via the internet of the agenda and minutes of ASWAp TWG meetings.
2. Provide support for networking and public-private dialogue forums and fund joint leadership training events that can continue to build information exchange between public, private and civil society sectors.
3. Continue capacity building support, particularly training in policy analysis and outreach to civil society organizations in order to strengthen their ability to engage government. Consider support to the development of standards and curriculum for macro- and micro- policy analysis for the economics and agricultural economics faculties of the University of Malawi, the Malawi Institute of Management, and private universities.

## **POLICY ELEMENT 4: EVIDENCE-BASED ANALYSIS**

*There is a growing need for the Government of Malawi to use more timely aggregation and release of data to support evidence-based analysis by government, academia, the private sector and civil society.*

## **OVERVIEW**

Malawi has primary government organizations engaged in data collection, compilation, analysis, and reporting at different levels. The National Statistics Organization (NSO) is the lead institution with the overall mandate of generating different economic and social statistics at national level. The NSO also supports and centralizes nation-wide household surveys, having completed and released in late 2012 Phase 3 of the Integrated Household Survey that provides good insights into household expenditure on food and other goods. The OPC is a major consumer for raw data and analyses from the NSO. As in many other countries there is a long time delay between data collection and aggregation and its release for use by the general public. Partly this is due to data collection and logistics difficulties, the time needed to clean and analyze data, and partly it is due to policy protocols for release of data and analyses. Malawi faces additional issues as a small country with a small formal agro-industrial base, where confidentiality issues require the aggregation of data to avoid revealing company operations to competitors.

Statistics are provided to the NSO by line Ministries or their agencies, such as the Ministry of Trade and the Malawi Revenue Authority on imports and exports. Planning Departments of the MoAFS, MoIWD, and MoTIPSD are the natural homes for evidence-based analysis, but these departments have difficulty retaining qualified general economists or sector-specific micro-economists on government pay-scales. The Lilongwe University of Agriculture and Natural Resources or LUANAR (better known as the former Bunda College and whose faculty and student body are attempting to re-brand as Bunda) and Chancellor College (part of the University of Malawi) have faculty who publish policy papers using political economics, social analysis, and evidence-based approaches. There are also institutions such as the Economics Association of Malawi (ECAMA), the Malawi Economic Justice Network (MEJN), Civil Society Network for Agriculture (CISANET), the Society of Chartered Accountants of Malawi (SOCAM), the International Food Policy Research Institute (IFPRI) (along with the IFPRI regional ReSAKSS and national SAKSS capacity building efforts), which provide research-based policy information to support evidence-based policy making processes. IFPRI also maintains the CGE model. Another set of agencies and projects do the food vulnerability assessments on a quarterly basis through the MVAC and cooperate with the FEWS NET quarterly reports that forecast food vulnerability status along with some crop and livestock product and marketing trends.

The influence of the research output and communication on the agriculture and food policy change process is not direct or easy to gauge, especially during an election year that is taking place following a steep and rapid decrease in the purchasing power of Malawians: a very controversy-filled hungry period when maize prices shot up to nearly four times their normal level and the Strategic Grain Reserve status and release policy was highly uncertain for months; and where the cost of meeting FISP commitments has ballooned. Fast and accurate communication on production, consumption, market status, price trends requires that structures, people, and budget already be engaged to do periodic, e.g. quarterly analysis and reporting, to generate confidence in the data and trust in the institutions doing the analysis and reporting. While this occurs within the MVAC from a vulnerable area and group perspective on a quarterly basis, the more specific crop and livestock production information aggregated from district levels is not provided on quarterly basis for public analysis. Annual production estimates need to be more rigorous and transparent to improve public confidence in the data.

## **CAPACITY FOR POLICY CHANGE INDICATORS**

### **4.1. Economic and Financial Analysis used in Policy Planning**

#### ***Status: Yellow***

A CGE model is used in planning the major revisions to the ASWAp, but not used to show the likely impact of major asset concentrations in the FISP relative to other programs, or to show the macro-effects of such major policies such as recent re-instatement of the maize export ban.

Crop forecasts and their supporting data are not fully and freely circulated to the public. The bases for minimum prices for crops are not publically released, but are shown to some industry participants. Industry interviewees disputed the validity of the general process and this year's contradictions in setting minimum prices for some crops above and for some crops below the cost of production. There is not a generally accepted base of cost of production and cost of marketing data to permit better arbitration of these issues.

### **4.2. Performance Monitoring Measures and Targets Developed**

#### ***Status: Yellow***

High-level measures and targets have been developed to the level of the MGDS and ASWAp. Under the Banda Administration the OPC is establishing Operating Programme Agreements with each Ministry. However, policies such as export bans are not given with any targets in terms of their intended effects on commodity prices or net effects on consumer prices or producer margins.

### **4.3. Quality Data Exists for Policy Monitoring.**

Status: Not applicable, because this assessment will be made separately by the USDA/National Agricultural Statistics Service (NASS).

### **4.4. Quality data is Available for Policy Making**

#### ***Status: Yellow***

Crop production estimates are made three times a year, but are not made available to the general public until the final estimates are released by the NSO well after the production and marketing season. Official press releases and news reports do provide production estimates before official publication, but seldom do these indicate which of the three estimates is being reported. Donors and other influential private and civil society organizations have access to one or more of these estimates and their details in a more timely fashion. Cost of production surveys are done annually but not released to the public. Balance sheets are done for maize and discussed with key implementing agencies and the Grain Traders and Processors Association, but our interviews suggest that the total maize stock figures are viewed by the private sector as having little credibility. This viewpoint was reinforced during the recent 2012/2013 "hungry period" when the maize price rose to 10,000 MK/50 kg bag (200 MK/kg versus a May 2012 price of 40-60 MK/kg), and the individual sales of maize was rationed to 10 kg per person at ADMARC depots. USAID funded a physical audit of the Strategic Grain Reserve that showed that there was sufficient maize in stock to bring down market prices, but it also showed that older stocks had not been rotated out to preserve stock quality, and that about 3,000 mt had rotted because of water damage. The audit report was not publicly released by the government. Later this year, the government acknowledged that 30,000 MT was rotten in the Strategic Grain Reserve.

Medium-term strategies and policies are best developed using long-term statistics. However, long-term agricultural production and data series (other than for maize and tobacco) published by the NSO from

MoAFS, MOTI, and MRA information frequently have inconsistencies in physical quantities and traded prices that are difficult to reconcile.

#### **4.5. Analysis is used in the Development of Policy**

##### ***Status: Red***

Interviewees were not aware of instances where the IFPRI CGE model had been used for development policy analysis in recent years”. Use is made by the Malawi Vulnerability Assessment Committee of models and imagery developed by FEWS Net and GIEWS to prepare for food shortages in vulnerable areas, but there seems to be little consideration of planned regional procurements or sales of SGR to reduce the cost of procurement, to provide incentives to producers to maintain crop production levels, etc. There is little evidence of the use of data or specific studies to assess the impact of short and medium term policy change. The authors of this report have been involved in the stakeholder consultations on two Acts that are currently in revision (Dairy and Dairy Products and the Seed Act). There is no common base of data being used to develop the acts that permits assessment of the costs or benefits of alternative policy/regulatory provisions. Fundamental issues, such as the technical, economic and financial viability of the “one household: one cow” policy, are not addressed before or after these policies are promulgated.

#### **4.6. Capacity to Monitor Policy Implementation and Results**

##### ***Status: Red***

The CGE exists but is used infrequently except by IFPRI according to those interviewed. MoAFS staff trained in its use have left Malawi to pursue better paying careers where their CGE skills are sought and applied. No comprehensive, evidence-based assessment of the household food or revenue impacts of the FISP has been undertaken. The staff of the MoAFS is overwhelmed with tasks that focus primarily on supporting unpredictably-timed and unpredictable podium directives. Younger recruits are entering ministerial service and may bring new skills to the analysis tasks, but according to interviewees the view of Ministry’s HR department is that its main role is to fill vacant posts, and most of these are in agricultural extension.

