Agriculture plays a central role in Malawi’s economy. Although its contribution to GDP has fallen from over 30 percent in 1995 to 25 percent in 2019, it remains the largest employer in the country, with 76 percent of the population engaged in producing food in 2019. The main staple crop is maize, followed by cassava and potatoes. In fact, in 2014, maize provided about 50 percent of the country’s daily calories while potatoes and cassava provided 9 and 6 percent, respectively. Food security in Malawi is thus largely defined in terms of the availability and access to maize. Indeed, maize production and consumption is so central to Malawian culture that it penetrates—and, arguably, defines—the nation’s politics. 

It is essential to recognize, however, that Malawi’s vulnerability to climate shocks and its exposure to other economic shocks such as currency devaluation have diminished the impact of interventions in the agricultural sector. In the last two decades, the country has been hit by at least four severe droughts, one even resulting in famine conditions. Moreover, structural shifts have led to a sharp currency devaluation, which in turn has impacted its ability to bring...
agricultural inputs into the country and to export food. Over the last 10 years, Malawi's agricultural sector has grown at only about 2.9 percent annually, which is significantly below the 6 percent target outlined in the Comprehensive Africa Agriculture Development Programme (CAADP).

Although the country has not made an explicit transition into food systems thinking, its institutional, policy, and programmatic interventions over the last 15 years demonstrate a more comprehensive approach to transforming its food systems. Not only has Malawi (over)committed to agriculture in comparison to the targets set out in the CAADP, it has also been one of the leading countries in terms of meeting these commitments. Between 2006 and 2014, Malawi's annual average share of total public spending dedicated to agriculture was 18.9 percent, which was the highest average among southern African countries and surpassed the CAADP spending target. It is no surprise, therefore, that the 2018 Biennial Review Report rated Malawi among the top 10 countries that are on course to achieve continental agricultural policy reform and budget allocation targets.

Beyond budgetary commitments, the Government of Malawi (GoM) has introduced programs, updated policies, and refined institutional frameworks to strengthen various elements of its food systems. Improvements in agricultural productivity, for example, have been driven by a successful—albeit controversial—inputs subsidy program. The fact that it was implemented despite the reluctance expressed by development partners is an indication of the willingness of Malawi’s government to challenge conventional wisdom and develop homegrown solutions. Moreover, the leadership and ownership of this program at the presidential level indicates that food and agriculture are a national priority. By broadly aligning its social protection programs with food security and input subsidies, the GoM ensures that its financial interventions maximize their impacts. Alongside these interventions, policy-led interventions on nutrition, combined with budgetary support for health interventions, are showing gradual but positive trends in addressing child malnutrition and an overall reduction in mortality caused by malnutrition. Finally, stemming from a general overhaul of its financial sector, particularly the institutional frameworks, Malawi has also made significant advances in making credit and financing more affordable and accessible to rural communities, including those in the agrifood sector.

INSTITUTIONAL INNOVATIONS

Leadership, national priorities, and coordination

Given its importance in Malawi’s politics, the strategic direction and policy priorities for agricultural development were, until recently, fittingly developed and designed within the Office of the President and the Ministry of Agriculture, Irrigation and Water Development (MoAIWD). In fact, former President Professor Arthur Peter Mutharika (2014–2020) temporarily took charge of the ministry for five months in 2017 following the dismissal of the then Minister of Agriculture on charges of corruption. Following the 2020 general election, the ministry was renamed the Ministry of Agriculture (MoA). Six technical departments within the ministry oversee agricultural research, irrigation, land management, and crop, livestock, and extension advisory services. In addition, the MoA houses separate parastatal agencies that are responsible for agricultural inputs and produce marketing.

In a reflection of the national-level priority status to which large-scale irrigation has been elevated, the Greenbelt Authority is situated within the Office of the President and Cabinet. The Greenbelt Authority is responsible for large-scale irrigation schemes that are not within the remit of the Ministry of Agriculture’s Irrigation Department. It draws, however, on all expertise from the Ministry’s Irrigation Services Department. In 2019, the Greenbelt Authority partnered with an Israeli private company to launch a US$ 5.5 million project for agricultural production. This public-private partnership (PPP) is expected to deploy the latest technology for intensive vegetable production, a large share of which is currently imported to supply domestic markets.

In recognition of the interlinkages of Malawi’s food and agricultural sectors to other parts of the economy, several other line ministries have been assigned responsibilities in support of productivity, marketing, processing, and consumption. They include:

- **Ministry of Lands**, which is responsible for sustainable land use management,
- **Ministry of Finance**, which controls the agricultural budget and spending,
- **Ministries of Industry and Trade**, which are responsible for trade and investment, and for information sharing on markets, and
- **Ministry of Energy, Ministry of Mining, and Ministry of Forestry and Natural Resources**, which provide guidance and direction on the management of Malawi’s natural resources, energy, and environmental programs, including fisheries.
In 2014, the Ministry of Health adopted the Department of Nutrition, HIV and AIDS (DNHA) from the Office of the President to oversee policy efforts and to provide technical guidance and high-level advocacy on the national nutrition agenda. Created in 2004, the DNHA is credited for significant improvements in maternal and child health and nutrition, in part due to its accountability to the country’s most senior office. The DNHA also seconded its staff on a consultancy basis to the Malawi Bureau of Standards in order to contribute to efforts on food safety and standards.

