7-2

Persistent Food Insecurity from Policy Failures in Malawi

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Executive Summary

Even in the era of globalization, several countries in Africa continue to face chronic and persistent food insecurity. Malawi is one such country. Following a weather shock in 2001, Malawi suffered severe food crises during 2001/02 and again during 2003/04. The main causes of these crises were both natural and manmade. Although poor rainfall resulted in low agricultural productivity, inefficient government policies exacerbated the crises. The reduction in per capita food availability due to low production led to a dramatic increase in food prices. The rapid increase in prices, combined with low purchasing power of a large section of the Malawian population, adversely affected household food access. The government's erroneous food price policies added to the crises, thwarting the efficient functioning of food markets and resulting in starvation-related deaths in some districts.

Maize is the dominant food crop in Malawi, and its yield is highly sensitive to weather variations. Several programs and policies have attempted to increase the productivity of maize and help consumers gain better access to food. Yet misguided policies and their inconsistent implementation remain a major impediment to achieving food security for all Malawians. This case study illustrates this proposition with two policy examples. The first example shows that although Malawi's Starter Pack Program—free distribution of hybrid maize seeds and fertilizers in small packs to smallholder farmers—initially improved food security, premature scaling down of the program to a targeted program during the low-rainfall period of 2001/02 resulted in food crisis. The second example shows how government intervention to subsidize maize prices through parastatal outlets kept maize prices artificially low. This action led to poor incentives for private traders to import food during the periods of food deficit and thereby contributed to the food crisis.

Several policy responses can address production and market failures and help in avoiding future food crises. These responses include developing small-scale irrigation systems, increasing smallholder access to modern inputs, and improving market infrastructure and trade. Social safety nets to smooth consumption shocks and provide income opportunities during crisis periods are also important. Consistent and well-informed policies can help reduce the impact of future food crises. The challenge to Malawian policy makers is to design, sequence, and implement such policies and programs.

Your assignment is to develop a set of policy recommendations that will prevent future food crises in Malawi.

Background

Geography

Malawi is a landlocked country in Southern Africa. It is bordered by Mozambique to the east, south, and southwest, the Republic of Tanzania to the north, and Zambia to the west. It ranks among the world's least-developed economies. With a population of 12 million, it has one of the highest population densities in Africa—128 people per square kilometer. The majority of the population (85 percent) lives in rural areas. The northern region is the least-developed part of the country and is less densely populated. The central region is home to 40 percent of the population and is the location of the capital city, Lilongwe. This region includes many commercial tobacco estates and has some of the country's most fertile and productive land. The southern region is the most densely populated, with about 47 percent of the total population (IFAD 2007). Lake Malawi covers one-third of the surface of the country with freshwater.

Agriculture

The economy of Malawi is predominantly agricultural. Agriculture accounts for about two-fifth of gross domestic product (GDP) and four-fifths of export revenues. Agricultural production in Malawi depends mainly on seasonal rainfall. The northern region has abundant rainfall, whereas the southern region is prone to drought. Although all of the country's 27 districts have access to a body of water, less than 1 percent of all cultivated land is under irrigation. More than 98 percent of rural

Malawians are semi-subsistence farmers. About 2.5 to 3 million smallholder farmers cultivate about 2.4 million hectares under customary land tenure.[1] Maize is the principal food crop, but smallholder farmers also cultivate other cash crops such as burley tobacco and groundnuts. During good harvest years, Malawian farmers are able to produce 2.3 million metric tons of maize, which is important for achieving food security. Tobacco is the main export commodity and accounts for more than half of export revenues (IFAD 2007; World Bank 2006).

Food Insecurity in Malawi

Malawi continues to suffer from chronic and persistent food insecurity. With recurrent droughts and floods, food policy management becomes critical to prevent food crisis. Typically, unfavorable weather conditions combined with low input use (due either to low fertilizer availability in the market or to its high prices) result in low crop yields, which aggregate to food deficits at the national level. Given that food production depends on unimodal rainfall—that is, a single rainy season in a year—food prices fluctuate according to the availability of food in the market. Because most of the rural Malawians who own and cultivate small pieces of land are net buyers of food, seasonal variability in food prices affects their access to food at the household level.

Without appropriate government interventions, these households live in a vicious cycle of food insecurity and poverty: Low food production resulting from low input use leads to low income and low food entitlements. Low income further results in low investment in productivity-enhancing inputs in the next season. Several policies and programs have attempted to break this vicious cycle. Yet policies that are ill conceived and poorly implemented can do more harm than good for the poor.

