

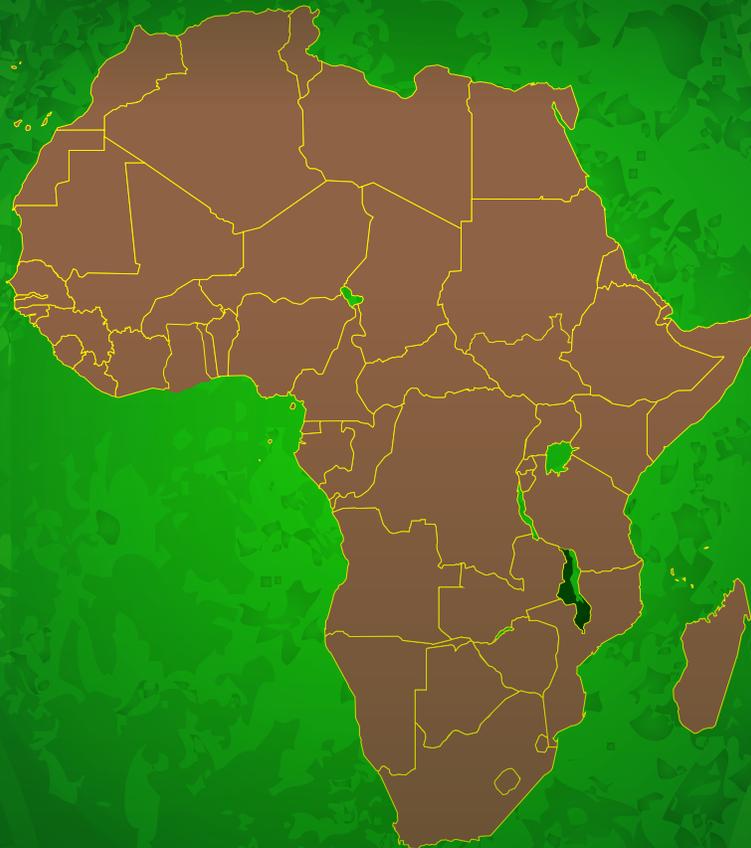


Government of Malawi

MALAWI

JOINT SECTOR REVIEW ASSESSMENT

Advancing Mutual Accountability through Comprehensive, Inclusive, and Technically Robust Review and Dialogue



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ACRONYMS

ASWAp	Agriculture Sector-Wide Approach Program
CAADP	Comprehensive Africa Agriculture Development Programme
COMESA	Common Market for Eastern and Southern Africa
DAPS	Department of Agricultural Planning Services
DAS	Development Assistance Strategy
DCAFS	Donor Committee on Agriculture and Food Security
FAO	Food and Agriculture Organization of the United Nations
FAOSTAT	Statistics Division of Food and Agriculture Organization
FISP	Farm Input Subsidy Program
FUM	Farmers Union of Malawi
GDP	gross domestic product
GoM	government of Malawi
IFPRI	International Food Policy Research Institute
IWMI	International Water Management Institute
JICA	Japanese International Cooperation Agency
JSR	joint sector review

LUANAR	Lilongwe University of Agriculture and Natural Resources
M&E	monitoring and evaluation
MGDS	Malawi Growth and Development Strategy
MoAIWD	Ministry of Agriculture, Irrigation and Water Development
MoFEPD	Ministry of Finance, Economic Planning and Development
MoIT	Ministry of Industry and Trade
MoLGRD	Ministry of Local Government and Rural Development
MoLHUD	Ministry of Lands, Housing and Urban Development
MoNREM	Ministry of Natural Resources, Energy and Mining
NAIP	National Agricultural Investment Plan
NAP	National Agriculture Policy
NEPAD	New Partnership for Africa's Development
NPCA	NEPAD Planning and Coordinating Agency
OECD	Organization for Economic Co-operation and Development
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern Africa Development Community
SDA	Stocktaking on Donor Alignment
SWG	Sector Working Group
TIP-SWAp	Trade and Industry Sector-Wide Approach
TWG	Technical Working Group

EXECUTIVE SUMMARY

Policies are only as strong as the institutions and individuals who implement them. To support mutual accountability in the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) agenda, an agriculture joint sector review (JSR) is an important tool to assess the effectiveness of national agriculture policies and institutions and the extent to which their intended results and outcomes are being realized. JSRs hold state and nonstate stakeholders accountable for their pledges and commitments stipulated in the CAADP Compacts, National Agricultural Investment Plan (NAIP), and related cooperation agreements, such as those under the G8 New Alliance for Food Security and Nutrition (New Alliance).

In Malawi, the Regional Strategic Analysis and Knowledge Support System (ReSAKSS) is supporting efforts to improve the quality of JSR processes. This report presents findings from the JSR technical assessment process in 2014 and has three objectives. First, it evaluates the policy and institutional environment of the NAIP implementation in Malawi—the Agriculture Sector-Wide Approach (ASWAp). Second, it examines the progress toward achieving key target outcomes and, thus, toward creating baselines on key agricultural development indicators for future reviews. Finally, it assesses the adequacy of existing processes to effectively carry out similar reviews in the future and identifies actions to remedy any observed weaknesses.

Status and Quality of the JSR Process in Malawi

The Ministry of Agriculture, Irrigation and Water Development (MoAIWD) coordinates the JSR meetings to ensure continuous assessment of the performance of the ASWAp, the country's National Agricultural Investment Plan. The meetings, which occur semiannually, convene government representatives, development partners, leading farmer organizations, civil society, and the private sector to discuss the performance of the country's agricultural sector. The annual JSR meeting, which occurs toward end of the calendar year, documents the performance of the agricultural sector based on input, output, and outcome targets set in the ASWAp. The mid-year JSR meeting reviews progress on commitments made during the annual JSR meeting. Despite commendable progress in improving the quality of the JSR process, gaps still exist. For example, the Agriculture Sector Status Report, which describes the performance of Malawi's agriculture sector in the previous year, does not adequately cover the activities and issues raised by nonstate actors.

Policy Review

Malawi has signed on to a number of national and international policy commitments and frameworks with implications for agriculture. In addition, there are a few subsectoral policies and strategies with implications for the overall sector. However, there has yet to be a national agricultural policy to guide investment in and implementation of priorities in the sector. The ASWAp is Malawi's prioritized investment program in the agricultural sector. It has its own stand-alone document but is itself not the overarching agricultural policy. In an attempt to harmonize several policies, the government of Malawi has reviewed various national development strategies, agricultural strategies, and agriculture-related legislation and policies to produce a national agricultural policy. Work is currently underway toward finalizing this policy.

The ASWAp has largely filled the role of the missing agriculture policy, guiding investments and actions in the sector. It is a comprehensive document aligned to key and strategic policies, including the Malawi Growth and Development Strategy (MGDS), the CAADP Compact for Malawi, and the Malawi Development Assistance Strategy (DAS). The investment plan also incorporates the principles of international resolutions, such as the World Summit on Food Security by the Food and Agriculture Organization of the United Nations (FAO), the Paris Declaration on Aid Effectiveness, and the Agriculture Agreement of the World Trade Organization (WTO). Although, the government is making tremendous efforts to align current projects to ASWAp, there are still problems with existing projects and with presidential initiatives that were launched without consideration for how they fit into the ASWAp framework.