An Executive Management Committee coordinates relevant activities by these ministries within the framework of Malawi’s National Agricultural Investment Plan (NAIP); in addition, an Agriculture Sector Working Group (ASWG) convenes meetings of state and non-state actors. State actors include the MoA and other relevant ministries such as the Ministries of Lands, Trade and Finance; non-state actors include representatives of parastatals, the private sector, farmer organizations, NGOs and civil service organizations, academia and research institutions, and agricultural sector development partners. Chaired by the Permanent Secretary at the MoA, and cochaired by a non-state actor from either the private sector or a farmers’ organization, the ASWG supports sector-wide planning and cooperation among these stakeholders and monitors progress in achieving goals.

The ASWG, in fact, is one of 16 similar Sector Working Groups (SWGs) that were formalized in 2008. SWGs were created with a number of goals including enhancing coordination and cooperation between development partners and the government; facilitating planning and monitoring of activities; resolving any inconsistencies; and guiding national dialogues on the development of specific sectors. Not only is the ASWG one of the most active SWGs, it is also where primary coordination of the agricultural and food sectors takes place. There is scope, however, for some of the other SWGs to play a more active role in food systems transformation. These SWGs include those for Health; Education; Trade; Industry and Private Sector Development; Roads, Public works, and Transport; Information and Communications Technology (ICT); Water, Sanitation, and Irrigation; Gender, Youth, and Sports; Environment, Lands and Natural Resources; and Vulnerability and Disaster Risk Management. Since not all of these are active or effective, however, the GoM proposed a revamp in 2020.

Finally, a Donor Committee on Agriculture and Food Security organizes input from a broad range of development partners, including the European Union, World Bank, African Development Bank (AfDB), UK Department of International Development (DfID), Norwegian Embassy, United Nations Development Programme (UNDP) and the International Fund for Agricultural Development (IFAD), as well as some private sector and non-state actors. The MoA also benefits from input from technical working groups and from beneficiary feedback on implementation, via a District Executive Committee.

Protecting consumers and supporting producers: The Agricultural Development and Marketing Corporation and the National Food Reserve Agency

The Agricultural Development and Marketing Corporation (ADMARC) is a state-owned company formed in 1971 to expand export markets for Malawi’s agricultural produce. Its primary objectives were to purchase, store, process, insure, advertise, transport, and distribute all agricultural products. It also oversaw exports and provided access to financing for agricultural development. For the first decade of its operation, ADMARC played a key role in stabilizing prices and ensuring that food was affordable and that producers were sufficiently reimbursed. Where prices fell below marketing costs, the GoM covered the difference. The company capitalized on an expansive rural infrastructure of depots and warehouses and became a key avenue for supplying inputs to Malawi’s farmers. It also, however, leveraged its role as sole purchaser and amassed large profits, until supporting farmers. It also, however, leveraged its role as sole purchaser and amassed large profits, until supporting farmers. ADMARC transitioned into a limited liability company.

These challenges have forced a review of ADMARC’s own institutional structure. In December 2003, ADMARC transitioned into a limited liability company. It also reverted to trading beans, cotton, groundnuts, pigeon peas, soybeans, rice, fertilizers, and pesticides, in addition to maize and maize flour. Capitalizing on its large infrastructure base, including 220 warehouses with a storage capacity of about 137,000 metric tons (mt), a network of depots and permanent and seasonal markets, as well as a 43 percent stake
in the national commodity exchange (the Auction Holdings Commodity Exchange, or AHCX) (see the section below on warehouse receipts), ADMARC has regained significant influence in Malawi’s commodity markets. It also deploys profitability from other commodities to cross-subsidize its commercial and “social” maize market operations.14 The company, however, continues to require substantial support from the GoM15 and is now earmarked for further reforms aimed at improving the efficiency of its commercial activities, reducing its operational costs, and strengthening its financial sustainability.16

Working alongside ADMARC, the National Food Reserve Agency (NFRA) is mandated to maintain adequate buffer stocks of grain to ensure domestic supplies. Established as an independent trust in 1999, the NFRA buys maize from ADMARC and from private traders for Malawi’s strategic grain reserves and is also permitted to import maize when necessary.17 At the time of writing, in 2021, the NFRA has six depots across the country which offer at least 217,000 mt of capacity.18

Access to finance: Policy and institutional innovation and leadership

Over the last 15 years, the GoM has wholly revamped its financial sector. This has been underpinned by the need to enhance access to finance for its unbanked, poor, vulnerable, and rural populations. Following two scoping studies conducted by the International Monetary Fund (IMF) and the World Bank (2007),19 and by FinMark Trust (2008), the GoM embarked on a wholesale reform of its financial sector to broaden the diversity of products and services available, as well as extend their reach. Importantly, interventions have also sought to address demand-side challenges by developing and implementing a financial literacy framework and program that targets both clients and service providers and enhances interoperability among service providers and technologies, in order to enable users to access a broader range of services and products.