What Makes Food Insecurity in Malawi Persistent?

The following example typifies the plight of the majority of the rural households who are caught in the vicious cycle described. About 50 percent of smallholder farmers in Malawi cultivate less than one hectare of land. In a normal season, a farmer cultivating one hectare of maize will plant in October/November immediately after the first major rainfall. Maize is grown for the next five to six months and harvested in April/May.

In normal years maize yields depend on the technology used by farmers. A farmer growing local maize varieties without using fertilizer will on average harvest 800–900 kilograms (kg) of grains per hectare. This harvest can rise to 1,200 kg per hectare if adequate chemical fertilizers are applied on time. A farmer growing improved varieties of seeds with chemical fertilizers could obtain a yield up to 2,000 kg per hectare. Thus, in normal years with adequate rainfall, farmers using modern inputs could double their food production.

Several factors make this ideal production scenario less likely. First, availability of land for food production is an increasingly limiting factor under the customary land system. Because of increasing population density, land availability for individual households is shrinking over the years. The second factor is the weather shocks during the crop season. If rainfall at the beginning of the season is delayed or inadequate in quantity, farmers will delay the planting of maize. Late planting reduces yield considerably. Furthermore, even if rainfall is adequate at the beginning of the season, low or erratic rainfall during the crop season can reduce crop yields. The months of February and March are particularly critical. If rains fail in this period, yield reductions are certain. Third, inadequate use of chemical fertilizers and lack of improved varieties of seeds can result in low yields even in years of normal rainfall. Smallholders' low purchasing power prevents them from investing in improved technologies, particularly when the cost of chemical fertilizers is high. Fourth, low labor availability at the household level can result in a low level of planting and neglect of the planted crops. Because food availability is low for poor households during

[1] There are two main land tenure systems in Southern Africa—customary and statutory tenure. In customary tenure, access to land is governed by community membership and controlled by the chief of a village. Households have exclusive rights to cultivate the land, but because land is jointly owned by the community, it cannot be used as collateral for loans. In contrast, under the statutory tenure system, the owner has exclusive rights to the land, which guarantees land tenure security (United Nations Economic Commission for Africa 2003).

the crop season, they look for casual work outside, even at the cost of neglecting their own farms. In addition, chronic illness resulting from malaria and HIV/AIDS can reduce labor supply. Finally, a combination of these factors can seriously affect food production at the household level.

How does an average Malawian farm household with two adults and four children cultivating one hectare of land perform in terms of food security? With average food production of 900 kg per hectare and a household food requirement of about 90 kg per month, a typical smallholder household will have harvested food for only the next 10 months. Given the household's immediate cash needs, it will sell about half of this food production in the market at the prevailing low prices right after harvest. This leaves the household with food for the next four to five months. By the beginning of the next crop season, this household would likely have run out of stored food. Their survival for the next six months depends on the availability of casual employment in rural areas. Along with employment availability, the wage levels and prevailing levels of food prices will affect their access to food and hence their food security.

Add to this vulnerability the frequent weather shocks that reduce food production. Over the past 20 years six major weather failures have pushed Malawi toward food crises. Government policy responses have consisted of declaring a food emergency and asking donors for help with food aid. But such simple responses have evolved with changing pressures from aid agencies regarding market and price policies. Often, these policies have been ill conceived and poorly implemented. Policy inconsistencies often exacerbate the effects of weather failures, resulting in persistent food insecurity among a large segment of the Malawian population.

Events Leading to Recent Food Crises (2001/02 and 2002/03)

An immediate cause of the recent food crises in Malawi was a decline in food supply resulting from failed rains during the 2001/02 crop season. In February 2002 the Malawi government declared a national food crisis and sought donor assistance. The food crisis made around 3.5 million Malawians (30 percent of the population) vulnerable to hunger and starvation (Cromwell and Kyegombe 2005).

Food security in Malawi depends on the interaction of a complex set of factors. Food availability depends on maize output and the efficient functioning of food markets. Food access depends on the purchasing power of consumers. Thus, it is important to look carefully at the trends in production levels and food prices to understand the food security challenges facing Malawi.