Institutional Review

The Ministry of Agriculture, Irrigation and Water Development (MoAIWD) is the lead implementer of ASWAp and, in this capacity, also the convener of agriculture sector reviews and technical meetings. Other government ministries have a direct or indirect role to play in ASWAp policy formulation and implementation and, therefore, receive invitations to sector-wide biannual Agricultural Sector Working Group (ASWG) and JSR meetings. These include the Ministries of Finance, Economic Planning and Development (MoFEPD); Industry and Trade (MoIT); Local Government and Rural Development (MoLGRD); Lands, Housing and Urban Development (MoLHUD); Transport and Public Infrastructure (MoTPI); and Natural Resources, Energy and Mining (MoNREM). Select ministries also serve on Technical Working Groups (TWGs). In addition, the Office of the President and Cabinet (OPC), specifically the principal secretary for nutrition and HIV/AIDS, is invited to sector-review meetings. Despite all of these participants, interministerial coordination toward successful implementation of JSRs is found to be weak, as noted by the lack of participation at meetings from representatives of ministries other than MoAIWD.

Civil society organizations, academic and research institutions, and other NGOs are typically well represented at agriculture sector-wide meetings and working groups. The Civil Society Agriculture Network (CISANET), a policy advocacy group, as well as the National Smallholder Farmers' Association of Malawi (NASFAM) and Farmers Union of Malawi (FUM) are key players in agriculture sector-wide meetings and working groups. The November 2013 JSR meeting was also attended by researchers from Lilongwe University of Agriculture and Natural Resources (LUANAR), the International Food Policy Research Institute (IFPRI), Oxfam, Total Land Care, World Vision, Find Your Feet, and Concern Worldwide.

Private sector participation is equally robust. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI) plays an active role, not only through direct representation but also through coordinating participation among private sector firms. For example, the November 2013 JSR meeting was attended by Bio-Energy Resource Limited (BERL), Auction Holdings Commodity Exchange (AHCX), Agricultural Commodity Exchange for Africa (ACE), Export Trading Group (ETG), and Universal Industries, among others. Many private sector firms also have a close relationship with the G8 New Alliance stakeholder platform.

Development partners are in regular attendance at sector-wide platforms and TWGs, in some instances represented by a lead group of three donors (commonly known as the "Troika") currently consisting of representatives from the UK Department for International Development (DfID), the US Agency for International Development (USAID), and the European Union (EU), with regular participation as well from the World Bank and FAO. Coordination among

development partners is undertaken through the Donor Committee on Agriculture and Food Security (DCAFS) and is generally satisfactory, as they appear to speak with one voice. Such coordination also reduces the likelihood of duplication in terms of agricultural project financing.

Financial and Nonfinancial Commitments

The government of Malawi (GoM) has committed to sustain or increase the 10 percent allocation of the annual national budget to agriculture, as recommended by CAADP, and to achieve at least 6 percent annual agricultural sector growth per year. This targeted growth aligns with the Malawi Growth and Development Strategy (MGDS) 2011–2015. Although Malawi has been meeting the CAADP Compact financial commitment, the actual allocations and distribution of resources to some agriculture programs still remains limited. Government resources to MoAIWD's recurrent expenditures is largely allocated to agriculture and food security, primarily crop production and management. This funding is primarily directed to the Farm Input Subsidy Programme (FISP), the costs of which are covered by more than 50 percent of the total agriculture budget (World Bank 2013). This expenditure pattern deviates from what would be a fair distribution of resources across the key investment areas of ASWAp.

The nonfinancial commitments made by the government of Malawi under CAADP include:

1. To strengthen the quality of data to enhance monitoring and evaluation systems necessary to track ASWAp results and to regularly report on ASWAp accomplishments;
2. To contract an adequate number of qualified personnel for ASWAp oversight and implementation;
3. To strengthen opportunities for dialogue with key stakeholders within the sector through the institution of a national and district partnership forum, multidisciplinary sector working groups, technical working groups, and executive management meetings; and
4. To implement joint sector reviews (quarterly, semi-annual, and annual) through the aforementioned structures in order to ensure coordination, transparency, and accountability.

Under the New Alliance, the Malawian government has also committed to provide human resources and mechanisms for dialogue with the private sector, donor community, farmers, and other stakeholders. The government reaffirms its commitment to mainstream nutrition in all relevant programs.

The development partners have also provided financial commitments in the agricultural sector. In general, there has been a large increase in donor budget allocations to the sector beginning in FY2011/12 (\$128 million), FY2012/13 (\$1,246 million), and FY2013/14 (\$1,241 million). In terms of actual disbursements, the amounts have remained far below donor commitments (documented in ASWAp appendixes) due to various factors. Some of these factors include delayed disbursements and late commencements of various project activities from year to year. The delay in disbursements of project funds emanates from late submission of project financial statements for reimbursement. Donor-funded projects have put in place conditions that reports must be submitted before any funds are disbursed. The nonfinancial commitments of donors in the agriculture sector are provided in many agreements with the government of Malawi, such as the CAADP Compact and the G8 New Alliance Country Cooperation Framework. These commitments include the following.

- Commit to the ASWAp objectives and framework to collectively achieve the Millennium Development Goals and Malawi’s development goals.
- Commit to align assistance to the ASWAp and, in consultation with the government, to provide indications of future aid to the sector on a multi-year basis.
- Commit to provide development assistance consistent with the principles defined in the ASWAp and the Development Aid Strategy (DAS).
- Commit to work with the government of Malawi to ensure that financial, administrative, planning, monitoring, and evaluation systems are strengthened as a means to foster harmonization and alignment.

Other organizations such as the African Union’s New Partnership for Africa’s Development (NEPAD) and Common Market for Eastern and Southern Africa (COMESA) have committed to support the implementation of Malawi’s CAADP Compact through mobilization of international and regional political, financial, and technical support.

Agricultural Sector Performance Baselines

The agricultural sector has enjoyed increasing investment in the CAADP period (since 2003) largely related to the FISP program. Consequently, the CAADP commitment of allocating 10 percent of the annual budget has been met continuously. However, the quality of public expenditure in agriculture remains questionable, as a substantial amount has gone to recurrent expenditure. The gap between capital spending and recurrent spending has widened over time. We also note that such investments in agriculture in countries similar to Malawi have generally been associated with an increase in agricultural productivity; in Malawi, however, agricultural productivity has not significantly changed over time, perhaps owing to the limited nature of the capital investments. The productivity gains that have been achieved, however, have been sufficient for Malawi to attain the 6 percent agricultural growth target from 2008. It is also interesting to note that changes in the agriculture sector appear to have had a positive influence on incomes while reducing poverty and malnutrition.

Way Forward

Based on these findings we put forward the following recommendations:

- Despite commitments from government and development partners, the progress toward a full alignment of agricultural projects to ASWAp has been sluggish. The absence of a well-defined timeline has contributed to this pattern. We therefore recommend that the sector through the Agricultural SWG should establish a clear deadline by which all projects should be aligned to ASWAp.
- The content of the Agriculture Sector Status Report needs to be revised. There is a need to adequately cover the contribution from nonstate actors and also to include the following information.
 - The progress made by the government in sector policy coordination, leadership, and direction, and in defining sector priorities should be clearly articulated. Key areas that need to be addressed include the policy context with regards to recent policy changes and emerging policy constraints.

- The overall management of the ASWAp should be incorporated into the report as well as how actions to achieve the ASWAp vision are coordinated. The report should also serve to clarify the functioning of the SWG and TWG as well as highlight the complementarities of various agricultural development initiatives.
- The analytical content of the report should be strengthened, with a particular emphasis on the evaluation of observed sector performance vis-à-vis intended results. The report could also be strengthened by incorporating other analytical processes in the sector.
- Efforts to develop a national agricultural policy are commended as there is a need for a single policy tool that will guide investment and implementation of priorities in the sector. However, it is also important that the policy harmonize the monitoring and evaluation (M&E) system for the sector by taking into consideration all results frameworks contained in the various policies and frameworks within the sector.
- Poor information flow from stakeholders limits the ability of the M&E section to monitor progress. Therefore, there is a need to strengthen information sharing mechanisms to ensure that there is adequate coverage of nonstate actor issues in the JSR.