One of the authors’ prior review of diploma-level agricultural instruction shows little data-based farm and market analytic content. Our work on implementation projects in agriculture in Malawi suggests that few diploma, bachelor, and even Master's level graduates are acquiring good grounding in the basics and the application of simple time series data analysis, farm and enterprise budgeting, cost and benefit analysis, gross margin analysis, or identification of opportunity cost trade-offs in their work. This gap extends into the realm of continuing education that occurs through projects, as is evident from a review of the training materials used to train trainers. Crop and livestock production budgets are lacking at the regional and district levels, even through production conditions and logistics costs vary substantially.

The team was told that the central MoAFS calculation of cost of production is based primarily on cash input costs that are driven by the projected FISP procurement and input delivery costs, with small adjustments to historic cost of production budgets. Training in food commodity marketing and marketing strategies is rudimentary at best.

While some clear exceptions exist at the senior level in the public service, academia, the private sector, research institutes, and some NGO's, the low level of financial and economic literacy combined with data that is infrequently available for independent review means that policies and program outcomes are often being evaluated primarily on qualitative grounds.

While there are some signs that a better M&E infrastructure is being put in place, the M&E TWG of the ASWAP was only established in June 2012. Donor projects are beginning to tighten their own data requirements, but the mechanisms for these to feed into policy deliberations are generally indirect.

While there are many outsourced consultancy reports, the low availability and quality of data reduces their value. For example, it would be better to do joint funding of primary data collection than to multiply the already large number of value chain studies (more than 50) of varying quality that have been funded over the past several years.

#### **4.7 Annual Performance Measurement Reports are Produced and Reviewed**

##### **Status: Yellow**

The FISP is reviewed and reported on annually, but primarily in terms of its logistics and problems encountered in ensuring that inputs are delivered, not stolen, and not substituted for inferior products. The School of Oriental and African Studies does a broad examination each year on these features of the FISP, as well as the spread effects of coupon distribution among primary and secondary recipients and a preliminary assessment of implied input use.<sup>7</sup> IFPRI has attempted analysis of FISP impact over the longer term. However, measurement of FISP impact across different areas of the country, and the financial and economic profitability of FISP subsidies does not occupy a central part of national public policy making process for this 80% chunk of the national budget for agriculture. The JSR takes place annually and does involve the development partners and non-state actors but much of the focus is placed on performance of certain output oriented indicators rather than overall trends and progress of the country agriculture development policies and programs, which are articulated in the ASWAP.

Reform of the FISP procurement and logistics system has been proposed by donors concerned about the productivity impact of the program. Formal discussions between donors and the FISP have been on improving procurement integrity through better vendor qualification criteria and bid evaluation procedures, and the performance and efficiency of FISP processes: e.g., piloting of E-vouchers rather than paper vouchers commonly called “coupons” and use of GPS tracking and ESOKO delivery confirmation. Informally, there is a more fundamental policy difference among donors and analysts who see the fertilizer and seeds goods transfer as a household livelihoods support program—a social safety net that is valuable *per se*—and those who believe that these inputs are better targeted to farmers with more resources who could use the inputs more productively to produce more food at lower unit cost for re-distribution to the needy. The latter group would support such measures as food coupons rather than fertilizer coupons.

#### **4.8 Independent Analysis Capacity Exists**

##### **Status: Yellow**

ECAMA, MEJN, NASFAM, MCCCI, FUM have independent policy analysis capacity, but small staffs and budget to carry out the analyses. Public universities are not independent of government, although some independent analysis is funded at Bunda College and Chancellor College of the University of Malawi. Donor programs support policy analysis that is independent of government.

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<sup>7</sup> Andrew Dorward and Ephraim Chirwa, September 2011. “Evaluation of the 2010/2011 Farm Input Subsidy Program, Malawi.” SOAS.

## RECOMMENDATIONS

1. Advocate and support the public release of the three MoAFS maize crop production forecasts, preferably at the district level, but at least at the level of the three regions.
2. Advocate and support the public release of the MoAFS cost of production estimates not later than May 1 of each year, with budgets aligned with the key producing districts for each crop, and at least at the level of the 3 regions for maize.
3. Should the government decide that minimum prices must be established, advocate and support the development of a transparent methodology for the establishment of minimum prices and a commitment from government to announce these prices at least two months before the main planting seasons and to maintain those minimum prices through the conclusion of the marketing year.
4. Resample the IHS III households for information on seasonal consumption (rather than the expenditure proxy) of the main staple foods at least twice annually.
5. Support measures to improve public availability of key agriculture statistics, including a high-level dialogue focusing on the quality and consistency of publically generated data.

## POLICY ELEMENT 5: POLICY IMPLEMENTATION

*The policy implementation process is characterized by a limited degree of predictability and transparency, and suffers from long-standing resource and capacity constraints, particularly in operating and investment budgets and monitoring and evaluation (M&E).*

### OVERVIEW

From an implementation perspective, Malawi's ASWAp is viewed most often as the framework to organize MoAFS efforts at mobilizing and managing resources for recurrent and investment expenditure in agriculture and food security. As of 2012 the FISP is considered to be an integral part of the ASWAp. The FISP involves a combination of specific actions and steps through which procurement of fertilizer and seed is managed, subsidy coupons are distributed to targeted households, and implementation of the input supply and coupon redemption is managed by the Logistics Unit to oversee supply and logistics contractors as they position fertilizer at ADMARC and SFFRFM depots and approved agro-dealers. The seed input supply system permits larger traders and agrodealers (Farmers World, Agora, Rab Processors) to procure and provide FISP-qualified seed through their trading center outlets. The Logistics Unit does a good job in gathering the statistics on input supply and coupon use, but the interpretation of these numbers in term of households affected varies widely. In the 2010/2011 program, for example:

“Average fertiliser coupon receipt of 1.13 per household was estimated across the sampled livelihood zones, with 0.68 maize seed coupons and 0.41 legume seed coupons. Converting this into national estimates is complicated by conflicting NSO and MoAFS estimates of the number of rural households and farm families, the former providing an estimate of 2.7 million coupons and the latter an estimate of 4.4 million coupons, to be compared with total disbursements of 3.2 million coupons and redemption of 3.18 million coupons.”<sup>8</sup>

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<sup>8</sup> Andrew Dorward and Ephraim Chirwa, September 2011. “Evaluation of the 2010/2011 Farm Input Subsidy Program, Malawi.”

FISP policy is to provide coupons to very poor and vulnerable households. To this requirement is added that of possessing a valid voting card. Evaluations suggest that coupon recipients often share or sell half of their coupons and that income and disability targeting is difficult to fully maintain:

“Coupon targeting in the sampled livelihood zones 75% of all rural households are estimated to have received one or more fertiliser coupons. This high rate of coverage, greater than the targeted number of beneficiaries, is achieved because of extensive sharing and redistribution of coupons from those registered as receiving two to those otherwise excluded, to the extent that 41% of households reported the receipt of one coupon (or the sharing of two coupons). This sharing is most prevalent in the Southern Region (47% of households) and least in the North (23% of households).”<sup>9</sup>

Coupons are allocated on the basis of a village level beneficiary identification process and the technical composition of the subsidy package (maize seed, two bags of fertilizer, and a grain legume seed). Coupons are redeemed for fertilizer primarily through ADMARC and the Smallholder Farmer Fertilizer Revolving Fund of Malawi (SFFRFM).

Evaluation of the outcome of the FISP program and the impact of coupon sharing practice on crop yields, output, and food security is needed to guide implementation of the policy to focus resources on the FISP. Further, as pointed out by Chinsinga in his examination of alternative policies for the FISP following the input price spikes, a comprehensive cost accounting of the FISP has never been satisfactorily achieved to assess its full weight on the national budget, and there is no publically released report on whether ADMARC or SFFRFM return farmer payments for fertilizer to the government.<sup>10</sup> There is a FISP Medium Term Plan 2011-2016 that was finalized in 2011. Some progress was achieved this recent season when the DCAFS reached agreement with the GoM on a set of efficiency reforms including the strengthening of procurement standards for fertilizer and transportation contracts as well as the pilot of E-vouchers and the national roll-out of an SMS based fertilizer tracking system. These reforms hope to create better value for money in the implementation of the FISP.