Availability of food. Malawian agriculture depends largely on a unimodal rainfall pattern. Malawi's high dependence on rainfed agriculture and its low agricultural productivity make its households vulnerable to frequent weather shocks.

Figure 1 traces national production of maize from 1991 to 2005. For the 2005/06 year, Malawi required 2.1 million metric tons of maize to ensure food security for its population, which includes 2 million metric tons of maize for food use and the rest for feed and other purposes (GOM 2005). Although overall maize production shows an increasing trend, per capita maize production has been declining since the 1970s (Wobst et al. 2004). During the 2001/02 food crisis, maize production fell dramatically, but it was still 6 percent above the 10-year average (Devereux and Tiba 2006). The decline in per capita food availability is not just a result of low maize production. Population density doubled from 59 to 112 people per square kilometer between 1977 and 1998, while the per capita availability of cropped area declined by half, from 0.42 to 0.23 hectares, leading to an overall decline in per capita food availability (Devereux 2006). Agricultural productivity remained low owing to lack of intensification. High prices and inadequate availability during the crop season impede fertilizer use for a majority of smallholder farmers.

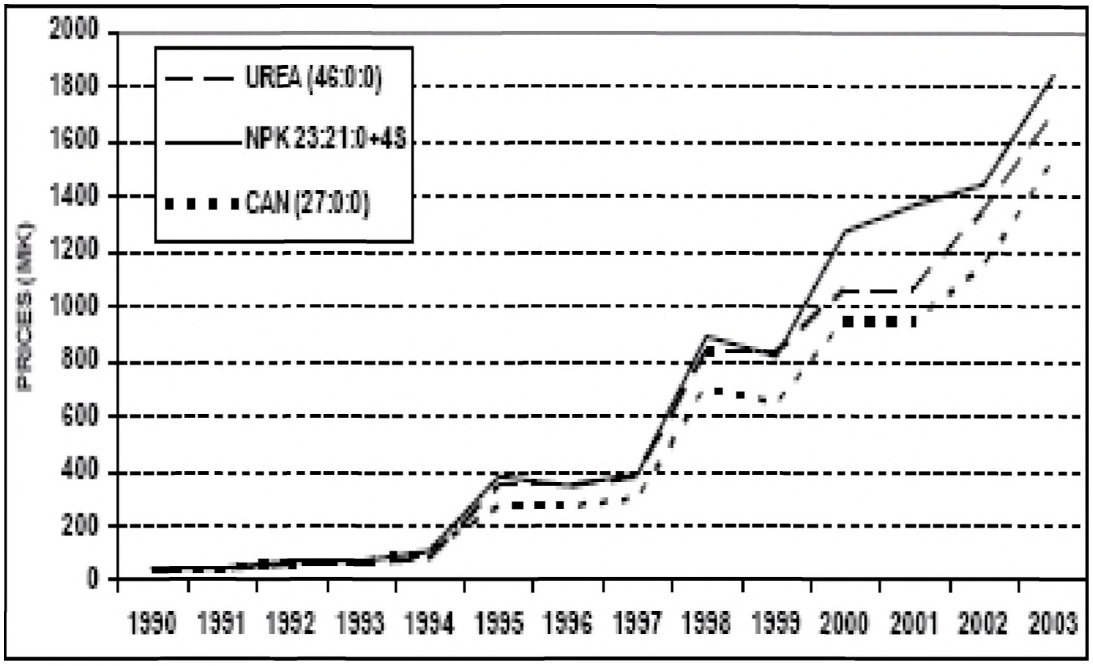
Figure 1: Trends in Maize Production, 1991–2005

Source: FAO 2006.

Trends in fertilizer prices. Fertilizer prices have been increasing over the past 15 years (Figure 2). Before the mid-1990s, most smallholders obtained fertilizers and hybrid seeds through credit-in-kind programs from the Smallholder Agricultural Credit Association (SACA). The Agricultural Development and Marketing Corporation (ADMARC), the main agricultural marketing parastatal, also sold fertilizer at a subsidized price. The Government of Malawi phased out fertilizer subsidies, however, as part of its structural adjustment program. Since mid-1990s smallholder farmers have faced open-market fertilizer prices (Devereux 2006). Access to fertilizer has declined owing to price hikes, and as a result fertilizer use is considerably lower for poorer households than for other households (Hoddinott 2004). The government's policy response has focused on increasing smallholder farmers' access to chemical fertilizers, but inconsistent implementation of such policies has kept Malawian households in persistent food insecurity.