The process of transforming Malawi’s finance sector that has been underway since 2007 has involved legal, policy, and institutional changes, as well as the upgrading of its financial infrastructure. The GoM has introduced and updated several financial sector laws that address banking, insurance, securities, microfinance, pensions, financial cooperatives, agent banking, credit information, and payment systems. In turn, Malawi’s efforts to improve access to finance and credit have been entirely homegrown, nationally owned, and participatory; they have drawn inputs from across a wide range of stakeholders, including relevant ministries (Finance, Economic Planning and Industry, Trade and Private Sector), the Reserve Bank of Malawi; the private sector (banks, microfinance institutions and insurance companies), and the development community.20

These changes have been coordinated and implemented by a newly formed Financial Sector Policy Unit (FSPU) in the then Ministry of Finance, Economic Planning and Development (MoFEPD)21, which works closely with the Reserve Bank of Malawi (RBM) and with development partners that include the World Bank. In 2016, the FSPU was merged with the Pension Division and renamed the Pensions and Financial Sector Policy Division with its own dedicated staff.

In 2010, with these ambitions in mind, the GoM launched two new national strategies: the Financial Sector Development Strategy (FSDS) and the National Strategy for Financial Inclusion (NSFI) 2010-2014. They provided clear and prioritized roadmaps of actions and interventions that were aimed at shaping a sound, efficient, and inclusive financial sector. The NSFI 2010-2014, in particular, recognized the importance of an inclusive financial sector to the expansion of agricultural production, the development of micro and small enterprises, employment creation, and increasing household incomes.21 In order to deliver on the ambitions of the FSDS and the NSFI 2010-2014, in 2011 the World Bank partnered with the GoM to implement a Financial Sector Technical Assistance Project through the issuance of a US$ 28.2 million credit line. The seven-year project to improve the enabling environment comprised four key components, including establishing regulations and oversight, expanding financial infrastructure, boosting consumer protection and financial literacy, and enhancing the capacity for policy and governance.22

Private sector

Changes in the sector, however, have not been limited to governance. Private sector financial services providers have also undergone institutional changes in order to be more inclusive of actors in the agrifood sector including agribusinesses in both rural and urban areas, particularly micro, small, and medium-sized enterprises (MSMEs). Although MSMEs employ up to one million Malawians—about 63 percent of whom market agricultural produce—about 98 percent are not officially registered and are located in rural areas. These characteristics push Malawi’s MSMEs out of the potential market for commercial banks and force them to turn to informal sources of financing such as village savings and loans

‡ Now the Ministry of Finance and the Ministry of Economic Planning and Development and Public Service Reforms
associations (VSLAs) or social networks. Made up of microcredit agencies, microfinance institutions (MFIs, those that do, and do not, accept deposits) and financial cooperatives (SACCOs), MFIs plug a key gap in access to finance for MSMEs that would otherwise not be able to meet the requirements of commercial banks and other financial institutions. VSLAs in particular, which operate through solidarity group lending and savings, are successful in tackling collateral shortfalls. They are especially popular among women, who, in 2014, comprised nearly 72 percent of their members. VSLAs provide an important means for poor women to earn an income and become economically independent.

With the establishment of the Malawi Microfinance Network (MAMN) in 2001, MFIs have benefitted from capacity building to ensure improvement in their own financial sustainability. While the RBM regulates and supervises MFIs, the Malawi Union of Savings and Credit Cooperatives (MUSCCO) oversees the SACCOs. New directives that came into force in 2014 have further secured the diversity of products and services offered across MFIs, to the point where, by 2018, the institutional strength across MFIs had improved broadly.

The licensing, in 2019, of the farmers’ cooperative BNC SACCO further points to dedicated efforts to ease rural community access to finance. In a further example of these efforts, the National Bank of Malawi (NBM) and a commercial bank (FDH Bank) have introduced products tailored to both smallholder and large estate farmers. They offer seasonal overdraft facilities to farmers against agreed cash-flow projections in order to support production and marketing activities during leaner periods in the agricultural calendar. The NBM also offers value chain financing options to farmers and MSMEs, while the FDH Bank finances aggregators and agro-processors against stocks and commodities.

**Access to markets: Warehouse receipt system**

Uniquely, Malawi has two commodity exchanges, the Agricultural Commodity Exchange (ACE), established in 2006, and the Auction Holdings Commodity Exchange (AHCX) Ltd, which was established in 2013. Besides these, several parallel “systems” provide collateral against warehouse receipts. ACE and AHCX operate different—but potentially complementary—models. ACE uses electronic bulletin boards with certified warehouses (57 certified warehouses across the country and a rural network of 23 certified warehouses owned by partner farmer organizations or private sector partners) and through forward contracts. It also supports development projects through a nonprofit trust. AHCX, on the other hand, has invested heavily in e-trading infrastructure and exchange-owned warehouses. Although it is partly owned by ADMARC (and has earned significant government support from, among others, former President Mutharika), AHCX operates as a commercial platform. Because there were multiple warehouse receipt “systems” operating in parallel, however, Malawi’s overall warehousing system had become cumbersome, outdated, susceptible to
fraud, and inefficient; it had thus lost the confidence of buyers and sellers.\textsuperscript{32} In this context, the Warehouse Receipt Act (WRA) 2017, which was introduced as part of the financial sector reforms, streamlines the rights and obligations of the users of warehouse receipts, including warehouse operators. Not only does the WRA 2017 introduce internal best practice into Malawi’s warehousing system, it also provides more clarity and certainty for all users. WRA 2017 is designed to protect the owner, financier, and buyer of a warehouse receipt and make it easier and less risky to invest in agriculture. In addition, a Commodities Exchange Directive was approved in 2018 and took effect in 2019. The Directive elevates the role of the RBM in licensing and regulating (forbidding) price manipulation and commodity exchanges from trading (directly or indirectly) on their own markets, thereby cementing protection for users and ensuring financial sustainability for the exchanges over the long term.\textsuperscript{33,34}