As Malawi moves towards implementation of its National Export Strategy (NES), which is highly dependent on the productivity and competitiveness of its primary agricultural production to succeed, there are disturbing signs that the government implements policy in ways that run counter to the interests of the very programs that it has developed. For example, Malawi announced Minimum Marketing Prices in February 2013, as crops approach maturity and the harvest season. The announcements are poorly timed, because they are made after all investment, production, and marketing plans have been made in the crops. Prices set too high discourage market uptake therefore reducing cash flow to farmers and increasing their storage and marketing risks. This may be the case for soybeans where the 160 MK/kg (\$447/mt at an exchange rate of 358 MK/USD) minimum price is set above the expected market range of \$300 to \$440 per metric ton. Since these prices are pan-territorial prices that ignore productivity differences, regional harvest time and crop productivity differences, and the costs of aggregating and transporting crops, processors are already calculating that it may make more sense to import soymeal for both food and feed purposes. In the case of maize, where social policies have been used to set city, town, and trading center prices at 60 MK/kg for maize at the same time that the minimum price for purchases is 60 MK/kg, and the market price has already moved to 80 MK/kg, the stage is set for accelerating subsidy of profit to traders,

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<sup>9</sup> Ibid.

<sup>10</sup> Blessings Chinsinga, March 2012. “The Future of the Farm Input Subsidy Program: A Political Economy Investigation.” A Discussion Paper Prepared for the Civil Society Network for Agriculture (CISANET).

as portrayed in the editorial cartoon below, rather than the intended purpose of subsidizing food consumption for needy families.

**FIGURE 3: ABWANA CARTOON ON ADMARC MAY 2013**



A further example of disruptive agricultural marketing policy implementation, is the May 1, 2013 announcement by the MoAFS, the MoIT and, oddly, the National Coordinator of the Presidential Initiative on Poverty and Hunger Reduction entitled “On Unlicensed Traders Buying Farm Produce Directly from Farmers” that reinstates the enforcement of the 1987 General Purposes Act and the 1987 Smallholder Agricultural Marketing Act, along with a thicket of licensing requirements. Enforcement of these Acts and the licensing requirements was put in abeyance under agreements to liberalize agricultural markets. In addition, in a separate action, the Malawi Bureau of Standards announced the enforcement of its assized scales standard by outlawing the use of a number of brands of scale for the current marketing season. Subsequent interpretation of these measures has reportedly empowered some Traditional Authorities to halt or impede the sale and movement of crops that they deem “illegal.”

The potential disruption in crop marketing if these measures are truly enforced will be large. Firstly, the reversal of market liberalization creates immediate uncertainty and risks that ripples through marketing and processing companies and their banks. Secondly, it creates new rent seeking opportunities at nearly every location in the marketing chain. Thirdly, it provides for no remediation period that would permit traders and transporters to comply in an orderly manner. Fourthly, there is no practical way for a farmer or group of farmers to hire a bicycle, cart or truck and demonstrate to any official that they are selling their own property rather than carrying out an unlicensed trading activity. Any major shift in marketing regulation needs to be undertaken well before the marketing season begins to permit orderly compliance,

with assessment of the normal time required to obtain the licenses, procure and have scale certified, etc. The GoM appears to have opted for a very disruptive way to implement market regulatory change in the 2013 marketing season.

## **CAPACITY FOR POLICY CHANGE INDICATORS**

### ***5.1. Implementation Plans Developed***

#### ***Status: Green***

Malawi's guiding policy framework and consultation processes with donors have permitted the designs of programs and projects to proceed quickly for nearly two decades. Malawi has met or exceeded the commitment of the CAADP Compact's target of 10 percent of the national budget since 2008. Funding has been made available to Malawi for both budgetary support, multi-lateral donor trust fund mechanisms, e.g., the current MDTF that is managed by the World Bank, and bilateral and international NGO programs. The major interruption to budgetary support came during the latter stages of the Bingu Matarika administration, when budgetary support was suspended as major agreements with the IMF and other donors were contravened. The Joyce Banda administration re-adopted the key macroeconomic measures within the Economic Recovery Program, leading the donors to reinstate budget support flows. Inter-ministerial coordination on project development has been less successful, as coordination has been viewed by Ministers and PSs as creating "Senior" and "Junior" Ministers and PSs and, therefore, unacceptable from both political and institutional power, prestige, and prerogatives perspectives. Government tried to address the coordination difficulties around implementation of Malawi's irrigation strategy, the "Green Belt Initiative", by merging the MoIWD with the MoAFS. This merger failed to improve the rate of implementation of the Green Belt Initiative and was reversed.

### **5.2. System in Place to Analyze Implementation Capacity Constraints**

#### ***Status: Yellow***

The OPC is the designated locus for the analysis and management of policy and programme capacity constraints that cut across ministries and agencies. The Public Sector Reform Project, for example, has identified the accrual of agricultural and food security programs and projects in the portfolios of more than 7 ministries. It has recommended that these be recognized as a cluster for public budget, institutional manpower, and M&E purposes. The Ministry of Finance vetoed the presentation of the budget using clusters for the 2013-2014 FY. This veto reinforces the sensitivity that would arise through introducing subsidiary relationships among ministries, for example, if the MoAFS was designated the cluster "lead" for all ag and food security projects. Clustering might also reduce the auditability of Organizational Performance Agreements that the government is concluding with line ministries. While inter-ministerial MOUs could be theoretically worked out, the unpredictability of emerging Presidential priorities would quickly negate such rule-bound processes, making MOUs a waste of time and political capital.

The Malawi Government and donors regularly assess implementation capacity constraints. Under ASWAp, the World Bank has put in place the ASWAp-Special Project to flexibly address constraints expressed by the SWG and the MoAFS. However, the Institutional Strengthening and Capacity Building WG chair and the DAES director tend to see the issues primarily as the need to fill vacant positions in the Ministry, with a focus on agricultural extension positions. This suggests that the Ministry has retained a traditional public sector employment perspective, rather than one that aligns Ministerial roles and staffing with core functions of a modern agricultural ministry to develop and enforce regulations and to provide public services that cannot be provided by the private sector.

Finally, the incentive system in the public service is oriented to supplementation of low, and now much depreciated salaries, with travel and sitting allowances for participation in off-site workshops, seminars, and conferences. These misaligned incentives have been an issue for decades in many African states, but their pernicious effects on employee performance on standard tasks done in the office compared to out of office assignments have become more and more institutionalized, making it more and more difficult to reform the management of the public service. The current allowance incentives makes regular public-private consultation more difficult, as public sector participants seek to increase the duration of off-site workshops, forums, and consultations, increasing the direct and opportunity costs of the private sector to participate. Over time there has been a deepening of the mutual cynicism and distrust that exists between the public sector, the private sector, and the general populace.

### **5.3. Food Security Policy Priorities Aligned With Ministry Work Plans**

#### ***Status: Green for FISP Red for Other***

The MoAFS main work is the FISP which is aligned with the PIHaPR and managed on a weekly basis. MoAFS work plans in other areas are seen by many observers inside and outside the Ministry as being “suffocated” by the FISP. FISP costs have increased rapidly with the increase in prices for fertilizers. The other 20% of the budget is made of recurrent and investment expenditure by Ministry that increases about 10% a year according to interviewees. The implementation of this second major portion of the national budget is sometimes disrupted by emerging Presidential priorities that require that resources be re-oriented and moved into programs by the Minister in the OPC through the PS and Department Directors. The OPC is mandated to coordinate policy, so the ability to shift expenditure is a legal role, the issue is whether or not the OPC performs an economic cost, benefit, and opportunity costs assessment of the expenditure shift before policy change is made.