Access to food: Trend in maize prices. Both the level and variability of food prices determine food access. In Malawi, food prices exhibit a high level of seasonality. Prices are low during the harvest period (May and June), then increase steadily, and reach their highest levels during the crop season (January to March). Extreme levels of food price fluctuations can trigger a food crisis. For example, during the recent crises, food prices rose to their highest levels between October 2001 and January 2002. Private trade and public interventions failed to stabilize food supplies and prices, resulting in high levels of food insecurity (FEWSNET 2002).

Figure 2: Fertilizer Price Trends in Malawi, 1990–2003



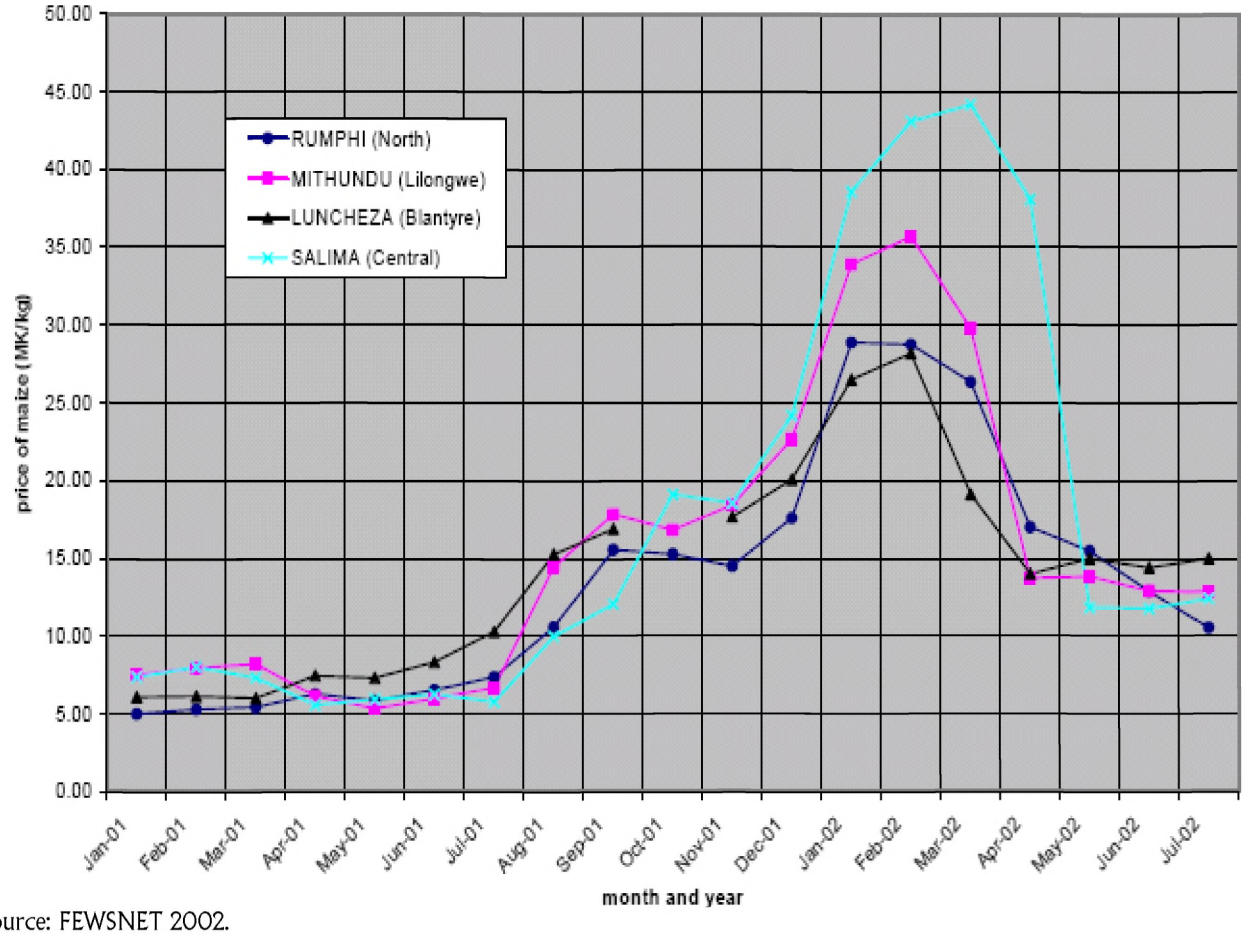
Source: Phiri 2005, cited in Devereux 2006.