Strengthening the legal environment around Malawi’s warehousing system has also proven conducive for investments. In 2015, the U.S. Agency for International Development (USAID)’s Southern Africa Trade and Investment Hub convened the European Investment Bank, the NBM, and the Agricultural Commodity Exchange for Africa to develop a first-of-its-kind Agricultural Storage Investment Facility (ASIF). By 2018, through the NBM, the facility had already loaned US$ 12 million to agribusinesses to build 100,000 mt of new storage in Lilongwe, Blantyre, Kasungu, and Mchinji. A further US$ 24 million was expected to be utilized over the following 18 months to construct another 100,000 mt of storage. The new storage facilities will also be supported to integrate into Malawi’s broader warehouse receipt system. Finally, all funding is expected to also leverage local private capital.\textsuperscript{35}

**POLICY INNOVATIONS**

Food security remains a top priority for the GoM. This is evident from the country’s Vision 2063 statement, which was launched in 2019 and which places agricultural productivity and commercialization at the very top of three pillars for delivering inclusive wealth creation and self-reliance. In Vision 2020, the previous long-term vision document, which was adopted in 1998, agriculture and food security had also been identified as key priorities for fostering economic growth and development.

These long-term vision statements are further itemized through the Malawi Growth and Development Strategies (I, II and III), which in turn guide a National Agricultural Policy (NAP). Finally, an Agricultural Sector Wide Approach (ASWAp) is a prioritized, results-orientated framework for implementing the NAP and for guiding investments by government and donors.\textsuperscript{36} In effect, the ASWAp sets the stage for the National Agricultural Investment Plan (NAIP).

**High-impact, high-priority investments in agricultural transformation**

In order to coordinate investments in the agricultural sector, the GoM formulated the ASWAp, which was adopted in 2011. The process of its drafting coincided with the signing of the CAADP compact in 2010, thereby helping to streamline national processes. This four-year plan presented a single, comprehensive, results-based program and budget framework for prioritizing government and donor-led interventions in order of their potential to contribute to food security and agricultural growth in Malawi. ASWAp presented three broad focus areas: food security and risk management; commercial agriculture, agro-processing and market development; and sustainable management of water and agricultural land.\textsuperscript{37} Development and implementation was done through an ASWAp secretariat and a technical working group that was situated inside the MoAIWD (then called the Ministry of Agriculture and Food Security, now MoA).\textsuperscript{38,39} Within the broad guidance provided by ASWAp, the development partner community was able to select and implement projects that aligned with their preferences. Their support was channeled through two avenues: the first was a special Support Programme (ASWAp-SP) with its own workplan and components which was, in turn, managed by its own steering structure and chaired by a Head of ASWAp-SP. The second avenue for support was through a multi-donor trust fund located at the World Bank, which pooled money from the World Bank itself, the European Commission, Irish Aid, USAID, the UK’s DfID (now the FCDO), and the Governments of Flanders and Norway. At the same time, state support was channeled via the resources allocated to the ministry. State funds were also under the custody of a steering group made up of a Head and a Deputy Head of ASWAp.

By 2015, when it expired, two major agricultural sector development programs, accounting for 70 percent of the total budget, had benefitted from support through ASWAp funds: the Farm Input Subsidy Programme (FISP) and the Green Belt Initiative (GBI).\textsuperscript{40} ASWAp is credited with having been successful in improving coordination within the sector and creating a central space for civil society and private sector synchronization.\textsuperscript{41} While ASWAp organized government-led and donor-led investments, its
formulation and implementation cemented the need for an overall coordinated approach to the sector's development.

"Malawi-born" National Agricultural Policy: Inclusive policy-making for stakeholder ownership