### **5.4. Policy Implementation Budget Committed by the Host Country**

#### ***Status: Green***

The amount of resources devoted to the FISP since 2008 has been set to distribute coupons for subsidized inputs to reach 1,500,000 farmer-voters. Coupon holders have paid a fixed amount of 500 MK per bag of fertilizer regardless of the price of fertilizer or the strength of the Kwacha. The balance is paid by the government through direct contract procurement of both fertilizer and transport of the fertilizer to distribution points. Total fertilizer costs have increased and decreased with the two peaks in input costs since 2008. These price peaks have sharpened with the decrease in value of the Kwacha against the USD, the €, and the Rand. The government has had to step up resource commitments massively since the devaluation and free floatation of the currency was done in May 2012. These cost trends make it difficult to interpret the feasibility of the OPC plan to design and implement a parallel FISP credit program to reach another 1,500,000 farmer-voters. It could deepen the government's debt directly, make a future call on national cash via a guarantee mechanism, lead to an agreement with a fertilizer producing nation (s) to exchange minerals, future infrastructure contracts, or PPP concessions for fertilizer, or lead the government to require publicly-owned lenders to deepen their current losses by providing unsecured lines of credit for fertilizer loans to producers with, for example, fixed contract prices for food goods that must be supplied to ADMARC, its affiliate Auction Holdings, or via contracted traders to the strategic grain reserve. However, if the FISP were re-oriented to a more private sector mechanism, it is not clear that political support for the budget could be maintained if there was a less direct tie between government distribution of inputs and individual farmer-voters. Evaluation of the impact of the FISP on private sector fertilizer delivery suggests that overall levels of private sector importation and delivery have been

maintained<sup>11</sup>, perhaps because of the demand for directly supported imports of fertilizer for the tobacco, cotton, sugar, and tea value chains.

## **5.5 Supplemental Implementation Funds Secured**

### **Status: Green**

In 2012, Malawi submitted and received a GAFSP grant that is managed by the African Development Bank. This grant bridges the CAADP Investment Plan funding gap for State institutions and projects. The Multi-Donor Trust Fund, a World Bank coordinated pool of donor resources, will also increase investment in ASWAp. Malawi has requested to join the G-8 Alliance for Food Security and Nutrition and is working with a committee established with the EU as chair to conclude and launch an agreement during 2013.

## **5.6. Monitoring and Evaluation**

### **Status: Yellow**

Monthly TWG, Monthly SWG, and annual Joint Technical Review of ASWAp- linked programs and projects are done. The M&E TWG is intended to capture much more of the project level progress than has been assessed since the launch of the ASWAp in 2008. There is not a comprehensive evaluation framework that would make the link between project and program outputs and outcomes and the general performance of the sector compared with other key variables, e.g., the quality of the rainy season or the strength or weakness of regional and global food commodity prices. The FISP is intensively audited and evaluated on an operations level each year. The FISP is not evaluated systematically at the level of its intended beneficiaries, although partial analyses have been funded by different donors over the past 6 years. The Integrated Household Survey III provides a sample frame with household income and consumption expenditure figures that could be used for a systematic assessment.

## **RECOMMENDATIONS**

1. Fund analysis through CISANET, in the very short-term, meaning not later than June 2013, to support the restructuring or halting of application and enforcement of the announced and subsequent market regulatory measures that threaten to disrupt the market in the 2012-2013 season and increase investment and financial risks for the 2013-2014 production and marketing year.
2. Support medium-term (three months) analysis of cost of production and minimum floor prices through agricultural civil society (e.g. CISANET) and farmer organizations (FUM, NASFAM) and trade associations (GTPA, MCCCCI) to attempt to re-instate confidence in the predictability and fairness of production and marketing regulation. One example would be to support advocacy to the OPC, MoAFS, and MOIT to commit to a schedule for the pre-planting season publication of cost of production methodology and data, the calculation elements and announcement of minimum prices before the planting season (if the government cannot be convinced to abandon the minimum price policy) with territorial adjustments, and procedures to ensure that market regulatory changes are announced with sufficient lead time for market participants to meet new requirements before the beginning of the marketing season in 2014.
3. Support the development of fast-track economic impact analysis capacity among civil society, farmer organizations, and trade associations.

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<sup>11</sup> Ephraim Chirwa and Andrew Dorward, 2012. Private Sector Participation in the Farm Input Subsidy Program in Malawi: 2006/07-2011/12. (Working Paper-Draft). School of Oriental and African Studies and Wadonda Consult.

## POLICY ELEMENT 6: MUTUAL ACCOUNTABILITY

*The Mutual Accountability framework in Malawi between government and donors is strong, with the Sector Working Group and Joint Technical Review process providing the venue for discussion of the design and implementation of food security policies since 2008.*

### OVERVIEW

As in most CAADP countries, a mutual accountability framework has been in place in Malawi since signature of the Compact as embodied in the ASWAp. Regular meetings of the Sector Working Group and the Technical Working Groups occur at which government, donors, and leading farmer, trade association, civil society, and project management attend. The Joint Technical Review on ASWAp is the regular annual review. Mutual Accountability processes have improved since the Rome Agreement on aid effectiveness. In Malawi, donors clearly hold government accountable for policy implementation as evidence by donor withdrawal of budgetary support during the latter days of the Bingu Matharika administration, and recent holds on donor support for drug purchases under the Banda administration until procurement methods were strengthened. Malawi can report and hold donors accountable for mobilizing their commitments according to agreed conditions, but as in most countries the major period to negotiate conditions occurs before program and project agreements are signed. Audit of FISP operations annually provides for accountability. The same level of transparency and accountability is not available for the equally critical Strategic Grain Reserve.

Government and private sector mutual accountability is perhaps best reflected in business enabling environment measures, e.g., through the rate of formalization of informal small businesses, the rate of recovery on tax bills, the payment by government of accounts payable to the private sector, but these measures are complicated and would take study beyond the scope of this paper. A simple measure would be Malawi's "Doing Business" indicators. Malawi's overall "Doing Business" indicator has declined by six positions from 151 in 2012 to 157 in 2013. The normalized Distance to Frontier measure (a measure of Malawi's relative position ranked to the best performing nation composite) has seen Malawi decline from 51.1% in 2012 to 49.9% in 2013, but this relative measure has essentially been in the same position since 2005 when "Doing Business" indicator measurement started.<sup>12</sup>

It is more difficult to define the conditions for mutual accountability between government and civil society as the relationship is very asymmetric in terms of size and power. The official position of the government of Malawi, as shown in their Ministry of Local Government and Rural Development statements on decentralization, is that Malawi's citizens hold government to account every five years during elections. As shown in Figure 2, this would make elected representatives at the District and National Assembly/Parliament levels the ones responsible for mutual accountability between government and the citizenry. Traditional authorities have representational rights at the District Council level, and appear to have been recently re-empowered under the old 1967 Marketing Act to play a role in monitoring local food crop commerce. The capacity of the Parliament to hold government accountable presents itself primarily in the passage of the national budget and in the passage of laws. While Malawi has decentralized responsibility to the district level, it has done so with little decentralization of ministerial function or budgets.

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<sup>12</sup> World Bank 2012: *Doing Business 2013: Smarter Regulations for Small and Medium-Businesses*. Washington, DC. World Bank Group. DOI: 10.1596/978-0-8213-09615-5. License: Creative Commons Attribution CC by 3.0

Smallholders organize into clubs that are legal entities. These clubs may be federated, as they are for tobacco farmers, where their associations do have substantial voice. Maize and grain legume smallholders are also organized into clubs, EPA or Traditional Authority (T/A) associations and federated structures by NGOs, such as CADECOM or most prominently NASFAM. These organizations do represent member organization voices with the central government. The Farmers Union of Malawi represents the federated interest of all farmer organizations, but it was only established in 2003, long after the base of farmer organizing activity that was started in the 1940s. As a relative newcomer, its organization is weak at the District level and below, and it is still struggling to identify its place, role, and voice relative to the much older and better established crop-, NGO-, and faith-based farmer representative organizations. The resignation of its long-serving President to become a candidate for President of Malawi in the May 2014 election may be a sign of FUMs growing importance in the political economy of the country.

As discussed below, the relative openness of consultation with stakeholders does result in information being analyzed. Then, either private or public mechanisms are used to bring pressure on policy development and implementation. The media play an important role providing daily public accountability forums in ways that no elective body or civil society organization can match.