Figure 3 shows the trend of maize prices for selected local markets over the period January 2001 to July 2002. Maize prices rose to reach unprecedented levels during the preharvest period in February and March 2002, when they averaged five to six times higher than their 2001 levels. In almost all the areas, prices began to increase in July 2001 and peaked in February 2002. By May 2002, however, all regions had registered rapid declines in maize prices, with the prices stabilizing at MK 10–15 per kg. Yet this level was two to three times higher than normal prices. Such persistent high prices increased the vulnerability of poorer households and resulted in a high level of food insecurity.

In summary, low and erratic rainfall coupled with reductions in fertilizer use led to a deterioration in agricultural productivity in Malawi during 2001/02. This decline in productivity in turn reduced market food supplies. The reduced food availability caused food prices to rise substantially, leading to food crisis. Poorer households were unable to buy food in the market. Owing to their reduced income, even the better-off households were unable to hire labor. Lower wage rates resulting from surplus labor supply was an additional source of vulnerability for poorer households during this period.

To what extent was low fertilizer use and high volatility in food prices a result of poorly designed government policies?

Figure 3: Local Maize Market Prices in Selected Markets, January 2001–July 2002



Source: FEWSNET 2002.

Policy Issues and Challenges: Two Illustrations of Policy Inconsistency

To illustrate how policy inconsistencies can result in persistent food insecurity, this section briefly reviews two key policy interventions by the Government of Malawi.

Policy toward Increased Access to Modern Agricultural Inputs

Low use of modern technology, such as improved varieties of seeds and chemical fertilizers, results in low crop productivity in Malawi. Soil fertility has been depleted over years owing to monocropping of maize with little application of chemical fertilizers. To increase the productivity of smallholder agriculture, the Government of Malawi has distributed chemical fertilizers and improved varieties of crop seeds after every major food crisis. The Starter Pack Program was initiated in 1998 to provide farmers with free packets of improved seeds and fertilizers for one-tenth of a hectare. It is estimated that the program covered 2.8 million smallholders, with the objective of increasing domestic maize production to 280,000–420,000 metric tons a year (Harrigan 2005). Such a result would circumvent the need for maize imports from neighboring countries and improve the country's strategic grain reserve situation. The government funded this program with the support of donors as

an income-increasing strategy to break the vicious cycle of food insecurity and as a mechanism to avoid high-cost food aid programs (Levy 2005).

The Starter Pack Program added 100–150 kg of maize at the farm level, delayed the households' running out of food by one to two months, reduced the market demand for maize during the hungry season, and mitigated seasonal price fluctuations (Levy 2003).

In 2000, based on donor criticism that this blanket approach to provision of inputs was unsustainable and detrimental to private sector development in input markets, the government reduced the Starter Pack Program to a Targeted Inputs Program (TIP). This policy shift eroded the food security benefits of the original Starter Pack Program. Devereux (2006) reports that in 2001 the additional maize production from TIP was only 3–4 percent—a substantial reduction from the 16 percent contribution of the Starter Pack Program in 1999.

Both the Starter Pack Program and the Targeted Inputs Program faced implementation challenges such as delays in procurement and distribution of inputs, low quality of inputs, and poor support from the extension system. The reduced maize production by smallholders in 2001 and 2002 owing to the policy shift, along with these other factors, is often cited as a reason for the food crisis of 2001/02.

The evolution of the Starter Pack Program in Malawi since 1998 and its subsequent scaling down reflect substantial policy inconsistency on the part of the government. Although these subsidies and handouts have been very popular among recipients, several weaknesses render this blanket approach ineffective. First, government intervention in fertilizer markets and frequent changes in policies and institutional set-ups has created uncertainty that discourages private traders from entering the market and thus restricted the development of a competitive fertilizer sector. Second, delays in the procurement of inputs have led to late fertilizer application and thus contributed to yield shortfalls.