A strong M&E system is a key element in the successful implementation of the ASWAp. Adequate capacity in terms of the actual number of people in the M&E section of the MoAIWD and their skills and experience is required to strengthen implementation of the ASWAp.

1. INTRODUCTION

1.1. Background

At the Maputo Summit in 2003, African heads of state agreed to implement the Comprehensive Africa Agriculture Development Programme (CAADP) to enhance agriculture-led economic growth, eliminate hunger, reduce poverty, address food and nutrition insecurity, and enable the expansion of agricultural exports. The CAADP implementation process involves the preparation and signing of a national CAADP Compact and the preparation of a National Agricultural Investment Plan (NAIP). The Compact is a high-level agreement between the government, regional representatives, farmer organizations, the private sector, civil society organizations, researchers, and development partners for a focused implementation of CAADP within the respective country. It outlines various programs and projects that stakeholders can buy into that address national priorities. The Malawi CAADP Compact was signed in April 2010 and supports partnerships among the government of Malawi, its development partners, civil society, and the private sector to promote successful implementation of the Agricultural Sector-Wide Approach Program (ASWAp) in line with the stated principles, modalities, and commitments.

Further commitments to improve the performance of the agricultural sector—especially in the areas of food and nutrition—have been made under the G8 New Alliance for Food and Nutrition Security. The program was launched in 2012, initially in six African countries, and aims to lift 50 million people out of poverty in the next 10 years. In February 2013, Malawi asked to become a member of the New Alliance countries; it was accepted in June. A 2013–2016 cooperation framework for Malawi was drawn up and signed in late 2013, outlining commitments made by the government, development partners, and the private sector. The government commitments included consistency of policy; reduction of business risk; access to land, water, farm inputs, and basic infrastructure; promotion of agribusiness and cooperative programs; and a focus on malnutrition. The development partners' main commitment was to support the government. The private sector commitments included letters of intent showing a willingness to invest and support agricultural growth (available in the New Alliance Cooperative Framework document).

ReSAKSS and the NEPAD Planning and Coordinating Agency (NPCA) have developed a results framework to successfully track the implementation and subsequent impacts of all key CAADP and national targets. ReSAKSS is therefore supporting efforts to improve the quality of the JSR processes in Malawi.

The main commitments under the CAADP Compact are for all member countries to maintain at least 10 percent of their budget allocations to the agriculture sector in order to achieve at least 6 percent annual growth in the agriculture sector. In particular, the CAADP process aims at supporting country-driven agricultural development strategies and programs, thereby providing a strategic framework for harmonizing investments that can generate the targeted 6 percent annual growth in agricultural output. The CAADP process has assisted in the formulation and implementation of the ASWAp framework in Malawi. Under this framework, institutions have been developed to strengthen dialogue between the government, development partners, and nonstate actors, although operations of these institutions still remain limited.

In spite of these commitments, performance in Malawi's agriculture sector still remains mixed. The sector has consistently received more than 10 percent of the national budget; in 2013, it received an unprecedented 21 percent. However, since 2003, annual agricultural growth in Malawi has generally been below the 6 percent target. This implies that Malawi is not achieving the CAADP agricultural growth target despite the increase in investments. This disappointing performance requires a better understanding of the linkages between the nature of public and private investments in the sector and agricultural growth.

1.2. Structure of Report

This report presents findings from the JSR technical assessment process in Malawi that assists in tracking progress in sector development as it relates to the implementation of policies. Specifically, the assessment evaluates the policy and institutional environment of the implementation of ASWAp (Malawi's National Agricultural Investment Plan), and examines the progress made toward achieving its target outcomes. It therefore creates a baseline understanding for conducting similar reviews in the future. In addition, it assesses the adequacy of existing processes to effectively carry out such JSR reviews and identifies actions to eventually remedy weaknesses.

The structure of the report is as follows: Chapter 2 examines the status and quality of the JSR process in Malawi. A description of the preparation process, who is involved, and their roles are presented. The discussion in this chapter then goes on to explore the decisions and commitments arising from the JSR and main gaps. Chapter 3 discusses the policy setting in which the ASWAp is implemented. It outlines existing and emerging policies within and outside of the agricultural sector that affects the implementation of the program, existing gaps, and adjustments needed to improve performance. Chapter 4 analyzes the key institutions involved in the implementation of ASWAp and other cooperation agreements. It provides an account of the institutional architecture's alignment to the needs of the program and what changes need to be made. Chapter 5 reviews the financial and nonfinancial commitments made by various stakeholders in the CAADP Compact, ASWAp, and New Alliance. Chapter 6 includes a presentation of a baseline for assessing progress on agricultural sector performance. The report concludes with a summary of key findings and recommendations to improve the JSR process.

2. STATUS AND QUALITY OF THE JOINT SECTOR REVIEW PROCESS IN MALAWI

Mutual accountability refers to the process by which two or more parties hold one another accountable for the commitments they have voluntarily made to one another. This is a core principle of CAADP. A framework to guide mutual accountability processes under CAADP was developed in 2011 in which joint sector reviews (JSR) were identified as a tool for operationalizing the framework. The JSR process creates a platform to: (1) assess the performance of the agriculture sector; (2) assist governments in setting sector policy and priorities; and (3) assess how well state and nonstate actors have implemented pledges and commitments laid out in NAIPs and other agreements. A number of principles guide the JSRs including national ownership and leadership, relevance to NAIP or other cooperation agreements, inclusive participation, commitment to results by all participants, impartiality, evidence-based national planning, sensitivity to gender, and making the process a learning experience.

This chapter offers a review of the JSR process in Malawi, identifying existing challenges that need to be addressed to improve the quality of the process.

2.1. The Joint Sector Review Process

Mutual accountability between the government and donors in Malawi's agriculture sector occurs through the Sector Working Group (SWG), Technical Working Groups (TWGs), and JSR process, which have been developed as avenues for discussion on the design and implementation of food security policies since 2008 (Africa Lead 2013). This framework has been in place in Malawi since the signing of the CAADP Compact in 2010. The Department of Agricultural Planning Services (DAPS) in the Ministry of Agriculture, Irrigation and Water Development (MoAIWD) coordinates the JSR meetings to ensure continuous assessment of the performance of the ASWAp. The meetings occur semiannually and involve discussions between the government, development partners, leading farmer organization, civil society, and the private sector on the performance of the country's agricultural sector (Phiri 2013). The annual JSR meeting occurs in November and documents the performance of the agricultural sector based on input, output, and outcome targets set in the ASWAp. The mid-year JSR meeting assesses progress on commitments made during the annual JSR meeting, as well as any other plans and priorities for the year. A proceedings report is produced after each meeting to document key decisions, commitments, and issues that need to be addressed. JSR meetings are centred on Agriculture Sector Status Reports that are prepared by the TWG on Monitoring and Evaluation (M&E) and presented at the annual JSR meeting (DCAFS 2013). Sector performance is evaluated based on the key high-level indicators prioritized by the ASWAp. Apart from the sector report, JSR meetings provide an opportunity to reflect on other new developments in the sector.

At the 2013 mid-year JSR meeting, it was observed that Agriculture Sector Status Reports mainly focused on MoAIWD activities whereas activities by other stakeholders were under-reported. This was generally due to little involvement of other stakeholders in JSR preparations. As a remedial measure, a JSR Committee was established and coordinated by MoAIWD to ensure inclusiveness of all stakeholders in the JSR. Members of the committee include government representatives, development partners, the private sector, farmer organizations, academia, and civil society. The committee was set up with the following objectives.