## **CAPACITY FOR POLICY CHANGE INDICATORS**

### ***6.1: A Forum Exists for Regularly-Scheduled Donor-Government Meetings***

#### ***Status: Green***

Donors and Government meet quarterly at the ASWAp Sector Working Group that is chaired by Government, usually in the person of the PS representing the Minister, and co-chaired on a rotating basis by one of the core donors to the Agriculture and Food Security sector. USAIDs co-chairmanship of the SWG ends in June 2013 with the close of Malawi's fiscal year. Donors and the MoAFS meet fortnightly through the DCAFS-TROIKA, with the entire DCAFS meeting with MoAFS on a quarterly schedule.

### **6.2. Joint Policy Priorities Developed**

#### ***Status: Green***

The MGDS I and II process, the ASWAp and subsumed CAADP process, and individual loan and grant programs all show formal agreement, with macro - economic conditionality, between the GRM and Donors.

### **6.3. Monitoring System Exists**

#### ***Status: Green***

Any signatories to the Rome Declaration on Aid Effectiveness have mutually agreed performance measures in place. Most donors to Malawi fall into this category. Malawi undertakes in its agreements to carry out joint review of programs. Annual Joint Technical Review is done. Donor contributions to the Malawi desire for larger aid flows through basket funding mechanisms are partly met. When Government policy shifts in unexpected or potentially radical directions, government and donor consultation meetings are organized quickly.

### **6.4. Donor Coordination-Alignment and Harmonization**

#### ***Status: Yellow***

Donors have influenced and qualitatively aligned with Malawi Growth and Development Strategy and the ASWAp, even since the HIPC debt reduction and PRSP process in the late 1990's. The ASWAp was

signed by donors and the Malawi government. Similarly close donor coordination has occurred during the development of the National Export Strategy and the Trade SWAP which has plans tight linkage to agricultural value chains (cotton, sugar, grain legumes, and oilseeds). Each donor and the multilateral institutions develop country strategies and assistance programs that are prepared in consultation with the Malawi government.

The Donor Committee on Agriculture and Food Security meets regularly on alignment and harmonization issues. However, there is no quantitative harmonization between Malawi Government policy and donors that can be expressed as resource concentration. Donors do not allocate 80% of their budget to the FISP, for example, so can one truly speak of policy harmonization? Donors state that their projects are highly aligned to the government policy which is ASWAp. Government firmly attests that FISP aligns completely with the ASWAp. The completion of the syllogism then leads to the conclusion that donors should be aligning their resources to the FISP, i.e. funding the parallel FISP. Input subsidies can be seen from many perspectives nationally and within the donor community. Until recently, there have been strong policy differences among Malawi's donors on the FISP. Over the past two years, however, the rapidly increasing foreign exchange and opportunity costs of a fixed-quantity FISP has begun to generate greater convergence of views among donors.

Finally, the rush for influence and control of land and other natural resources by food short-states (Djibouti, China, UAE, Kuwait, etc.) has created a lack of alignment between other donors and these states as their interests are different. The increased future value of African land, water, and mineral resources creates new incentives for African states to nationalize land resources and has sharpened territorial disputes, e.g., the Malawian-Tanzanian dispute over the border line in Lake Malawi between the two states.

## **6.5. Private Sector Accountability**

### ***Status: Red***

Private sector interviewees believe that the Malawian government has a deep distrust of the private sector whether of national indigenous, national Asian, regional, or international citizenship. Government statements often suggest that the private sector does not have the interest or capacity to undertake economic functions, e.g. fertilizer supply, in rural areas. Mutual accountability is regulated through the enforcement mechanisms of the state, e.g. Business Licensing and taxation by the Malawi Revenue Authority. Application of the Malawi Bureau of Standards regulations to the food industry, are shaped with interaction with the regulated parties.

In Malawi, business is a large part of the tax base via the VAT, and important as well for the mobilization of support for private and joint social undertakings and for political campaigns. These roles are played by business throughout the world. Business leaders prefer to voice broadly felt concerns of the business community through the MCCI, SOCAM, and trade associations that are led by private sector leaders in operating companies, e.g., PIAM (on export bans), MMPA (on protective tariffs on imported fluid milk products, and the requirement for all milk sold to be pasteurized on Malawi's four major urban markets), etc. The private sector participates infrequently in the meetings of ASWAp or CSO- dominated networks and associations. Direct trade association and individual business review of policy and negotiation with Government bodies occur as the need arises.

A string of recent public policy decisions seem geared to formally re-establish state control of food commodity marketing, either directly through state procurement or indirectly through the former state monopoly/ monopoly ADMARC and its affiliates. ADMARC was converted from a state corporation to

a limited liability company in the late 1990's at donor insistence. It has remained a primary means of implementing the FISP and carrying out subsidized food distribution since that time.

## **6.6. CSO Accountability**

### ***Status: Yellow***

CSO's align with the high level objectives of agricultural and food security strategy of the Government. However, they frequently question government policies as these are translated into laws, regulations, and enforcement of those regulations that affect both macro- and micro-economic outcomes across society.

CSOs participate regularly in SWG, TWGs, and JSTRs. Government departments interact frequently with CSOs on technical issues and policy development. It would be a mistake however, to mistake communication and technical cooperation as mutual accountability. The government regulates CSOs and the validity of their charters. Formal mechanisms to obtain timely information from government are weak, even though substantial informal communication occurs. Media provide the most powerful tool for CSOs to hold government to account, but is a tool that must be used cautiously given the "insult laws" and Table Mountain Declaration of Press Freedom which have recently become bones of contention between the Media and the President as the 2014 election campaign begins in earnest. However, the media has remained a very vigorous commentator on public policy and its implementation.

## **RECOMMENDATIONS**

1. Continue to support private sector and CSO forums in which policy discussions are held.
2. Provide training and coaching to the strongest private sector and CSO associations to help them structure private-public dialogue forums focusing on clearly presented evidence to support policy positions.
3. Support improvement in the reporting standards of the economics and business press, the development of curriculum in business and economics reporting in schools that offer journalism courses, and cost share with trade associations on a 50:50 basis publications that meet internationally accepted economics and business reporting standards of evidence and fairness in representing opposing views.
4. Support cost-shared development of agricultural and food policy forums on radio, which has the broadest reach to the Malawian population.

# PART III: CASE STUDIES

## CASE STUDY: SADC REGIONAL SEED HARMONIZATION

A consistent, logical case has been made since the mid - 1990's for the public economic benefits of regional harmonization of crop varietal release, seed multiplication and seed trade policies. It seems like common sense for farmers occupying the same agro- ecological zones, frequently in nearby contiguous areas to get nearly simultaneous access to adapted varieties offering better insect or disease tolerance, more efficient use of soil and water resources, or better nutritional content. Ideally, the benefits of new, improved varieties would be quickly transferred from one country to the other. Unfortunately, despite the adoption of a regional seed harmonization framework in 1999, the SADC member states still require individual country assessment and release of crop varieties. This means that a bean variety developed and released in Chitedze, Malawi will often face another 2 to 3 years of DUS (varietal distinctness, utility, and stability) and VCU (value for cultivated use) testing in Chipata, Zambia before it can enter commercial release, if the Zambian varietal release committee agrees to do so. A seed company with a breeding program based in Zimbabwe will have to carefully weigh its strategy for variety multiplication in SADC countries against the costs and time required to enter one, two, three, or four member states and whether to do so in parallel or in series, usually ranking them by market size and profitability.

The basic conditions for regional release of a crop variety are harmonization of seed acts (and the varietal release provisions) in each member state; harmonization of country implementing regulations; and mutual recognition of the competence of each country's varietal release authorities, seed testing and certification service, and relevant phytosanitary services.

There are still major differences in seed laws across the member states. Implementing regulations also differ. And, there are substantial differences in the level and state of development of public and private plant breeding, seed multiplication and certification institutions, agencies, and companies. These differences are the result of the size and strength of the market for seed across the member states. Various programs and projects have sought to improve the seed regulation capacity of member states dating back to the 1980s. However, despite the importance of good seed and productive varieties, inadequate recurrent and investment budgets too frequently led to their decline.