Market-Based Interventions to Achieve Food Security

Historically, the Government of Malawi has used a highly interventionist approach to achieve food security. ADMARC, the agricultural parastatal, was established in 1971 to help smallholder farmers gain access to agricultural inputs and to provide them with market outlets for selling and buying agricultural outputs. Its well-established network of outlets throughout the country helped to procure smallholder crops and sell food commodities at pan-territorial prices. Until early 1990s, when ADMARC came under scrutiny of donors, it operated at a loss while remaining a major impediment for private sector development in the agricultural sector (World Bank 2003). As part of Malawi's structural adjustment program in the mid-1990s, ADMARC was asked to operate as a business entity, which led to the closure of non-profit-making outlets, particularly in remote areas. This policy contributed to higher fluctuations in food availability and food prices, making remote households vulnerable. Although several programs were put in place to encourage private sector development, inconsistent policies have kept private trader participation in input and output markets grossly inadequate. Poor policy signals to the few private traders during the periods of food deficits have tended to trigger food crisis (FAO 2005).

Rubey (2004) illustrates how the Government of Malawi, by continually using ADMARC to intervene in food markets, often with good intentions, creates disincentives for private sector traders. After a poor harvest in May 2001, the Government of Malawi anticipated high levels of food insecurity and decided to sell maize through ADMARC. By fixing the price of maize at 17 MK/kg (the prevailing market price in September 2001), however, it quickly ran out of its maize stock. The low supply of maize in the market due to the poor harvest pushed the maize price higher than ADMARC price, up to 45 MK/kg in some markets. At the same time ADMARC continued to sell at low prices to those who were in the market to buy food. Market prices remained higher than the ADMARC price throughout the hungry season (October 2001–April 2002). The ADMARC price was also low compared with market prices for maize in neighboring countries. This price structure and the high presence of ADMARC discouraged the private sector from engaging in local maize markets. Keeping the maize price artificially low compared with market prices encouraged some private traders to export maize to surrounding countries, further adding to local food shortages. ADMARC's inability to import the needed

quantities of maize in time added to the food shortage, resulting in substantial price increases in maize. In short, government intervention in maize markets in a sudden and unpredictable way kept the private sector out of market.

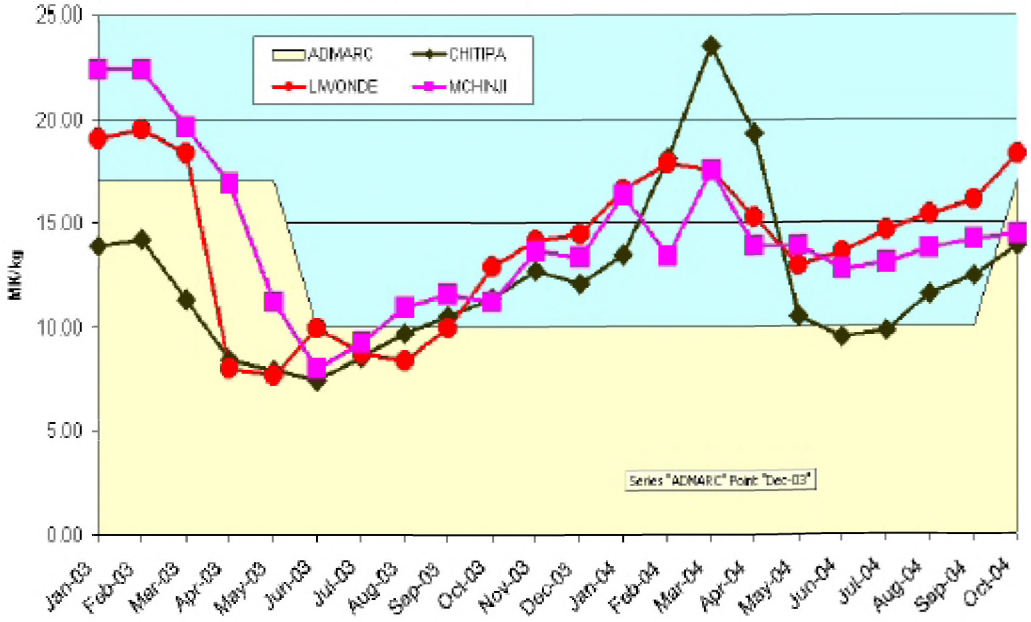
In contrast, although maize production declined again in the following year, the food shortage was manageable for several reasons. The government did not alter the maize price of 17 MK/kg, which it fixed in September 2001. Because the maize price at ADMARC markets was higher than local market prices, private traders were able to import maize from neighboring countries, sell at a lower price, and still make a profit. In addition, the government and aid agencies made information on their imports of maize public. As a result of these factors, maize prices fluctuated little during the lean periods of food availability (Figure 4).