1. Facilitate the timely and quality organization of JSR meetings.
2. Identify necessary prerequisite milestones for JSR meetings.
3. Ensure that actions taken and recommendations made at JSR meetings are followed up on in a timely manner.
4. Facilitate identification of institutions to generate analytical output to provide for information needs and knowledge gaps prior to and following meetings.
5. Enhance coordination and collaboration of various stakeholders in the sector, including both state and nonstate stakeholders, to improve tracking and communication of comprehensive results on the performance of the agricultural sector.
6. Review sector performance report from the ASWAp secretariat and propose strategic sector policy issues to stimulate debate at the JSR.
7. Discuss and agree with government and donors on financing arrangements for the JSR.

A review of the most recent JSR meeting in November 2013 indicated that the introduction of the committee was useful, as the entire process benefited from a clear and properly designed roadmap. The taskforce team further contributed to an improved report as compared with earlier reports, which did not undergo the same process.

2.2. Gaps in the JSR Process

There are two principal gaps observed in the JSR process. The first is linked to the weak capacity at the district level for monitoring and evaluation. The preparation of the Agriculture Status Report takes place at the national level but is based on information generated at the district level. The capacity to gather and synthesize information on indicators at the district level is generally poor. In addition, no proper mechanism exists for sharing information between MoAIWD and other actors (other government ministries, private companies, and NGOs). These constraints affect the quality of information used in the JSR. Agriculture Sector Status Reports have mainly focused on MoAIWD activities while activities by other stakeholders in the agricultural sector have been underreported

Second, the content of the JSR report can be strengthened. The Donor Committee on Agriculture and Food Security (DCAFS) has noted that the quality of the sector reports have greatly improved (DCAFS 2013). While there has been remarkable progress, the DCAFS note that further improvements can strengthen the report.

1. Clearly outline the stipulated core functions of the MoAIWD in leading the agricultural policy and development agenda in order to provide clarity on the key functions of sector coordination and monitoring by the Ministry.
2. Clearly articulate the progress made by the government in sector policy coordination, leadership, direction, and defined sector priorities. Key areas that need to be addressed include the policy context with regards to recent policy changes and emerging policy constraints.

3. Incorporate the overall management of the ASWAp and its coordination vision. This will include clarifying the functioning of the SWG and TWGs as well as the complementarities of various development initiatives and synergies.
4. Strengthen the analytical content of the report with particular emphasis on the evaluation of observed sector performance vis-à-vis intended results. The report could also be strengthened by incorporating other analytical processes in the sector.
5. Adopt strategies for strengthening the analytical capacity in the Ministry through the creation of a critical mass of analytical staff to respond to emerging issues and knowledge gaps in the agricultural sector.

The JSR process in Malawi is coordinated by MoAIWD to ensure continuous assessment of the performance of the ASWAp. Despite commendable progress being made in improving the quality of the JSR process, gaps still exist. The Agriculture Sector Status Report, which describes the performance of the sector in the year under review, does not adequately cover activities and issues by nonstate actors. There is a need to improve on the development of the JSR report so that it reviews the performance of all key players in the agriculture sector.

3. POLICY REVIEW

Malawi has signed on to a number of national and international policy commitments and frameworks with implications on agriculture. In addition, there are several subsectoral policies and strategies with implications on the agriculture sector. However, there is no National Agricultural Policy (NAP) in place to guide investments or the implementation of priorities in the sector. Malawi's NAIP, the ASWAp, is a strong and widely adopted framework that has largely filled the role of guiding investment and implementation in the country's agriculture sector. While this is a positive reflection on the ASWAp's usefulness, the recent progress toward the development of a NAP is also positive news because the policy will serve to more broadly define the long-term vision for agriculture in the country. In this chapter, a description of the international commitments and local policies with a bearing on agriculture currently under implementation in the country is provided. In addition, the process used in developing the NAP, the policy alignment of the NAIP, and the state of monitoring and evaluation activities are discussed.

3.1. Existing and Emerging Policies, Agreements, and Cooperation Frameworks

Agriculture sector development in Malawi is guided largely by the Vision 2020, the Malawi Growth and Development Strategy II 2011–2016 (MGDS II), and the ASWAp (2011–2015). Other agricultural subsector-specific policies and strategies exist by building on these key strategies. In addition, Malawi is party to a number of regional and international agreements and commitments related to agricultural sector development and food security. The most overarching and fundamental of these agreements include the COMESA and Southern Africa Development Community (SADC) Agreements and Commitments. This section summarizes these and Malawi's other important policies, strategies, international agreements, and commitments related to agriculture and food security.

The Malawi Vision 2020 framework identifies agriculture and food security as key priority areas to foster economic growth and development. Specifically, this long-term development strategy, which was adopted in 1998, envisions a high level of agricultural productivity, diversification, and commercialization to ensure equity, household food security, income, employment, and sustainable use of natural resources by the year 2020 (GoM 1998). This long-term vision has been translated into a medium-term policy framework for social and economic development, namely the MGDS. The first MGDS was adopted for the period 2006–2011, and its successor, MGDS II, was adopted for the period 2012–2016. One of the key objectives of the MGDS is to “reduce poverty through sustained economic growth and infrastructure development” in order to achieve the Millennium Development Goals. Agriculture and food security is one of the priority areas under the MGDS II. The Strategy seeks to increase agricultural productivity and diversification for sustainable economic growth. Other areas of focus include building links between agriculture and nonagriculture sectors, agro-processing as a core element of trade development, and prioritization of water resource development and increasing land under irrigation.

Out of the MGDS II, the country has also developed Malawi's National Export Strategy (NES) (2013–2018) to improve its export capacity and boost economic growth. As stated in the NES, “the strategic imperative and goal for Malawi should now be to build productive capacity such that exports may match imports in the long term. This is essential

to allow the MGDS II to build on the gains made under MGDS I and, as an agro-based economy, to build a productive base for the Malawian economy” (GoM/MoIT 2013).

Malawi’s involvement in developing a national CAADP framework led to its Development Assistance Strategy (DAS). One key objective of the DAS is to enhance coordination and improve efficiency and effectiveness of service provision in the agricultural sector. In particular, the DAS sets out the policies and strategies for increasing efficiency and effectiveness in the mobilization and utilization of donor resources to achieve the development results set out in the MGDS. The DAS recognizes, strongly promotes, and solicits donor commitment to harmonized and aligned support under a sector-wide approach.

The current policy landscape across the agricultural subsectors is quite fragmented. The majority of existing policies relate to the activities of various departments and units of MoAIWD, which are currently either under review, partially or wholly unimplemented, or as yet undeveloped. For example, the government is implementing the Green Belt Initiative in order to increase the production and productivity of agricultural crops, livestock, and fish through the development of small-scale and large-scale irrigation schemes and maximization of rain-fed agricultural practices.

The National Fertilizer Strategy (NFS) is currently in development along with accompanying legislation. Challenges in the fertilizer sector include structural constraints, such as private sector capacity for bulk procurement, blending, distribution, and the scaling up of investments in the transportation sector. Given the fiscal burden of the FISP, other actions that could increase the supply and use of fertilizer have been largely neglected (IFDC 2013).

Ongoing research has revealed limited information on the existence and status of other subsector policies within MoAIWD or the other governmental ministries and agencies currently engaged in the agricultural sector, namely MoIT, MoFEPD, MoAIWD, or MoLGRD. For example, a National Fisheries and Aquaculture Policy was originally implemented in 2001 and the Fisheries Department (now under MoAIWD) in collaboration with the World Bank and other stakeholders, developed a revised National Fisheries Policy in 2012, covering the period of 2012–2017 (GoM/MoAFS 2012). As of March 2014, this policy remains largely unimplemented. Similarly, Malawi’s National Livestock Policy is currently under review, but there is no firm timeline for the completion of this process. Notable absences or fragmented information are found in the following agricultural policy areas: crop production, extension services, information and communications technology (ICT), technology dissemination (related to agriculture), marketing policies (for agricultural products), strategic grain reserves (policies governing stock levels, restocking, and draw-down procedures), and policies and strategies related to gender mainstreaming and HIV/AIDS mitigation in the agricultural sector.

