

Guiding investments in Sustainable Agricultural Intensification in Africa (GISAIA): Making Input subsidies more profitable and sustainable for Smallholder farmers in Malawi.

Inception Workshop at the Capital Hotel, Lilongwe. 19th September 2013



Workshop Highlights

- Workshop opened by the Honorable Dr. James T. Munthali, Minister of Agriculture and Food Security of Malawi.
- Opening session captured on Malawian television.
- 48 stakeholder participants from government, donors, and private sector.
- 2 presentations on findings related to input subsidy programs in Malawi.
- 3 presentations proposing ideas to make input subsidies more effective and sustainable.
- Over 1 hour of audience discussion, focusing on key issues of effectiveness.

Workshop Summary

The Centre for Agricultural Research and Development (CARD) at the Lilongwe University of agriculture and Natural Resources (LUANAR) will be implementing a project titled “Guiding Investments in Sustainable Agricultural Intensification in Africa (GISAIA)” whose goal is to improve the incomes and food security status of African farmers and consumers through contributing to sustainable agricultural productivity growth in Africa. This project is funded by the Bill and Melinda Gates Foundation, and Michigan State University's Food Security

Group is the lead U.S. institution. The project other African research and or public sector organizations from Nigeria, Mali, Burkina Faso, Ethiopia, Tanzania, Kenya, Zambia and Malawi. LUANAR and Purdue University are leading the project's efforts in Malawi.

The inception meeting for this project took place in South Africa from 14 to 15 March 2013 and was attended by representatives from CARD/LUANAR and the Ministries of Agriculture and Food Security (MOAFS) and Economic Planning and Development (MEPD). However, in Malawi, the inception workshop for this project took place at the Sunbird Capital Hotel on 19th September 2013 under the theme: **“making input subsidies more profitable and sustainable for smallholder farmers”**. The purpose of this workshop was to present this Project and associated proposals to various stakeholders from relevant government ministries and departments, civil society, the private sector as well as the academia. The workshop was officially opened by the Minister of Agriculture and Food Security. The workshop draw together 48 key stakeholders in Agriculture sector including government Ministries and Departments; Development Partners i.e. the World Bank, the private sector representatives, the academia, Research collaborators from Purdue University, members of press among others.

A number of speeches were given before the actual commencement of the paper presentations. Dr Alexander Kalimbira, the acting Director for CARD officially welcomed all participants to the workshop followed by Dr Kenneth Wiyo who represented the Vice Chancellor for Lilongwe University of Agriculture and Natural Resources. In his remarks Dr Wiyo said that GISAIA project fits into the LUANAR motto **“knowledge, innovation and excellence”** and welcomed it on behalf of the Vice Chancellor. The guest of honour was Dr James T. Munthali, the Minister of Agriculture and Food Security who officially opened the workshop. In his statement, Dr Munthali noted that GISAIA project is in tandem with the agricultural sector investment framework and will help the government to attain the Agricultural Sector Wide Approach (ASWAp), ultimately achieving government's goal of ensuring food security at both household and national levels.

However, the minister questioned the emphasis on maize arguing that the historically maize is no longer a viable option for Malawi due to climate change that has affected most districts of the country. He called upon the country to now start thinking of diversifying away from maize to other equally promising cereals such as sorghum and Millet in areas like Balaka, Nsanje, Chikwawa etc. Further than that, FISP expenditure (aboutK 61 billion) for Malawi is a huge investment hence devising ways to improve the effectiveness of the program is a welcome development and he promised that government will follow through the proceeding of the project up to the end.

Two background papers “The role of FISP in the Malawi Economy: Any Prospects of Graduation?” and “What are the farm-level impacts of Malawi's farm input subsidy program? A critical review “ were presented by Professor Ephraim Chirwa and Dr Rodney

Lunduka respectively. Both of the papers revealed that increase in maize production has been accompanied by increase in price levels and that FISP has not been able to reduce poverty levels among the beneficiaries (please see individual powerpoint presentations for more details).

Dr Jacob Ricker Gilbert presented on the overview of the GISAIA project in Malawi, followed by three other presentations from three students Stevier Kaiyatsa “ Role of Private Input Suppliers in Smallholder Agriculture: Insights from Malawi”, Joseph Kanyamuka “ Improving Maize Productivity through the Promotion of Sustainable and Profitable Use of Fertilizer: The Role of Complementary and Restorative Management Practices”, and Francis Darko “Profitability of Fertilizer Use: Evidence from Malawi” and “Farm Household Efficiency and Farm Input Subsidy: Evidence from Malawi” respectively (please see individual powerpoint presentations for more details).

Issues raised

The following issues came out of the discussion generated by the workshop presentations.

- There is more cost for FISP than benefits trickled down to the resource poor farmers
- Assessing the impact of subsidy program is tricky considering that almost everyone is benefiting directly by receiving coupons or indirectly either buying maize at a lower price because of low cost of production attributed to FISP or vulnerable local farmers selling cheap fertilizers to non-poor households.
- a. The poor be targeted with other programs like cash transfers and safety nets and not FISP to increase productivity Targeting
 - Rich farmers are more productive than poor and the poor have no managerial skills at least be providing labour to the efficient farmers
- How to implement FISP without hampering the performance of the private sector which is integral to the performance of the program
- An investigation has to be carried out on how has FISP mainstream budgetary allocation affected other agricultural sector faculties like extension
- What is the timeframe as policy decisions on re-designing FISP may have to come pretty shortly?
- Research should go into market participation of farmers. For example, why is price going up and production is also going up?
- The project should design, test and validate FISP Graduation Models with various case studies.
- The project should consider establishing a platform to ensure that past research, on-going research by other research institutes, projects either public or privately funded in the same themes are being taken on board in their project so that policy advice is

consolidated thus ensuring appropriate government policy making and programme implementation?

- The high population of Malawi is relatively holding smaller pieces land, How does this affect productivity bearing? What other beneficiaries could be targeted by FISP in the future? How would extension services benefit subsidy programme?
- It is important that existing strategies have to be found. The situation at farmer level is that farmers practice integrated soil fertility technologies where they combine organic soil fertility technologies with organic fertilizers. The amount of fertilizer is reduced while farmers improve their yield. The project should therefore help in testing and validating to organic technologies that can be combined with inorganic fertilizers.
- How is strategic grain reserve and cross border trade affecting the maize production and price in Malawi recently as both are increasing? Are there research being done to find the linkages on maize production and prices with cross border/strategic grain reserve management?
- What has been the impact of adding legumes on FISP package in Malawi.

Way Forward

Given the positive feedback for the project from workshop participants, the P.I.'s propose the following actions moving forward.

- Work with relevant stakeholders (eg: IFPRI, World Bank) to come up with recommendations for improving the effectiveness of the FISP, that can potentially be implemented after the next election in May of 2015.
- The students funded on the project will continue their research related to input profitability, private sector impacts, and complimentary management practices. This research will feed into recommendations related to FISP.
- Conduct STATA training for government employees to help them understand how FISP impacts are measured (held in Oct or Nov. 2014).
- Conduct a final workshop to disseminate project findings and recommendation to stakeholders (held in 2015).