In summary, the government policy interventions during the 2001/02 food crisis showed that policies that create uncertainty about government intentions can throw the markets out of balance and result in huge price increases affecting a large segment of the population. A significant increase in food prices can affect the vulnerable section of the population, whose purchasing power is already low. The Malawi example also demonstrates that inconsistent policies can result in a food crisis. Gradual, predictable, and transparent management of policy options that allow better private trader participation can reduce the severity of food shortages.

Stakeholders

Preventing future food crises depends on how policies and programs affect various stakeholders in Malawi. An assessment of their roles and influence in shaping policies and programs helps in understanding the challenges and options in policy implementation. The following stakeholders are involved in achieving long-term food security in Malawi.

Figure 4: Local Market Maize Prices in Selected Markets, 2003/04



Source: FEWSNET 2004.

Smallholder Farmers

Almost all of Malawi's rural population is engaged in smallholder agriculture. Their role in increasing agricultural productivity and rural incomes will determine the poverty and food security outcomes of rural Malawians. Although they are the primary stakeholders of policies and programs aimed at improving rural welfare, their capacity to organize themselves is low. They have very little say in policies that affect them, although smallholder farmer associations are beginning to be organized. This group of stakeholders remains highly vulnerable to production and market failures owing to their low asset base and their low capacity in mobilizing individual and community resources.

National Policy Makers in the Government

Responsible for agricultural development, poverty reduction, and food security, national policy makers have a crucial role in preventing food crises. They can exacerbate a crisis if their organizational capacity to respond to food-related emergencies is weak. Although they are answerable to the Parliament on the impact of their decisions, the connection between legislative and administrative branches of government is still weak in Malawi. National-level policy makers are motivated by the long-term goal of achieving food security for all Malawians, yet they are not well connected to the problems at the grassroots level.

Agricultural Development and Marketing Corporation (ADMARC)

ADMARC has been a key player in Malawi's food and agriculture sector. With its field offices located all over the country, ADMARC has extensive outreach to the farming community. ADMARC continues to be the arm of government that intervenes in food markets. It has, however, come under criticism by development partners for its inefficiency and its role in the poor development of private traders in agricultural markets. In Malawi, where entrepreneurship and institutional credit facilities are limited, ADMARC is likely to play a major role in agricultural markets.

Private Traders

Private traders in input and output markets have a large role to play in the agricultural development of Malawi. Not well organized, the private sector in Malawi continues to be at the mercy of government policies for its survival. Although the opening up of grain markets to private trade in the mid-1990s helped many entrepreneurs enter the food market, poor development of infrastructure, low credit availability, and lack of market information prevented this group from playing an increased role in addressing food problems through markets. This group of stakeholders has shown increasing presence lately through cross-border trade of food commodities.

Development Partners

Development partners continue to play a key role in preventing food crisis in Malawi. As advisers on and financiers of development plans and policies, they have a high level of influence over the government's decisions. Yet government policies often go beyond donor recommendations. Because of their commitment to the long-term food security of the people of Malawi, donors are highly active in food security discussions. They are also free to experiment and intervene in the rural areas directly through the large presence of NGOs and civil society organizations. Development partners have been important for Malawi in its efforts to prevent famine-like conditions through food aid and distribution.

NGOs and Civil Society Organizations

The number of NGOs and civil society organizations in Malawi has been increasing for the past decade. Because of their presence throughout the country and their proximity to media representatives, they are often able to bring the plight of rural communities to the attention of public authorities and development partners. Largely funded by development partners, they have the freedom to experiment with new ideas to solve food security problems, yet their solutions focus on the specific needs of the local community they serve. They continue to play a critical role in shaping Malawi's poverty reduction strategy through their representatives, who participate in the debates and discussions at the district and national levels.

Policy Options

Short-term policy measures alone cannot achieve food security for all. They need to be placed in the

context of long-term development strategies. For example, in 2000 Malawi adopted the goal of halving poverty and hunger by 2015 as one of the Millennium Development Goals (MDGs). Meeting this food security goal for Malawi, where poverty has been increasing during the past decade, is, however, a major development challenge. Although the Government of Malawi has attempted many strategies since 2000, including developing a poverty reduction strategy to guide policy in the medium term, it is important to recognize that agriculture will play a crucial role in achieving the MDG described. As evident from the preceding discussion, erratic weather patterns and high input costs lead to food shortages. To succeed in halving the proportion of the population suffering from hunger, Malawi needs to pursue policy and investment reforms on multiple fronts. This section focuses on three options that could lead to improved food security and poverty reduction:

1. increasing agricultural productivity;
2. improving market infrastructure and trade; and
3. providing social safety nets for the vulnerable.