Internationally, Malawi is party to a number of cooperative agreements and strategies aimed at increasing agricultural output and food security in the region, as well as harmonizing agricultural policies and efforts among member states. Malawi is a member of COMESA and has agreed to contribute strategically to increased regional food security through increasing agricultural sector market competitiveness—indicated by the value of agricultural produce per farmer and the percentage of processed products in agro-exports. Malawi is also a member of SADC and has signed or agreed to a number of commitments, declarations, and strategies that directly address agriculture and food security outlined in the SADC Regional Indicative Strategic Development Plan (SADC RISDP).

3.2. Development of the NAP and the ASWAp

Following the rejection of an initial draft of National Agriculture Policy (NAP) by the Office of the President and Cabinet (OPC) in 2011, MoAIWD initiated its redevelopment. Motivated in part by government's commitments under the New Alliance for Food Security and Nutrition in Malawi, MoAIWD has now fast-tracked the activity and is aiming to have the policy drafted in September 2014. The background information for the policy has already been developed and the drafting of the new policy is being assisted by the International Food Policy Research Institute (IFPRI). The development of a NAP for Malawi represents a major step in its efforts to articulate and prioritize its core, long-term vision for the country's agricultural sector. The creation of the NAP will provide a framework for the nation's strategic agricultural investment objectives and key sector development policies; it will ensure alignment between agricultural subsector policies and the cross-cutting vision, mission, objectives, and strategies of the government of Malawi and its line ministries.

The current ASWAp, which covers the period of 2011–2016, advocates for and drives strategic investment toward programs and initiatives that fall under three distinct pillars: (1) food security and risk management; (2) commercial agriculture, agro-processing, and market development; and (3) sustainable agricultural land and water management. The ASWAp also established two "key support services" as areas of strategic investment that must be developed alongside the ASWAp focus areas: (a) agricultural research and extension services, and (b) institutional strengthening and capacity building. As a supplemental investment component, ASWAp identifies HIV prevention and AIDS impact mitigation as well as gender equality and empowerment as essential cross-cutting issues in the agricultural sector requiring investment.

The ASWAp aims at sustaining a minimum average growth rate in the agricultural sector of 6 percent per year as well as raising annual household agricultural incomes from US\$280 to US\$600 by 2014. Currently, the ASWAp is heavily focused on two agriculture-sector development programs: the Farm Input Subsidy Program and the Green Belt Initiative. These programs account for 70 percent of the total ASWAp budget in support of the focus area of food security and risk management. Significantly less attention and budget resources are devoted under the ASWAp to private sector development, capacity building, agricultural diversification, value chain development, and financing to accelerate the commercialization of agriculture (COMESA/NEPAD 2010).

Rather than serving to inform the NAP, as is currently the case, future iterations of the ASWAp should be developed based on the goals and priorities set out in the NAP now being developed. This will allow government the flexibility to periodically reorient its agriculture sector investment priorities as conditions change, while maintaining alignment with the overall sector objectives of government and those of the MGDS II and Malawi Vision 2020. Although ASWAp outlines the priority investment areas in the agriculture sector, it not a policy document. It is rather an investment framework that operationalizes commitments made by the government and its development partners in the sector. The NAP, once finalized, will synthesize the objectives of agricultural development, strategies, and policies that will be pursued.

3.3. Policy Alignment to the National Agricultural Investment Plan

The ASWAp, Malawi's National Agricultural Investment Plan (NAIP), represents a shift from a project approach toward a sector-wide approach. The ASWAp policy framework is aligned to key and strategic policy documents including the MGDS and the CAADP Compact (Table 3.1). The investment plan conforms to the principles of the Malawi Development Assistance Strategy (DAS) and the national long-term aspirations of the Malawi Vision 2020. Its formulation was highly participatory and consultative, involving various stakeholders, including central government, development partners, cooperating partners, the private sector, academia, civil societies, and the general public. The government developed the National Export Strategy (NES) in 2013 while the ASWAp was in place. This strategy was formulated with the aim of promoting Malawi's exports of agricultural commodities. Consistent with the understanding that Malawi is an agro-based economy, the policy objectives of the NES were aligned with the ASWAp focus areas because the success of promoting export-led growth is dependent upon the success in the agriculture sector. As described above, the National Agriculture Policy (NAP), currently under development, is seen as a policy document that will both align with the broader goals laid out in the ASWAp while also working to more clearly prioritize activities toward a future vision for agriculture. In addition, the ongoing review of individual policies in the sector will also promote the alignment of agriculture policies with the national investment plan.

The formulation of the ASWAp has been recognized regionally as aligned to the requirements of the CAADP framework, which has led to desired improvements in participation, ownership, use of evidence, and policy alignment, compared to the agricultural policymaking processes previously in place. The ASWAp is also aligned to the principles of the Millennium Development Goals (MDGs) at the international level. Thus, the goal of halving poverty and hunger by 2015 has been the centerpiece of ASWAp implementation momentum. However, persistent poverty and hunger put in question the strategies currently in place in Malawi. The investment plan also incorporates the principles of international resolutions such as the World Summit on Food Security of the Food and Agriculture Organization, the Paris Declaration on Aid Effectiveness, and the Agricultural Trade Policy of the World Trade Organization.

TABLE 3.1: ALIGNMENT OF AGRICULTURE POLICY AND STRATEGIES TO ASWAP

ASWAp Focus Area	ASWAp Components	MGDS Agriculture Sector	CAADP Pillars
Food security and risk management	<ul style="list-style-type: none"> • Maize self-sufficiency • Diversification and nutrition • Risk management for sustainable food availability 	Agriculture and food security	Increased food supplies; reduced hunger
Commercial agriculture and market development	<ul style="list-style-type: none"> • Agricultural exports for improved balance of trade and income • Commercial production for import substitution and domestic market development • Market development for inputs and outputs through public/private sector partnership 	Agro-processing	Improved market access and integration
Sustainable land and water management	<ul style="list-style-type: none"> • Sustainable agricultural land Management • Sustainable agricultural water management 	<ul style="list-style-type: none"> • Green Belt irrigation and water development • Land • Climate change, natural resources, environmental management 	Sustainable land and water management
Technology generation and dissemination	<ul style="list-style-type: none"> • Results and market oriented research and provision of technical and regulatory services • Efficient farmer-led extension and training services 		Research, technology generation, dissemination and adoption
Institutional strengthening and capacity building	<ul style="list-style-type: none"> • Strengthening public management • Capacity building of the public and private sector 		Institutions
Cross-cutting issues	Mainstreaming of gender and HIV/AIDS		

Note: ASWAp=Agriculture Sector-Wide Approach Program; MGDS=Malawi Growth and Development Strategy; CAADP=Comprehensive Africa Agriculture Development Programme.

The response of donors in Malawi to the ASWAp has been positive and supportive in terms of policy alignment and harmonization of their support into the country policy process. This is likely because the support of donors for the CAADP framework was strong and most donors are willing to continue supporting the CAADP process. Alignment of donors with agricultural policies and harmonization of approaches has improved tremendously, although some donors are yet to subscribe to the pooled funding advocated by ASWAp. Donors are increasingly coordinating their activities and moving toward budget support instead of financing projects. The formation of the Donor Committee for Agriculture and Food Security (DCAFS) to coordinate activities of all donors within the agricultural sector attests to the commitment among donors to align their support toward ASWAp. However, among the conditions that are key to this effort is that government improve fiscal management, monitoring and evaluation, and policy development at the ministry level in order to provide assurances to donors that the financial resources they provide will be spent prudently and effectively.