With the rediscovery of the need for renewed public investment in agriculture in predominantly agricultural economies in 2007, there has also been resurgence in national government, donor, foundation, and corporate interest in strengthening African seed systems. Disconcertingly, these investments seem to have the effect of deepening the incentives to resist harmonization that the authors of this paper have seen in operation for at least two decades. To the question: “Whose interests are aligned with the creation of a regional crop variety release registry that would eliminate the requirement for national re- testing before commercial release in a neighboring country?” we think that the responses for Malawi are the following:

- National breeder- no research exchanges are governed by different protocols and smaller country programs see larger country public and private breeding programs as a threat to their funding and national prestige. (The frequent claim that each country has a unique environment and requires re- testing on a “precautionary principle” basis should not be used in contiguous areas of the same agro- ecological zone. Phytosanitary rules would still apply to seed movement, but a regional registry would permit faster movement of seed, reducing the incentive for farmers to become smugglers of seed of

superior varieties from neighboring countries, which does carry higher phytosanitary risk of pest and disease spread.)

- Seed Services Unit of DARS – no. Regional harmonization with a regional registry would reduce the revenues that they receive for the testing or supervision of testing of varieties before permitting their national commercial release.
- Indigenous Seed Companies – no. Regional harmonization creates more competition more rapidly in their market space.
- International or regional seed companies with an established trialing and registration pipeline in Malawi - neutral to no. Regional harmonization would reduce the lag time of varietal introduction to small markets, but the current system increases the lag time from investment to revenue for new entrants, serving as a barrier to entry.
- International biotech companies not yet physically present – neutral. Transgenic cultivars are currently required to pass a 3-to 5-year period of contained and confined field trials depending on the biosafety issues that are involved. It is highly unlikely that all SADC member states will harmonize their biosafety and pesticide acts and implementing regulations, as well as their seed regulations in the next 5 to 10 years.

The reaction by Ministries of Agriculture and their research and seed regulatory agencies to regional harmonization has been very consistent over time, general agreement to pursue harmonization, followed by progressive erosion of harmonization efforts to focus on national capacity building, laboratory rehabilitation upgrading, with work on the harmonization of laws and processes to establish mutual recognition of competent authorities relegated to a tertiary priority.

The latest regional harmonization project to run afoul of this process is the Swiss-supported effort called HaSSP (Harmonized Seed Security Project). Its mid- term review (MTR) used very diplomatic language but it stated that none of the regional harmonization efforts had made any progress, and that the cause was the re- orientation of regional harmonization resources to urgent national needs, e.g., vehicles for seed inspection, laboratory upgrades, training workshops, etc.<sup>13</sup> The MTR suggested that a re-centering of the last year of HaSSP and any subsequent phase on the regional harmonization efforts.

The authors of this paper met with the team leader of the HaSSP final evaluation team. There has been no re-centering of regional harmonization effort over the last year of the project. Our review of progress on the revision of Malawi's archaic Seed Act suggests that there is little or no intent to harmonize the revised act with a law that incorporates a regional harmonized standard. There is no discussion in the revision process of recognition of a regional seed registry or the process for mutual recognition of the results of other states DUS and VCU trials.

**Conclusion:** Against this background, we conclude that further investment in regional harmonization is going to return disappointing results until the national seed technical capacities are close to leveled-up.

**Recommendation:** Our recommendation is that donors should pay much more attention to their conditions for national projects to apply the same international standards for varietal testing, release, and seed inspection and certification. Globalization of the seed industry means that a regional protocol that is

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<sup>13</sup> FANRPAN, 2012. Final Mid-Term Review Summary Report; Harmonized Seed Security Project. Swiss Agency for Development and Cooperation.

slower to evolve than international standards reduces national competitive acquisition of advanced crop varieties, especially where national or regional programs have no comparative advantage in plant breeding (many common vegetables and temperate and subtropical tree fruits). Exceptions for indigenous species, biodiversity, etc. should really be vested in biodiversity and use legislation rather than in seed law and regulation. A common donor position on a condition precedent for revisions of national laws that align them to the same standard and include provision for recognition of a regional seed registry and the mutual recognition of release decisions would be one way to do so, but it would encounter the same issues faced by HaSSP and prior efforts. The amount of funding to do the technical upgrading of the variety release and seed testing and certification components, while significant, is probably not large enough to induce countries to accept this conditionality.

Therefore our recommendation is to assess the benefits and costs of strengthening the national seed systems and focus upgrading efforts where those returns are significantly positive and can be used to require government to commit investment and recurrent expenditure that is at least 50 % of the total project cost. The 50 percent match requirement would help to filter out activities that would reinforce the preference of the public R&D and seed regulators to crowd the private sector out.

# CASE STUDY: LAND POLICY AND THE LAND BILL 2012 (B. NO. 37)

Malawi's fundamental land law dates to 1964, with amendments and judicial interpretation decisions enacted since that time. The current law as amended permits the purchase of land in freehold perpetuity by citizens, and by non-citizens only after a 30-day notice period during which no citizen can match the price.

In 2002, Malawi published a Land Policy that sought to clarify the tenure arrangements for public land (reserves, parks, etc), state land whose use and disposition is made at the discretion of the government, customary land under the governance of traditional authorities, and freehold land. That policy was intended to reduce foreign ownership of land in Malawi and to shorten leasehold durations, while providing formal recognition of community tenure rights.

On the strength of the Land Policy, the World Bank supported the Community-Based Rural Land Development Project in 2004 that worked in pilot areas to generate titles for 16,000 rural households. The pilot effort was extended no further by the Malawi Government.

The 2002 policy and the experience of the World Bank were used to draft a bill in 2006 that has been in discussion and revision for several years. In 2010, USAID supported a Land Tenure and Property Rights Profile that highlighted the gender discrimination in inheritance rights against female spouses and their children in patrilineal areas of the country and against male spouses in matrilineal areas of the country. It also highlighted what appeared to be a bias in the draft law towards the conversion of any formal leasehold land on customary land to public land and the conclusion of an unrenewed lease. The same provision would apply at the non-renewal of the leases that would be created through the planned forced conversion to leases of freehold-gazetted urban land held by non-citizens.

In addition, interpretations of citizenship and inheritance law by gender and citizenship groups raised concerns about unequal treatment of foreign-born children of Malawi citizens, in which children of a woman who marries a foreigner and gives birth outside the country are disenfranchised, while children of a Malawian male married to a foreign woman who gives birth outside the country retain inheritance rights.

The World Bank in 2011-12 supported the development of a Land Governance Assessment Framework to help the Malawi government develop guidelines to address the recurrent issue of long-term foreign and national leases of estates that are believed to have large amounts of idle land that presumably could be put to better use by a land hungry populace. In 2012, the WB began support to the MG to do a pilot mapping and determination of current and historic use of estates in Kasungu and Mangochi Districts. Mapping in Kasungu shows that the large foreign-leased estates are ringed with many small estates of a few hectares each that follow the roads leading to and from the larger estates. Current satellite imagery and past imagery and aerial photographs are being used to assess whether and how much idle land exists. This will provide an evidence base for policy making about the definition of idle land, and the process by which

idle land can be converted by eminent domain decisions from private ownership or long-term leasehold to state-owned land for redistribution.

While the World Bank noted in the project that none of the leasehold estates have been paying taxes, this applies equally to national and foreign leaseholders. Whether taxation would impel leaseholders to invest and make productive use of their “idle” land, or if revenue to the state from taxation would generate greater revenue to the state at lower cost than seizure and redistribution are as yet unasked and unanswered questions.

In 2012, a completely revised Land Bill was written and brought to Parliament.<sup>14</sup> A vote on the Bill is intended to take place in 2013. This Bill provides broad and centralized powers in the State to recharacterize land that is under formal lease as state land at non-renewal of the lease, including formal leases made by traditional authorities. It excludes “traditional leases” on customary land from conversion to state land, but doesn't define the difference between a formal and a traditional lease nor does it reference other laws that may define these terms. It also excludes leases of freehold land owned by citizens from the conversion risk, unless those citizens or their inheritors opt for dual citizenship.

Gender rights groups consider the Bill to be defective because it does not explicitly provide for joint title by men and women or recognize women's and women's inheritors rights to hold land title<sup>15</sup> In addition, the Action Aid Issues paper notes that a suite of bills, including the Customary Land Bill, need to be considered in their entirety under the Land Policy.

