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Malawi cultivates cash gains for its farmers

By Alan Beattie

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Try walking 25 kilometres carrying a 50-kilogramme bag of fertiliser on your head, as farmers in Malawi do, and you might get a sharper appreciation of the difficulties in building agricultural supply chains in Africa.

It is hard to find a country that more embodies the struggles to improve African farming. Landlocked, crowded, one of the poorest countries on earth, Malawi's 10m semi-subsistence smallholders coax harvests of corn from poor soils in family plots averaging just half a hectare.

Yet a nationwide experiment, and a more intensive local pilot operating as part of an international trial, have shown the gains possible from giving farmers access to inputs that their counterparts elsewhere in the world would regard as routine.

A widely-watched government subsidy scheme, which gives smallholders vouchers to buy seed and fertiliser, helped to double the harvest between 2004-05 and 2005-06, and has just helped produce another rich corn crop.

Meanwhile, in the south of the country near the high Zomba plateau, a cluster of settlements that is home to about 35,000 people has become part of the international "millennium villages project" inspired by Jeffrey Sachs, director of the Earth Institute at Columbia University, and backed by the United Nations.

The millennium villagers receive intensive help across a wide range of areas such as education, healthcare and setting up small businesses. On the agricultural front they get seeds and fertiliser on a more generous basis than the nationwide government scheme, and advice to help them diversify into cash crops such as groundnuts, cabbages, tomatoes and fish farming.

Glenn Denning, who helps run the project as director of the Millennium Development Goals Centre in Kenya, says that the villages should reach sustainably higher output in five to 10 years, though the Malawi one is likely to take longer. Currently, the corn cribs in the villages are overflowing with the second successive year of bumper harvests, two or three times the national average yield, which is helping to support the project's other aims. A school-feeding programme giving corn porridge to pupils has increased attendance at the local primary school from 380 children to 500, the headmaster says.

Esnart Kaphesi, a farmer in the millennium village, used to harvest about eight 50kg bags of corn from planting traditional varieties of seed. Having been given higher-yielding hybrid seed and 100kg of fertiliser, her crop is now 21 bags and counting.

“This year is the best yet,” she says. Her first priority is an iron roof for her house to replace the thatch. If she continues to generate surpluses she wants to open a sideline trading rice.

Connecting farmers to the cash economy requires overcoming considerable challenges in itself.

Although the Zomba villages are closer to the nearest town than many in Malawi, some farmers still have to walk or cycle 25km to buy inputs or sell produce. Some club together to hire pick-up trucks to take their crops to the market. Cecilia Natchengwa, another villager, says that the rising cost of fuel is cutting into the money to be made from selling cabbages, although they remain her most profitable cash crop.

Whether the schemes of subsidised inputs are sustainable, or indeed applicable, elsewhere in Africa, remains in question. The national voucher scheme will be repeated for next year’s harvest. But global fertiliser prices, which largely reflect the cost of energy used to make it, will increase by 70 per cent. Ms Kaphesi estimates that, after keeping enough for her family to eat, she will be able to sell 10 bags of corn this year to raise 15,000 kwacha (\$110, €70, £57).

Last year, that would have been enough to buy the seed and fertiliser she was given, suggesting the scheme could be self-supporting. This year, fertiliser prices have doubled to K9,000 for 50kg, meaning she would not break even without the free inputs.

Experts say that it is tricky to design large-scale government interventions that correct market failures rather than add to them.

A recent review of the national subsidy programme led by Andrew Dorward, a UK academic, was generally positive – especially since the scheme now encourages private markets to develop by allowing farmers to buy their fertiliser from agro-dealers rather than the government procuring it centrally.

But Prof Dorward says great care is needed when translating lessons from Malawi to other areas in Africa such as, say, western Kenya, which have better access to ports and more scope for agribusinesses to penetrate rural areas on their own.

“Input subsidies may also be appropriate here, but would need to be implemented very carefully to build on and strengthen the existing demand and supply systems,” he says.

Mr Denning is enthusiastic about the Malawian voucher scheme, but refers to the experience as “an inspiration rather than a model”.

The UK’s Department for International Development is one of Malawi’s biggest donors, and after much internal debate has continued to support the programme.

However, it is cautious about replicating it. Douglas Alexander, international development secretary, says: “I would not at this stage say the lesson is to increase agricultural subsidies across Africa.”

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