3.4. Existing Gaps in Policy Alignment

Although the government of Malawi is making tremendous efforts to address issues of agriculture policy alignment, there are some areas that can be improved. For instance, the ASWAp has planned investment for each thematic area to ensure that the agriculture sector objectives are met by 2015. It is therefore imperative that the government’s annual budget conforms to what is proposed in the ASWAp framework. However, a World Bank (2013) study on agricultural expenditures revealed that there are discrepancies between agriculture expenditures and ASWAp intentions. Substantial funds are allocated to the FISP program, leaving fewer resources to support other thematic areas under the ASWAp, such as land and water management, commercial agriculture and market development, technological generation, and dissemination.

In addition, there are still problems with ongoing projects and presidential initiatives that were launched without adequate planning, design, and consultations. Implementation of most of the presidential initiatives commences before proper project documents are designed. On the development partners’ side, there is also a need for more effort to align donor activities to the ASWAp. The World Bank (2013) observed that while project field interventions are linked to the individual ASWAp key areas, effective alignment is not fully conceptualized at the design stage of the projects.

3.5. Meeting Policy Commitment under the New Alliance Cooperation Framework

The G8 members and other bilateral development partners have expressed their intentions to support the ASWAp, the Trade and Industry Sector-Wide Approach (TIP-SWAp) investment plans, and the goals of the New Alliance for Food Security and Nutrition in a flexible manner. New investments will align with government priorities. The government of Malawi joined the New Alliance partnership in mid-2013 and has committed to provide human resources and mechanisms for dialogue with the private sector, donor community, farmers, and other stakeholders. The government reaffirms its commitment to mainstream nutrition in all food security and agriculture-related programs. It has made a number of commitments under the New Alliance, which include policy reforms as detailed in the appendix. A summary of how well these commitments have been met are highlighted in Table 3.2.

TABLE 3.2: SUMMARY OF PROGRESS ON GOVERNMENT POLICY REFORM COMMITMENTS UNDER THE NEW ALLIANCE COOPERATION FRAMEWORK FOR MALAWI

Timeline	No Progress	Some Progress	Completed	Total Policy Commitments
Due by May 2014	2	6	1	9
Due after May 2014	1	28	2	31
Total	3	34	3	40

Table 3.3 demonstrates a rating system (by color) for progress on various institutional policy and actions. Within the rating scheme, **RED** indicates a situation, process, or outcome that requires significant attention to address shortcomings; **YELLOW** indicates mixed progress, where certain outcomes are partially achieved and others require

additional attention; and **GREEN** indicates a satisfactory situation and hence a low priority in terms of the need for further strengthening.

TABLE 3.3: SUMMARY OF RATINGS ON PROGRESS ON INSTITUTIONAL AND POLICY ACTIONS

Level and quality of coordination among donors	Yellow
Close coordination among development partners vis-à-vis country development strategy and assistance programs	Yellow
Private sector participation in Technical Working Groups for the sector	Yellow
Clarity and consistency of FISP policy concentration	Green
Overall ASWAp implementation	Red
Consistence of guiding policy framework and consultation process, which allows projects and programs to proceed quickly	Green
Institutional incentives to develop new work plans or revise work plans over time	Red

Note: FISP=Farm Input Subsidy Program; ASWAp=Agriculture Sector-Wide Approach Program.

Creating a competitive environment with consistent and coherent policies is classified as a **YELLOW**. The government has worked hard to create an enabling environment through various policy reforms (including the removal of export bans on all crops except maize) and by enacting legislation (such as the Anti-Money Laundering Act and the Credit Reference Bureau Act) for increased access to finance. These efforts are supported by various donors. Discussions on value chain partnerships have been initiated, particularly on sugarcane (Grow Africa 2014).

In terms of facilitating access to land, water, farm inputs, and basic infrastructure, there has been considerable progress, which classifies these areas as **GREEN**. The GoM has also commenced work on 530 hectares (ha) out of a total 6,293 ha of the Chikwawa Green Belt Irrigation Scheme in Salima district. This involves building a lake pump station, booster pump station, reservoir, pipeline, site office, workshop, ablution block, and pivot areas, with overall progress at 80 percent. Under the scheme, the government has secured lines of credit for \$10 million and \$40 million respectively from the Indian government for irrigation and mechanization, as well for setting up a sugar processing plant in Salima district (Grow Africa 2014). The country has yet to make marked strides in areas of reorganization of extension services, promotion of agribusiness and cooperative programs, or addressing malnutrition—thereby classifying these areas as **YELLOW**.

However, the country has been grappling with crises on several fronts, including a huge devaluation of the Malawi Kwacha, inflation, and a major financial scandal (“Cashgate”). Preparations for the May 2014 elections also brought agricultural initiatives to a halt. This was compounded by the Minister of Trade and Investment, a champion of the New Alliance partnership, being chosen as a running mate for the incumbent president in the May 2014 elections. These circumstances culminated in a cabinet reshuffle, a change of focus by the government and its development partners, and the suspension of aid by some donor agencies; the net result was that during late 2013 and early 2014, attention was significantly diverted from advancing efforts to unlock agricultural investment in Malawi (Grow Africa 2014).

3.6. Policy Planning, Execution, and Monitoring

Achieving the targets and goals set under the different agricultural strategies and policies requires a set of well-conceptualized and relevant indicators to track and monitor agricultural performance. Such a set of indicators is vital

to informing agricultural stakeholders about the performance of the sector, assessing trends that may need to be reversed, and stimulating discussion on the essential policy and investment options that may enhance the performance of agriculture within the economy. The government's implementation of the CAADP Compact (using the ASWAp as an overarching framework to guide budgeting, investments, and donor coordination) necessitated the development of a harmonized M&E system (Phiri 2013). The high level of fragmented donor and nongovernmental support through numerous independent projects also contributed to the need for a harmonized system. All these projects resulted in multiple M&E systems. Therefore, it has been necessary to harmonize planning, monitoring, evaluation, and reporting systems and procedures to align all stakeholders to the ASWAp.

Currently, different stakeholders in the sector are responsible for monitoring and tracking progress for specific indicators. Specifically, different stakeholders are responsible for tracking technical and financial progress of an indicator that is part of their ongoing work and that contributes to meeting their own institutional objectives and goals. The M&E Technical Working Group (TWG) exists to track progress in ASWAp implementation. MoAIWD is responsible for consolidating information from the different stakeholders and coordinating the M&E TWG, where information can be shared and progress on indicators reviewed. Such a system eliminates the need for resources to build capacity to track indicators or to put in place a system for tracking indicators that the MoAIWD does not normally track. It also ensures sustainability, as costs are shared by different stakeholders (MaSSP 2012).

Although the indicators in the ASWAp document have been labeled comprehensive, they are, in fact, more focused on measuring the outcomes of MoAIWD activities rather than outcomes across the sector in its entirety. The concept of the ASWAp is sector-wide in nature and, as such, requires the inclusion of other indicators that are reflective of the entire sector, including information pertaining to investment volumes, market prices, growth and poverty rates, nutritional outcomes, and factors that contribute to an enabling environment (such as climatic conditions and world market prices). Accordingly, with support from the EU, IFPRI, and technical assistance from the Japan International Cooperation Agency (JICA), the government is reviewing the indicators and developing an M&E master plan. Attempts are being made to merge the ASWAp high-level indicators, the general agricultural sector performance indicators as stipulated by ReSAKSS (2010), and the indicators that were adopted by the M&E working group of the Information Systems subcommittee.