The Land Bill 2012 appears to empower the State to progressively increase its land holdings and control over all categories of land. It is clear that the general direction of the law provides the State with a broad legal basis and tremendous coercive powers to enter, assess, use and consume, convert private freehold land, leased land, and customary land to public use at the central and at all local levels. These decisions can be made by the Minister, any local government, or any “authorized officer” of the Ministry, with only secondary reference to land planning regulations, and subject to the dominance of minerals resource laws. The companion Land Acquisitions Bill of 2012<sup>16</sup>, while providing for compensation to owners of freehold land, permits the Minister, any “authorized officer” and any local government entity to establish the value using any valuation method they choose. While this valuation can be contested before a Magistrate, the slow resolution and expense of civil court cases in Malawi make this an unlikely avenue for redress.

Finally, while the Land Bill 2012 repeals the 1964 Land Act, it also would repeal any element of the legal decisions and common law precedents associated with the 1964 Act, *if* these conflict the 2012 Bill and *preserve* the legal decisions and common law precedents that are harmonious with the Bill. This provision opens a very wide scope for interpretation at national and district levels. While it also provides the grounds for lawsuits, the unfettered “authorized officer” entry, use, and consumption provisions of the 2012 Bill would render these legal battles moot in practice.

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<sup>14</sup> Land Bill, 2012. Gazette Extraordinary. The Malawi Gazette Supplement dated 3<sup>rd</sup> December, 2012, containing Bills: Land Bill, 2012. B.No.37: Lilongwe, Malawi.

<sup>15</sup> Tinyade Kachika, 2013. Womens' Rights Audit of Malawi Government Land Related Bills. Action Aid International Malawi, Lilongwe:

<sup>16</sup> Land Acquisitions (Amendment) Bill, 2012. Gazette Extraordinary. The Malawi Gazette Supplement dated 3<sup>rd</sup> December, 2012, containing Bills: Land Acquisitions (Amendment) Bill. B.No.42: Lilongwe, Malawi.

It is interesting to contemplate the differences between initial public discussion about the intent of the law to create a more orderly land market that permits its use as a capital asset, for example, as security for a loan, and the provisions of the Bill that increases uncertainty about when and how the State may define “public utility” and convert land to its ownership. Its heavy dependence on lease holding makes it unlikely that a stable base for using rural land as collateral will evolve.

Assessing the value of a “public utility” taking of land for re-distribution is difficult to assess when there is not a transparent data base on the actual surface area and holding sizes of current types of land by tenure class. Some of people interviewed for this study believe that much more than 80% of agricultural land of all classes is occupied by smallholder households.

**Conclusion:** The 2012 Land Bill needs to be widely circulated, read, analyzed for economic impact, and debated. It is difficult to see, however, why either the incumbent administration or opposition politicians would oppose a bill that would give the winner of an election increased powers over freehold, leased, and customary land.

**Recommendation:** Support the analysis of the costs and benefits of the Land Law, and provide assistance if it passes Parliament to study and advocate for implementing regulations that are more rule- and evidence-based. Provide support to Malawian gender, citizenship, and law groups to advise amendments to the bill to reduce gender discrimination in the Bill and to provide for more balanced treatment between land holders and the Government in “authorized officer” and rights and processes to define and apply “public-utility” tests.



# CONCLUSION

Malawi has a consistent framework of policies and strategies for agriculture and food security through the MGDS-I and MGDS-2. This policy framework is closely translated into a structure for mutual accountability with donors through the development of programs and projects aligned with the ASWAP. Despite this strong framework, a number of barriers remain for it to be a truly effective policy change process:

**1. Transparency and predictability in policy development.** While there is a clearly articulated legal process for developing and approving policy, the concentration of policy power in the OPC, and its exercise of policy development and implementation authority to the micro-policy level (specific regulations and the extent type and timing of their application) process means that emerging policy priorities can and do regularly shift policies and resource decisions that are guided by policy. The central executive is very strong, and while the legislative body is very active politically, it has almost no staff or resources to inform its legal deliberations. The speed of the process is considerably influenced by interest from high-level policy makers. Policy decisions that directly affect agricultural production and marketing are made that are poorly timed, disruptive to normal market functioning domestically, are not preceded by the public release of evidence-based analysis that would support the policy decision. In sum, the lack of transparency and predictability in public policy development and implementation increases risk to private sector investment. The dominant agricultural policy of the government is to maintain and extend the farm input supply, a policy that is transparent and predictable and consumes 80% or more of the national budget allocation (and supplemental allocations) to the MoAFS. This level of allocation sharpens the need for consistent rules and procedures for policy development and implementation that determine priorities for expenditure of the remaining 15-20% of the national budget, the complementary programming of resources by donors, and the policies that shape the business climate and set the conditions for investment.

**2. Participation by civil society and participation by the private sector.** Civil society organizations are very active in debates on policy in terms of fundamental law, policy formulation at the sectoral and sub-sectoral level, and independent studies of key issues. Donor funding supports many of these activities. Private sector representative bodies in Malawi vary widely in their capacities, but are active in the national policy debate. The print, radio, and to a lesser extent television are substantial amplifiers of these voices, and one of the mechanisms through which civil society and the private sector hold government accountable. Private sector entities however, fail to see much of a linkage between the AGSWAp policy and program decisions and policy outcomes. Larger companies and organizations see direct engagement at the PS and OPC level as more effective than work through consultative mechanisms.

**3. Monitoring and evaluation.** The MoAFS and the NSO are keenly aware of the need to improve data collection and analysis capacity. Basic data on crop and livestock production estimates are made, but improvements are needed and timely (quarterly) release of estimates and supporting data is needed to improve policy decision-making and the independent analysis that affects farmer and investor decision making. The available tool for top-level policy analysis, the CGE model, could be potentially applied more by MoAFS or OPC but this is constrained by insufficient economics capacity in the MoAFS. There is an appreciation by policy makers on the importance of evidence-based analysis for program development, but less of an appreciation for its use in policy implementation because top-level decisions

trump the process. There is not a politically-neutral framework in which the impact, costs and benefits of major sectoral policy tool the FISP can be evaluated on an annual basis beyond its operational effectiveness and efficiency in delivering inputs. Cost and benefit analysis is a very difficult and politically sensitive task, but it is a necessary one to provide support to the crafting and implementation of policy to support the growth rates needed to make Malawi a middle-income nation by 2020.

# ANNEX 1: CAPACITY FOR POLICY CHANGE INDICATORS

- **Red:** requires significant attention to ensure the component is achieved.
- **Yellow:** Progress is mixed. The conditions required to achieve the component are partially achieved, but additional attention is required.
- **Green:** The component is realized to a sufficient degree, and additional attention to this area is not required at this time.

Capacity of Policy Change Indicators	Status		
			
<b>Policy Element 1: Predictability of the Guiding Policy Framework</b>			
<b>Clearly Defined and Consistent Policy Framework:</b> The policy framework impacting food security policy-making is clearly defined, and consistently applied and enforced from year to year.			
<b>Predictability and Transparency of the Policy Making process:</b> The policy development process is transparent in accordance with the rules contained within the country's constitution, basic law, and elsewhere in the formal legal framework.			
<b>Clear and Functional Legislative System:</b> There is a legislative capacity to deal with food security policy change, and the legislative requirements are clearly defined and predictable.			
<b>Appropriate Dispute Resolution Process/Judicial Framework:</b> The judicial system is perceived as fair and effective, and there is an appropriate system for dispute resolution where conflicts arise relating to food security policy.			
<b>Clearly defined Institutional Responsibilities:</b> Institutional responsibilities are clearly defined, consistently applied, and predictable from year to year.			
<b>Policy Element 2: Policy Development and Coordination</b>			
<b>Approved Food Security Strategy/Investment Plan:</b> There is an approved/official multi-sectoral, multi-year food security plan developed, which specifies priorities and objectives, and addresses the roles of various contributors, including across government, the private sector, and CSOs. The vision and strategy to improve food security is clear.			
<b>Predictable Policy Agenda and Priorities Developed:</b> The policy items required to achieve the national food strategy have been identified and documented, i.e., specific policy objectives exist.			