Increasing Agricultural Productivity

Irrigation. Malawi's capacity to irrigate its croplands remains grossly underexploited. With only marginal investments, Malawi could irrigate a considerable area of cropped land using water-lifting systems, given that one-third of the country's landmass is covered by freshwater. This irrigation could substantially reduce the variability in food supply during drought years. Thus, increasing irrigation of croplands and cropping intensity should form a key long-term strategy for achieving food security.

Development of irrigation systems is not without its challenges. High costs of irrigation development and weak institutional capacity to maintain and operate such systems remain major challenges. For example, the estimated average investment per hectare in Africa ranges from US$2,000 to US$4,000 for small-scale projects and from US$9,000 to US$15,000 for large-scale irrigation projects (African Union 2006).2 These high costs, combined with poor credit services, make expansion of smallholder irrigation difficult in Malawi.

Small-scale irrigation systems, however, remain a viable strategy for improving agricultural productivity in Malawi. With application of appropriate irrigation technologies, smallholders in Malawi will be in a position to increase crop production and enhance their own livelihoods.

Soil fertility management. Soil fertility and nutrient management influence agricultural productivity, and thus food security and livelihoods.

Smallholders' access to chemical fertilizers remains a critical issue in increasing soil fertility. Putting in place an appropriate institutional framework for input and output marketing and service provision can improve the accessibility of fertilizers. For example, establishing public-private partnerships with potential private traders and ADMARC to import and sell fertilizers throughout the country can increase chemical fertilizer use and its timely application.

It is also possible to reduce the cost of fertilizer by increasing competition among fertilizer dealers through training and credit facilities, particularly in the cash crop–growing areas where farmers could afford fertilizer.

For smallholders who cannot afford chemical fertilizer, alternative methods of improving soil fertility need to be promoted. Integrated nutrient management is a proven method that uses balanced and efficient use of organic and inorganic plant nutrients. Using natural resources such as green manures and some chemical fertilizers in various combinations can result in long-term build-up of soil fertility. Use of this approach will require, however, strong institutional support from the extension system for educating smallholder farmers.

Improving Market Infrastructure and Trade

Although a number of private traders have emerged as major players in agricultural markets, they have not been able to close the gap created by the reduction in the number of ADMARC outlets in remote areas. This gap still poses challenges in making food accessible at affordable prices to consumers during the lean season and in supplying

[2] In India the comparable cost for large-scale projects ranges between US$1,500 and US$2,000.

agricultural inputs to smallholder farmers. Because the private marketing system is not highly competitive, the monopolistic pricing tendencies of these private traders affect household food security.

Development of market infrastructure and appropriate institutions that facilitate private sector involvement could enable better participation of new entrepreneurs in food and input markets. Reducing policy-related market uncertainty is also important. For example, better market information on prices, production levels, trade flows, and imports can reduce the uncertainties associated with the government's pricing policies. A partnership between ADMARC and the private sector to facilitate imports and trade flows (within and across boundaries) can help if it is carried out in a consistent manner that ensures competition within the private sector.

Safety Nets for the Vulnerable

Safety nets can play an important role in protecting vulnerable households during periods of food crisis. They can also mitigate the effects of short-term liquidity and production shortfalls. A few policy options are relevant for Malawi.

First, the design of safety net programs could be aimed at overcoming the impediments to agricultural growth. Public works programs, such as road construction or small-scale irrigation provision, can provide employment to vulnerable households while supplying infrastructure for agricultural development.

Second, during food crises, it is important to identify the ultra poor and devise strategies that benefit them. Targeted pure transfers can limit total costs to a manageable level and increase the likelihood of program sustainability.

Finally, it is important to choose transfer programs that have multiplier effects for the entire economy. For example, the Starter Pack Program in Malawi resulted in substantial yield benefits and improved maize production, although the program was not sustainable owing to poor targeting mechanisms.

Assignment

Your assignment is to develop a set of policy recommendations that will prevent future food crises in Malawi.

Additional Readings

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