Regarding the review process, policy implementation progress, and M&E, the 10 years of CAADP stocktaking reports indicate that there has been steady progress demonstrated by the government through its engagement with development partners and wider stakeholders on most programs (CAADP 2014). This has been done through program review, TWG, and dialogue meetings. The report further states that a weak M&E system and the absence of concrete indicators have negatively affected the review process. In addition, effective coordination of all actors involved is required to improve performance of the M&E system (Phiri 2013).

3.7. Existing Gaps in Monitoring and Evaluation

A strong M&E system is necessary for the successful implementation of the ASWAp. The current system faces a number of challenges, however, including poor information flows and the lack of proper empirical data as the basis for decision-making (Phiri 2013). The sector tends to look at data in isolation rather than as it pertains to the sector as a whole. The absence of a monitoring and evaluation system and concrete indicators have made tracking

indicators and peer reviews difficult. In addition, there are also variations in the studies' methodologies—both in the sector and the National Statistical Office (NSO).

Improved capacity—in terms of the actual number of people in the M&E section of MoAIWD—is required to strengthen implementation of the ASWAp. The dominance of the Farm Input Subsidy Program (FISP)—in both budget and implementation needs—has also negatively affected proper planning of the implementation of the ASWAp, as the few available staff members are preoccupied with FISP activities (CAADP 2014; Phiri 2013). Improving coordination of the M&E system, including knowledge and information sharing strategies, can also enhance the ASWAp process in Malawi.

3.8. Summary of Findings

Malawi has signed a number of national and international policy commitments and frameworks with implications for agriculture. These include agreements with CAADP, COMESA, SADC, Vision 2020, MGDS I & II, the National Export Strategy, the Development Assistance Strategy, the ASWAp, the Green Belt Initiative, and other subsectoral policies. With the NAP still in its drafting stage, prioritization and policy coherence is a major challenge. Nevertheless, we note that the ASWAp is aligned to key and strategic policy documents, including the MGDS II, the CAADP Compact, the Malawi Development Assistance Strategy, and Vision 2020. It is also aligned with the both the current draft of the National Agriculture Policy and the previous iteration from 2011. However, a number of presidential initiatives, donor-funded projects, and the budgeting process still are not aligned to ASWAp.

The TWG on M&E exists to track progress in ASWAp implementation. However, the capacity to conduct M&E is generally weakened by inadequate staff in the MoAIWD M&E section and absence of knowledge- and information-sharing mechanisms in the sector. As such, information generated outside MoAIWD does not find its way into the M&E system, resulting in status reports that mainly focus on government outputs and outcomes.

4. INSTITUTIONAL REVIEW

The objective of the institutional review is to assess the quality of platforms that exist for stakeholder engagement, to consider the extent and quality of stakeholder participation in policy and program formulation and implementation, and to gauge stakeholder capacities to evaluate policies and programs in the agricultural sector. This chapter draws on two key documents: (1) *Institutional Architecture Systems Assessment for Food Security Policy Change: Malawi* (Africa Lead 2013), and (2) *Stocktaking on CAADP Donor Alignment, Coordination, and Aid Effectiveness Malawi Report* produced jointly by the development partners in Malawi. (CAADP 2014).

This institutional architecture assessment (IAA) focuses on the roles and responsibilities of government and nonstate actors (for example, civil society and the private sector) in agricultural policy processes in Malawi. Such institutional reviews provide policymakers and other stakeholders with information on possible barriers and coordinating constraints that could hamper effective policy change. As such they contribute to the establishment of an effective policy-enabling environment for the implementation of national agricultural investment plans. The IAA methodology consists of mapping out key systems, processes, and relationships that influence the food security policy development process. It also assesses Malawi's capacity to undertake "transparent, inclusive, predictable, and evidence-based policy change," based on an evaluation of six policy elements: (1) a guiding policy framework; (2) policy development and coordination; (3) inclusivity and stakeholder consultation; (4) evidence-based analysis; (5) policy implementation; and (6) mutual accountability. The stocktaking on donor alignment (SDA) was prepared jointly by development partners in Malawi. The focus of this document is on the roles and responsibilities of development partners, and, as such, complements the IAA, which focuses more on state and nonstate actors. The document summarizes responses to a questionnaire completed by development partners.

4.1. Inventory of Stakeholders Involved in Formulation and Implementation of NAIP

MoAIWD is the lead implementer of ASWAp and, as such, the convener of sector reviews and technical meetings. The majority of other government ministries have a direct or indirect role to play in ASWAp policy formulation and implementation; therefore, they receive invitations to the sector-wide biannual Agricultural Sector Working Group (ASWG) and joint sector review (JSR) meetings. These include MoFEPD, MoIT, MoLGRD, MoLHUD, MoTPW, MoNREM, and OPC, specifically the principal secretary for nutrition and HIV/AIDS. Select ministries also participate in Technical Working Groups (TWGs).

Despite MoAIWD's attempts to attract representation from other ministries, actual cross-sectoral participation in ASWGs and JSRs is poor: meetings in 2012 and 2013 failed to attract attendance at the personal secretary level from the other ministries. For example, at the November 2013 JSR, attendance registers suggest that only MoLHUD and MoNREM were present (one or two representatives each), while a representative from MoFEPD formed part of the organizing committee. Attendance at the November 2013 ASWG was equally disappointing, with only one representative each from MoAIWD and MoIT present. One explanation for this poor attendance could be that invitees are not bound by any mechanism (or appealed to by any incentive) to attend.

Civil society organizations, academic or research institutions, and other NGOs are typically well represented at agriculture sector-wide meetings and working groups. The Civil Society Agriculture Network (CISANET), a policy advocacy group, as well as the National Smallholder Farmers' Association of Malawi (NASFAM) and Farmers Union of Malawi (FUM) are key players. The November 2013 JSR was also attended by researchers from Lilongwe University of Agriculture and Natural Resources (LUANAR), IFPRI, Oxfam, Total Land Care, World Vision, Find Your Feet, and Concern Worldwide, among others.

Private sector participation is equally significant, with the Malawi Confederation of Chambers of Commerce and Industry (MCCCI) playing an active role through direct representation and coordination of participation among private sector firms. For example, the November 2013 JSR was attended by Bio-Energy Resource Limited (BERL), Auction Holdings Commodity Exchange (AHCX), Agricultural Commodity Exchange for Africa (ACE), Export Trading Group (ETG), and Universal Industries, among others. Many private sector firms also have a close relationship with the G8 New Alliance stakeholder platform. However, participation of the private sector in the TWGs has been diminishing in the past years, primarily because the private sector feels that TWGs have become “talk shows” with no follow-up action taken by the government, especially on policy issues.

Development partners are in regular attendance at sector-wide platforms and TWGs, in some instances represented by the agricultural donor's leadership “Troika”—DfID, USAID, and the EU—as well as the World Bank and FAO.

4.2. Institutional Structures, Stakeholder Participation, and Capabilities

Drawing mainly on the two stated evaluations and using the color-coded rating scheme described in Table 3.3, our discussion centers on four areas of interest: (1) coordination within stakeholder groups; (2) institutional structures for the improved participation in policy and program formulation or implementation and coordination of activities; (3) institutional alignment to national policy or investment plans; and (4) capacity for effective policy implementation or evaluation.

4.3. Coordination within Stakeholder Groups

Interministerial coordination within government is found to be weak. Different aspects of this broader coordination issue are assigned **RED** or **YELLOW** status in the institutional architecture assessment (IAA). Although MoAIWD is the lead implementing authority for the ASWAp, several ministries by design are directly or indirectly involved in agriculture-related policy formulation and implementation. Earlier, mention was made of the poor representation of government ministries other than MoAIWD at the JSR and ASWG meetings. The IAA concurs that coordination is a concern, with government ministries often operating in institutional silos, even in areas where there is a clear overlap in terms of mandate and policy objectives. An example in the SDA is that of nutrition, where policies or research studies implemented by different ministries could easily have been complementary, thus providing broader sector outcomes. Instead, these have been implemented in isolation from one another.