The National Agricultural Policy (NAP) provides the broadest presentation of Malawi’s direction in transforming its food systems. Malawi adopted its first NAP in 2016, prior to which the agricultural sector was guided by several subsectoral policies that were outdated, incoherent, and not always compatible with each other. This in turn resulted in a changeable policy and legal environment and inadequate investments. In 2009, the MoAIWD began the process of developing an overarching sectoral policy. In 2011, however, when the first draft of the new policy was presented, it was disapproved owing to shortcomings in stakeholder consultations. In 2014, a fresh draft using a new, bottom-up, collaborative, and inclusive process was initiated. This draft was developed using evidence from scientific literature, key policy statements and strategies, and inputs from consultants. The document was prepared by a multistakeholder drafting team that was led by the Department of Agricultural Planning Services (at MoAIWD) and presented at a validation workshop. The refinement and validation of the new draft involved nationwide consultations at district and national levels; these included over 50 focus groups comprised of farmers, representatives from government, NGOs, civil society and the private sector, youth, development partners, academia and research organizations. Over 20 percent of these were women. Inputs and validation from representatives of the private sector, development partners, and civil society were coordinated by the New Alliance Policy Acceleration Support: Malawi project (NAPAS: Malawi),. Inputs were also solicited via media, post, and email. The resulting NAP is therefore “Malawi-born” and is reflective of priorities across a wide range of stakeholders. In effect from 2016 for five years, the NAP has defined and guided the vision for transforming the agricultural and food sector in Malawi.

National Agricultural Investment Plan for cross-sectoral coordination of activities

Not only was the NAP formally endorsed and launched by the President himself, private sector and development partners also feel ownership over it and are using it as the basis for defining their plans and activities. Most importantly, departments within MoA are also using the NAP to design their work plans and budgets. The GoM has allocated to its agricultural sector well over the 10 percent of total national expenditure that was the target set by the CAADP. In 2016/2017, following the launch of the NAP, the sector received over US$ 500 million, half of which came from national resources (about 12 percent of the national budget), and the remainder was supplemented by donor funds. The NAP engagement process also provided a strong foundation for the development of the next phase of the ASWAp, which was subsequently renamed the National Agricultural Investment Plan (NAIP).

The NAIP was launched in 2018, having been developed by the MoA using a similarly inclusive approach. This five-year (2018 to 2023) multisectoral document is the implementation plan for the NAP and is a successor to ASWAp. It provides a framework for coordinating and prioritizing investments by government agencies, development partners, and other relevant stakeholders in the sector. Designed in a matrix structure, the NAIP has four programs: policies, institutions, and coordination; resilient livelihoods and agricultural systems; production and productivity; and markets, value addition, trade, and finance. It also has 16 technical intervention areas whose mandate is to eliminate hunger and food insecurity, make agriculture more productive and sustainable, increase the resilience of livelihoods to disasters, and reduce rural poverty. While the MoA oversees the implementation of the NAIP, the Cabinet Committee on the Economy provides political guidance and facilitates speedy clearance of policies and regulations.

NAP 2016: The first step toward a food systems approach

Although the NAP’s policy outcomes and objectives adopt a traditional agriculture-focused approach, six of the policy priorities (PPs) are more comprehensive from a food systems perspective. The NAP orients Malawi’s agricultural sector toward commercial farming, with greater specialization of smallholder production systems (both crop and livestock). This is matched against the policy priorities, which include raising productivity (PP1) with a higher uptake of mechanization (PP2) and irrigation (PP3).
climate risk reduction (PP4); diversification of production; facilitation of greater agricultural market development, agro-processing, and value addition (PP5), thereby supporting youth, women, and other vulnerable groups to join and thrive in the agricultural sector (PP6). Yet another of the NAP’s policy priorities is the entitlement to food and nutrition security (PP7) which takes an important step toward closing the gap between agricultural and health interventions, especially those related to malnutrition. In fact, Malawi has a long history of relatively successful policy-led interventions into nutrition.

Nutrition

Underpinned by commitments at the most senior levels and supported by dedicated nutrition policies and strategies, Malawi is making steady progress in reducing hunger and malnutrition among its citizens. Since 2000, the country’s policy-driven efforts have led to a gradual reduction in the prevalence of stunting, underweight, overweight, and wasting among children under five years of age. According to the 2020 Global Hunger Index, the overall level of hunger has fallen from a score of 43.2 in 2000 to 22.6 in 2020; this is equivalent to a nearly 48 percent improvement, which places it among the top 20 most rapidly improving countries globally. The existence of the NNPSP was also a means to mobilize integrated nutrition funding as well as coordinate and improve the quality of nutrition services delivery.

In order to implement and operationalize the NNPSP, further detailed plans and guidelines followed. These included the National School Health and Nutrition Strategic Plan (2009 to 2018) and the Infant and Young Child Nutrition Policy and Guidelines (2009). As one of the first countries to sign up to the Scaling Up Nutrition (SUN) movement in 2011, a national Nutrition Education and Communication Strategy (2011 to 2016) was put in place. It focused on the prevention of chronic undernutrition during the first five years of life; the promotion of good infant and young child feeding practices; the prevention and treatment of acute malnutrition; and the promotion of good health and nutrition education. The NNPSP also emphasized the centrality of nutrition in achieving human capital development and hence economic growth and prosperity. It covered 11 priority areas, including enhanced coordination, research and development, dietary diversification, food safety and quality, as well as education and the interaction with health. Until 2011, the NNPSP guided interventions in a range of nutrition-related areas. These included improving maternal nutrition and care and infant and young child feeding practices; improving intake of essential micronutrients, including via nutritious meals for school children; preventing and treating common infectious diseases; improving food safety and quality; reducing nutrition-related non-communicable diseases (NCDs); and improving management of acute malnutrition. The existence of the NNPSP was also a means to mobilize integrated nutrition funding as well as coordinate and improve the quality of nutrition services delivery.