Capacity of Policy Change Indicators	Status		
			
<b>Work Plans:</b> There is an annual work plan that identifies objectives and activities in regard to policy development.			
<b>Coordination Process:</b> There is an entity, such as a coordination unit or task force, that has defined membership and meets regularly to discuss, develop and coordinate food security policy development (and oversee cross-sector coordination).			
<b>Secretariat/Administrative Support Function:</b> There is an adequate staff capability to perform required support processes, including coordination, meeting management, communication, and document management: This may be a stand-alone secretariat, or a responsibility within an existing entity.			
<b>Technical Capacity:</b> There are work groups, or technical committees, that have the authority and capacity to perform the following functions: identify policy and technical challenges/issues, develop sector- or project-specific policies/strategies, consult within the sector and draft funding proposals. There should be active participation by the private sector and CSOs on the technical work groups (as appropriate).			
<b>Political Support and Approval:</b> There is a line of authority/participation by high-level decision-makers above the ministerial level so as to enable efficient political support for the passage and development of new policies, e.g. involvement of prime minister's office (especially for policies that cut across sectors, e.g. trade and agriculture).			
<b>Engagement of Parliament/Legislative Body:</b> There is engagement from the country's legislative entity to debate and engage on food security issues, and to sponsor and advocate for the required legal/policy Changes.			
<b>Policy Element 3: Inclusivity and Stakeholder Consultation</b>			
<b>Inclusive Participation within the Policy Coordination Management Entity:</b> The main coordination entity has a) clear goals and participation from key government ministries (beyond just Ministry of Agriculture) and; b) some representation from non-government entities, particularly from donors.			
<b>Outreach and Communications:</b> There is a process for interacting with stakeholders and sharing information. This could include regular public "forums", a website of key information and other mechanisms.			
<b>Private Sector Participation – Opportunity/Space:</b> The private sector is provided meaningful opportunity to participate in policy formulation and strategy discussions. This could be through participation in the management/steering committee, in technical work groups and/or through other forums. Communications and interactions should be two-way, and access to key information should be readily available.			

Capacity of Policy Change Indicators	Status		
			
<b>Private Sector Participation – Capacity to Participate:</b> Some organizations representing the private sector have the capacity to participate in government-led discussions on food security policy. This is to say they are able to represent their members, they are able to articulate and communicate policy positions, and they are able to provide some level of evidence-based analysis to support their viewpoints.			
<b>Participation of CSOs – Opportunity/Space:</b> The CSO sector, including representation from women’s associations and farmers associations, is provided meaningful opportunity to participate in policy formulation and strategy discussions. This could be through participation in the management/steering committee, in technical work groups and/or through other forums. Communications and interactions should be two-way, and access to key information should be readily available.			
<b>Participation of CSOs – Capacity to Participate:</b> Some organizations representing civil society, including representation from women’s associations and farmers associations, have the capacity to participate in government-led discussions on food security policy. This is to say they are able to represent their members, they are able to articulate and communicate policy positions, and they are able to provide some level of evidence-based analysis to support their viewpoints.			
<b>Policy Element 4: Evidence-based Analysis</b>			
<b>Economic and Financial Analysis Completed as a Component of Planning:</b> National food security priority policy initiatives/investment plans are based on economic and financial analysis, including independent policy analysis. The analysis is available for public review.			
<b>Performance Monitoring Measures and Targets Developed:</b> The national food security policies/plans include specific objectives, performance indicators, and targets exist to monitor the accomplishment of the objectives.			
<b>Quality Data Exists for Policy Monitoring:</b> There is a database of quality statistics that is used to routinely report and analyze progress in achieving objectives. (Analysis to be conducted by USDA – and not as part of this assessment framework.)			
<b>Quality Data is Available for Policy Making:</b> Data on the performance of the agriculture sector and the food security are publically available and shared in a timely manner. This information is available for others to use and analyze.			
<b>Inclusion of Analysis in the Policy Development Process:</b> Evidence-based analysis is considered and used to develop policy priorities/policy proposals.			

Capacity of Policy Change Indicators	Status		
			
<b>Capacity to Monitor Policy Implementation and Results:</b> The government has the ability to review data on policy performance and produce an analysis of the policy's effectiveness. A policy analysis function/unit exists and has adequate and skilled staff, and is sufficiently funded. If required, specific analysis can be outsourced to specialized firms or consultants as needed (case-by-case).			
<b>Annual Performance Measurement Report Produced and Reviewed:</b> Evidence-based analysis is produced to review policy effectiveness (for implemented policies). A formal review session is held, and includes key development partners (including principal donors and multilateral partners, such as FAO and IFPRI). Recommendations are developed as a result of the review and incorporated into subsequent plans.			
<b>Independent Analysis Capacity Exists:</b> There exists an independent capacity to analyze food security data and use the analysis to make policy recommendations and engage in policy discussion and advocacy. Such an analysis could be conducted by a research institute, university or similar non-governmental/objective organization. This capacity should be engaged in the government's policy development and review process as, for example, through papers, forums or participation introduced in official policy review and discussion meetings.			
<b>Policy Element 5: Policy Implementation</b>			
<b>Implementation Plans Developed:</b> The overall food security strategy has been broken down into programs and projects that have a) a sufficient level of detail to permit implementation; b) have been "packaged" into priority projects that can be managed by ministerial units; and 3) "packaged" priorities can be translated into funding proposals to gain support for projects/programs from development partners (to address financing gaps).			
<b>System in Place to Analyze Implementation Capacity Constraints:</b> An analysis of institutional, workforce, system and financial constraints is conducted. Critical implementation constraints are identified; a work plan is developed to address constraints; and implementation actions are moved forward (and periodically reviewed).			
<b>Food Security Policy Priorities Aligned with Work Plans of Line Ministries:</b> The priority policy and associated objectives of the national food security strategy are broken down into specific programs and projects (with a sufficient level of detail) so that policy actions can be implemented by line ministries. The plans of individual ministries, and units within ministries, align with overall national strategy and its policy objectives.			

Capacity of Policy Change Indicators	Status		
			
<b>Policy Implementation Budget Committed by Host Country:</b> Resources are committed by the host country to implement the identified policy agenda. Over time, the country's budget is adjusted to provide adequate financing for the implementation of actions required to implement policy priorities. Budget documents, including budget proposals, are released fully and in a timely manner.			
<b>Supplemental Implementation Funds Secured:</b> Proposals can be submitted, and funds secured, to address financing gaps. Funds may come from multilateral funds (such as GAFSP), regional organizations, bilateral donors and the private sector.			
<b>Monitoring and Evaluation:</b> Capacity exists within the public sector, private sector, or civil society to review the effectiveness and impact of policy changes. Sector reviews are performed and other research evidence is collected. There is a system to share, store, and access the findings from these reviews.			
<b>Policy Element 6: Mutual Accountability</b>			
<b>A Forum Exists for Regularly Scheduled Donor-Government Meetings:</b> These meetings discuss policy and programs and set priorities. Meetings may include, for example, Joint Sector Reviews, sector working groups or other similar arrangements.			
<b>Joint Policy Priorities Developed:</b> A document exists that articulates the shared policy objectives between the government and the donor community.			
<b>Monitoring System Exists:</b> Performance measures exist (for the performance commitments of the government and for the performance commitments of the donors). There is a schedule for reviewing and documenting progress – at least on an annual basis.			
<b>Donor Coordination – Alignment and Harmonization:</b> There is a process for donor participation in the food security policy process and for aligning government and donor objectives and priorities. Donor programs should contribute directly to host country strategies, plans, and objectives. This may include the signing of cooperation frameworks that indicate a joint commitment to specific policy Change goals.			
<b>Private Sector Accountability:</b> The government provides feedback to the private sector on the performance of the food security program (including the private sector's role) and provides an opportunity for dialogue on the program and its performance.			
<b>CSO Sector Accountability:</b> The government provides feedback to the CSO sector on the performance of the food security program (including the role of CSOs) and provides an opportunity for dialogue on the program and its performance.			