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1,000 days to prevent stunting, as well as education communication on diet diversification and the use of local foods to meet dietary needs.

In addition to creating momentum toward addressing malnutrition in Malawi, the development and implementation of these policies had other salient impacts that provided a strong foundation for future interventions. A 2014 review of food and agriculture policies highlighted that widespread gender mainstreaming and cross-sectoral working were evident across the policies, as were very deliberate efforts to include the vulnerable members of society. The policies also laid very strong groundwork for the diversification of production and consumption, including the production and marketing of livestock products.57 Most significantly, the early nutrition policy processes demonstrated government stewardship and development of nutrition interventions, in turn contributing to greater awareness about the issues.

Finally, closing the loop between agriculture and nutrition, the 2016 National Agriculture Policy positioned nutrition as one of its top eight policy priority areas, assigning responsibility for diversification, healthy diets, food safety, private sector participation, biofortification, and nutrition education across a broad range of stakeholders including ministries (agriculture, health, nutrition, HIV and AIDS, education, gender, children, disability and social welfare), NGOs and civil society, media, academia and research institutions, and farmers organizations.58

In 2018, the GoM renewed its commitment to addressing malnutrition by approving an updated National Multi-Sector Nutrition Policy (NMNP) covering the period 2018 to 2022. Building on progress made until then, and adjusting for evolving concerns, the 2018 NMNP’s aims include: advancing adolescent, maternal, and child nutrition outcomes; reducing the prevalence of overweight and nutrition-related NCDs; diminishing nutrition-related mortality among children and in the general population; improving delivery of nutrition interventions during emergencies; and improving the enabling environment for effective coordination and implementation of interventions. The oversight of the NMNP is shared between a cabinet committee on social development, a parliamentary committee on nutrition, HIV and AIDS, and a principal secretaries’ committee on nutrition, HIV and AIDS. The Malawian government is thereby reinstated as steward and coordinator of nutrition interventions, though coordination also takes place through the Department of Nutrition, HIV and AIDS, which was created in 2004.59

**PROGRAMMATIC INTERVENTIONS**

**Agricultural input subsidies program**

One of the more well-known programs initiated by the GoM is the Agricultural Input Subsidies Program (AISP). Although input subsidies were popular in the country until the 1990s, they were scaled down significantly as part of the structural adjustment programs.60 Instead, from 1998 to 2000, and then again from 2000 to 2005, households were provided with “starter packs” to support their immediate food security needs. Disregarding serious reservations from the donor community and NGOs, however, the government reintroduced the AISP in 2005/2006, following two severe food crises in 2002 and 2005 that were caused by droughts. Targeting approximately 50 percent of Malawian farmers, the AISP program offered vouchers to community-selected households to receive one 50 kg bag of heavily subsidized basal and top-dressing fertilizers each. Compared to their market price of MK 2,000 (about US$ 14), the fertilizers were sold at MK 950 (US$ 7.50). Maize farmers were also entitled to 3 kg of open-pollinated varieties (OPVs) of maize at a cost of MK 150 (US$ 1.20) per 3 kg, compared to a market price of MK 500 (US$ 4) per kg.61,62 The program further selected particularly resource-poor participants who owned, or had access to, 0.4 hectares (ha) of land, had the ability to utilize the inputs, were not employed elsewhere, and were registered with the Ministry of Agriculture.63

As a signal of its commitment and because of the hesitation of the donor community, the full cost of the program was borne by the GoM, absorbing as much as 70 percent of the government’s overall agriculture budget and 16 percent of the entire national budget.64 Implementation of the AISP was done through the Ministry of Agriculture, with inputs being handled through ADMARC and the Smallholder Farmers Fertilizer Revolving Fund of Malawi (SFFRFM). Through a tender process, private importers, as well as SFFRFM and ADMARC, delivered contracted quantities to specified depots. These were then transferred to local area markets by private transport companies, where they were sold to farmers.65

Within the first year alone, maize production was completely upended. Malawi went from a 43 percent deficit in 2005 to a 53 percent food surplus in 2006/2007.66 Over the following few years, the country became self-sufficient in its maize production and even began exporting to neighboring countries. Following this success in its first year, donors also joined the program67 and brought the private sector on board to strengthen the program’s efficiency and
effectiveness and to support seed subsidies, logistics, monitoring, and evaluation.\textsuperscript{68}

Despite intensive politicization and some design shortcomings, Malawi’s AISP has been considered a resounding success.\textsuperscript{69} The AISP is said to have contributed to the overall growth in Malawi’s agricultural sector, rising from an average of about 2.4 percent per year between 2000 and 2005, to over 5 percent per annum between 2007 and 2011.\textsuperscript{70}

The program also led to an increase in the use of fertilizers in the country. In 2012, their use reached 40 kg/ha, as compared to the SSA average for that year of 14.7 kg/ha.\textsuperscript{71} While impacts on household income were limited, recipients of the subsidized fertilizer—between 1.4 and 1.7 million households\textsuperscript{72}—benefitted from a positive and significant impact on their food consumption adequacy (even if only 30 percent of households reported an increase in their consumption of maize) and were more likely to be net sellers than net buyers of maize. There was also an increase in school enrollment and attendance.\textsuperscript{73}

Building on the initial success of the program, its ambitions also escalated. First, having begun as a social protection intervention to improve food security for vulnerable households, its scope eventually broadened to national food production and self-sufficiency. Second, the program’s cost grew from about MK 4.5 billion (about US$ 36 million) in 2005/2006 to nearly MK 23.5 billion (over US$ 187 million) in 2011/2012. Some of these cost increases coincided with rising fertilizer prices, increases in the levels of subsidy, and a sharp depreciation of the kwacha following the liberalization of its foreign exchange market. The amount of fertilizer supplied, however, also increased from 150,000 mt in 2005/2006 to over 200,000 mt in 2007/2008, before falling to 140,000 mt in 2011/2012. In 2009/2010, the cost to farmers of a 50 kg bag fell from MK 900 (US$ 5.55) to MK 500 (US$ 3).\textsuperscript{74}

At the same time, the AISP’s scale and implementation modalities were also refined to improve performance, respond to changing political and economic conditions, and broaden impact. Following the success in the first year, for instance, the GoM extended these benefits to tobacco, cotton, tea, and coffee inputs, partly due to political pressure. However, support for tobacco and cotton production was withdrawn soon afterward to rein in some costs, while support for legumes was introduced in 2007/2008 to promote diversification, improve soil fertility, and improve nutrition outcomes.\textsuperscript{75,76} In the meantime, the varieties of maize seeds offered began to include hybrids and OPVs, which gradually became the focus. Second, the approach to identifying participating households and issuing vouchers became more flexible and sophisticated, involving the MoA, village development committees, local stakeholders, a household register and eventually voter registration. Additional criteria such as nonrepetitive selection and productivity were also applied to ensure that the program achieved maximum impact.\textsuperscript{77} Third, voucher security was gradually upgraded: in 2011/2012, vouchers began to be printed outside Malawi, with support from the UK’s (then) DfID, and in 2013/2014 an e-voucher scheme was piloted.\textsuperscript{78}

By 2014, annual maize production had more than doubled to 4 million mt. Hence, in 2015, the GoM reduced the degree of subsidy from 95 percent to 80 percent\textsuperscript{79} and allowed the private sector to play a larger role in both importing and direct retailing.
Between 2015 and 2017, the cost to farmers rose to MK 3,500 (about US$ 5) per 50 kg, and in 2016/2017, the GoM made one more change by fixing its own contribution per 50 kg bag at MK 15,000 (US$ 21) and allowing farmers’ contributions to vary.80 By 2019/2020, the program’s expenditure as a share of the agriculture budget had shrunk to 20 percent. As the overall spending on agriculture increased, however, this amounted to MK 35.5 billion (US$ 48.5 million), which was still significantly higher than the amount spent at the inception of the program. It also reached only 900,000 farmers,81 far fewer than it did during the earlier years when over 1.4 million households benefitted from the program. In 2020, incredibly, the government proposed a further scaling up of the newly renamed program (the Affordable Inputs Programme) which will cost MK 160.2 billion (about US$ 214 million). At the same time, the program has now adopted even broader and more ambitious goals; it now aims for the reduction of poverty and the ensuring of food security at the household and national levels.82

Malawi’s AISP has continued successfully since its inception, although with several modifications as outlined above. Despite a number of shortcomings in its design and implementation, there is widespread recognition that it has had a significant impact on the country’s maize productivity. Importantly, as concluded by Chisinga (2017), “the subsidy programme is a successful home-grown solution to the intractable hunger problem that was implemented in total disregard of fierce donor resistance.”83

Social protection: Mtukula Pakhomo

Since the late 1990s, in addition to the input subsidy programs, Malawi has implemented several other social protection programs to improve food security and nutrition outcomes. While the earlier programs directly aimed at raising agricultural production, the later ones experimented with conditional and unconditional cash transfers.84 In 2006, the GoM piloted an unconditional cash transfer program called Mtukula Pakhomo (Lifting up Families). The program targeted ultra-poor, labor-constrained households with school-age children. First implemented in Mchinji District, the program was administered by the Ministry of Gender, Children, and Social Welfare, with additional oversight provided by the Ministry of Economic Planning and Development and technical support from UNICEF.85 The program offered a regular cash transfer that was calculated according to the number of household members. Single-person households received approximately MK 500 per month (US$ 4), which rose to MK 1,600 per month (US$ 13) for a four-person household.86 In addition to poverty alleviation and reducing hunger and malnutrition, the program was initiated to improve school enrollment and attendance among the poorest. Subsequent evaluations have shown several benefits from the program, including an increase in investments in agricultural assets such as tools and implements for crop and livestock production. While adult on-farm labor allocation rose, fewer children were sent to work off-farm, thereby enabling them to join and attend school.87 In addition, 75 percent of the cash transfers were spent on groceries, resulting in an overall reduction in hunger and malnutrition.88 Stunting fell from 55 percent to 46 percent in beneficiary households (while the control group saw no change) and, in comparison to non-beneficiary households, the proportion of children who were wasted fell by an additional 2 percent within one year.89 The program also delivered significant advances in women’s empowerment as they shifted a large share of their labor from off-farm activities to selling cash crops such as their own homegrown soybeans and sunflowers. Access to funds from the program facilitated the participation of female beneficiaries in VSLAs, and they went on to use the loans to invest in small businesses. Several women also purchased small livestock, providing a form of resilience to future shocks.90

Its success empowered a rapid scale-up such that, by 2008, the program covered 7 districts and over 18,180 households.91 In 2013/2014, the program was allocated MK 450 million (US$ 1.3 million), a 300 percent increase from the previous year.92 Additional benefits included a reduction in the number of missed meals, particularly during the lean season, as well as an increase in the quantity and diversity of food consumption. During its expansion, the program has also refined its targeting. By 2015, it was operating across 15 districts, reaching over 100,000 households. Beneficiaries with one adult received payments of MK 500 (US$ 1.50) every two weeks, but this was also subsequently raised to MK 850 (US$ 2.50) every two weeks; additional cash was also disbursed based on the number of children enrolled in primary or secondary school.93

By adopting a multifaceted approach to improving food security and nutrition outcomes, Malawi’s GoM has demonstrated a nuanced understanding of food systems and their linkages with poverty alleviation and education.

Financial literacy program

The World Bank’s Financial Sector Technical Assistance Project, which has been implemented since 2011, included a program to improve financial literacy among potential and existing clients. In this respect, two key parallel activities took place to cover

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adults, those living in rural areas, and youth and children attending formal and semiformal schools. These activities included the introduction of financial literacy into the curriculum and teaching materials for many secondary schools, and amplified mass media literacy programs. The school element was led and coordinated by the Ministry of Education, Science and Technology. It provided regular teacher training, required the development of appropriate source books, and integrated learning into seven examinable subjects, including agriculture, business, Chichewa, English, life skills, mathematics, and social studies. These activities included the introduction of financial literacy into the curriculum and teaching materials for many secondary schools, and amplified mass media literacy programs. The school element was led and coordinated by the Ministry of Education, Science and Technology. It provided regular teacher training, required the development of appropriate source books, and integrated learning into seven examinable subjects, including agriculture, business, Chichewa, English, life skills, mathematics, and social studies. A rural community financial literacy program was also rolled out in 22 of the 28 districts in order to educate and empower adults.

The mass media literacy programs were supported by a new unit created in the Reserve Bank of Malawi (RBM). The programs were guided by a National Strategy on Financial Literacy, which was also developed by the RBM in partnership with financial industry associations, line ministries, academia, consumer watchdogs, national farmer organizations, NGOs, civil society and development partners. The RBM has also championed an annual Financial Literacy Week and has worked with broadcasters to produce programs on customer rights, responsibilities, and protection. These interventions have been exceptionally successful, with the proportion of financially illiterate Malawians—a high share of whom were in rural areas—dropping to half between 2014 and 2018. Financial literacy among women has also increased as a result; by 2018, nearly 40 percent of women were considered financially literate according to the follow-up Malawi Financial Literacy and Consumer Protection Household Survey. Studies have shown that higher education and financial literacy, and hence financial inclusion, increases food security in Malawi as households save more, their creditworthiness improves, they gain access to profit-generating enterprises, and they strengthen their overall resilience to shocks.

Conclusion

Over the last two decades Malawi has been gradually addressing several challenges facing its food and agricultural sectors. With the input subsidy schemes, the GoM has sought to strengthen the productivity of its agricultural sectors, while reforming its marketing institutions (ADMARC and NFRA) strengthens downstream responses for producers. Dedicated nutrition polices, overseen at the highest levels, have contributed to a marked improvement in the health and well-being of Malawians. Finally, an institutional overhaul of its finance sector, combined with a financial literacy program, raises the amount of liquidity within the food and agricultural sectors and ensures its long-term viability. Most impressively, Malawi’s policymakers have chosen to challenge conventional wisdom and develop solutions that fit within their own contexts, and they have opted to do so inclusively. Rather than isolate a large and active development partner community, Malawi has joined forces with them to leverage their capacity and optimize the value of processes and interventions.

These innovations provide a strong foundation for the next level of food systems transformation. As Malawi’s policymakers engage with the UN Food Systems Summit and beyond, they have an opportunity to catalyze a more holistic approach. In doing so, they first must adopt the same “Malawi-born” inclusive process as they have used previously; a broad range of stakeholders must be openly consulted, informed, and involved, thereby incorporating “buy in” for the next steps. An inclusive process will also draw greater attention to the need to address diversification in production and consumption in order to enhance both environmental and health-related resilience. Although there are several avenues for institutional coordination, there are still some gaps that need closing—for example, between the ASWG and other sector-wide groups—and some room for streamlining among others. Second, Malawi’s policymakers must consider complementary inputs and services that would further support a food systems transformation such as energy and water for production and processing, education and skills development, and stronger research, development and dissemination. No doubt, the signing of the Malawi Agricultural Commercialization Project with the World Bank in 2020 is a step in the right direction and will also connect well with the country’s jobs agenda.
ENDNOTES


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