Although ministerial responsibilities and priorities are generally well defined, these tend to be reworked with each administration, which creates additional confusion. This may partly explain the noncommittal attitude of some

ministries, especially when it involves an area that is perceived to be largely the mandate of the MoAIWD. Another factor is the lack of administrative staff to support or organize the TWGs. Again, there is limited commitment by leadership to drive or coordinate the process. TWGs are not yet integrated into the scope of work of some MoAIWD departments so are perceived and supported as additional or supplemental tasks. This means TWGs are often organized in an ad hoc manner and mainly attended by officials from the host ministry. Interministerial cooperation is further hampered by weak resource allocation mechanisms and the fact that allocations are often not based on cost-benefit analyses or spending efficiency considerations.

Ultimately, limited coordination between line ministries and departments and a lack of joint strategies and goal is detrimental to ASWAp implementation and outcomes. As the lead implementing institution, MoAIWD has a clear mandate to provide leadership, but unfortunately the coordination and monitoring roles of MoAIWD remain weak, according to the stocktaking on donor alignment. The general feeling is that the MoAIWD is bogged down performing functions that could have been taken up by the private sector and NGOs. It performs these at the expense of effectively addressing its core functions. The IAA and SDA studies recommend the commencement of a core functional analysis for MoAIWD. This was echoed in the DCAFS statement on the 2013 JSR. This analysis will enable MoAIWD to identify the key functions it must perform to facilitate provision of goods and services in the sector. By prioritizing its most important functions in terms of human and financial resources, greater efficiency and effectiveness can be achieved in the non-core functions, which could be taken up by other stakeholders.

In the development partners' self-assessment the level and quality of coordination was considered satisfactory and rated **YELLOW**. The DCAFS group aims to deepen dialogue, coordination, and cooperation among DPs and between DPs and government, with a particular view to effectively supporting ASWAp. The IAA agrees that there is close coordination among DPs vis-à-vis country development strategy and assistance programs, which are usually prepared in consultation with government but points out occurrences of "resource concentration." This suggests that coordination could be further improved. In this regard, the establishment of the ASWAp Multi-Donor Trust Funds (MDTF) is a particularly important development, as this would be a vehicle for strengthening harmonization and coordination of donor investments in the agricultural sector. The SDA mentions drawbacks, including the challenge of dealing with differences in timeframes of donor programming and alignment of spending. Development partners also typically have short cycles of financing; hence, short-term programming is preferred over longer-term joint investments.

4.4. Institutional Structures to Improve Participation in Policymaking, Program Implementation, and Coordination of Activities

Various platforms now exist under the broader CAADP, ASWAp, or TIP-SWAp umbrellas that foster stakeholder participation and collaboration in terms of policy and program formulation, implementation, and coordination of activities. Through an effective M&E system, it is also hoped that these platforms would improve policy prioritization while also strengthening the notion of mutual accountability toward growth and development objectives.

Under the G8 New Alliance, a platform has now been created that is dedicated to private sector engagement in policy processes—even to the extent that this initiative has been widely criticized for benefiting private sector firms at the expense of (poor) smallholders. As discussed earlier, private sector engagement is also strong in other

government-led sector-wide platforms, such as the ASWG or JSR meetings. However, the IAA finds that private sector participation in TWGs is low (rating: **YELLOW**) and suggests the reason for this is the lack of decision-making power of TWGs. In addition, these working groups currently lack dedicated administrative support geared toward encouraging engagement. Admittedly, TIP-SWAp TWGs may be more goal-oriented and closer to private sector interests, and this is evident in private sector participation levels at those forums.

One concern raised in the IAA is that some companies (particularly larger, more influential ones) tend to bypass decision-making platforms and structures, choosing instead to deal directly with senior government officials to influence policy. This further undermines the perceived importance of TWGs, and, to some extent, even of the sector-wide forums. It would appear that proper enforceable mechanisms need to be put in place to avoid this. It is also important to mention that alignment of many existing agriculture task forces and committees with TWGs is weak. In some cases, such task forces are more powerful in decision-making than the TWG to which they are aligned. Examples of this situation include the FISP task force, the SGR committee, and the cotton sector group.

Lastly, the IAA perceives civil society as being very active in sector review platforms and working groups. Moreover, they play an effective role in bringing stakeholders together. One interesting remark in the IAA is that the JSR has no outreach strategy to reach the broader agricultural community. We perceive this comment as somewhat unfair, as this forum exists precisely to make decision-making and evaluation processes more transparent to all stakeholders, who are free to attend. Moreover, CISANET, as a policy advocacy organization, already plays an effective role of representing at JSR and other agricultural sector events disenfranchised stakeholders, such as smallholders, and should bear responsibility for communicating with their members.

4.5. Participation of Nonstate Actors in Policy and Program Implementation

A main concern that the government is addressing under the G8 New Alliance is the lack of a National Agricultural Policy (NAP) to guide decision-making and prioritization of spending across different programmatic areas in the sector. Malawi's National Agriculture Investment Plan (NAIP), which is embodied in the ASWAp, has therefore largely served the dual purpose of policy framework *and* investment strategy. The ASWAp highlights three focus areas of investment:

- *Food security and risk management*: Increase maize productivity, reduce post-harvest losses, diversify food production, manage risk associated with food reserves at national level, and reduce malnutrition through diversification.
- *Commercial agriculture, agro-processing, and market development*: Promote smallholder commercialization through:
 - Agricultural diversification, agro-processing for import substitution, and value addition;
 - Development of domestic and export markets for inputs and outputs; and
 - Development of public-private partnerships involving producers, buyers, input dealers, service providers, and policymakers in the value chain.

- *Sustainable agricultural land and water management*: Conservation farming, afforestation, protection of fragile land and catchment areas, rehabilitation of degraded agricultural land, water use efficiency, and expanding the area under irrigation through the Green Belt Initiative.

In reality, only the first focus area—and particularly its food security component (that is, to increase maize productivity)—has received any significant financial allocation through the Farm Input Subsidy Program (FISP). FISP has been frequently criticized, mainly due to logistical and administrative shortcomings and mismanagement issues. As the IAA report states, however, this “policy concentration” has been clear and consistently applied all along, thus warranting **GREEN** status.

Institutional leadership in implementing activities under each focus area resides with the MoAIWD. In program documents, it is clearly stated that MoAIWD is the lead ministry for the ASWAp while other implementing and interested ministries will participate in making key decisions for the program. At a central level, the line departments of MoAIWD will have principal responsibility for delivery of the program. The involvement of other stakeholders is limited to participation in TWGs that have the mandate to support line departments on technical issues and methodologies for implementation of activities; to advise the MoAIWD principal secretary on broad policy issues; and to provide feedback from stakeholders. Even so, all TWGs are under the leadership of government departments.

The lack of an explicit role for development partners, the private sector, and farmers in implementing the program results in two issues. First, huge expenditures through off-budget projects that are not fully aligned to ASWAp priorities occur regularly. Second, monitoring and evaluation activities primarily focus on tracking government activities alone. This underscores the need for the government to focus on its core functions and for a national agriculture policy that will clearly assign roles to state and nonstate actors in advancing the agricultural sector.

Overall ASWAp implementation, however, is more disconcerting, meriting a **RED** ranking. This is primarily due to the remainder of funds—estimated at 20 to 30 percent of the agricultural budget after accounting for FISP—being used to cover all other objectives and focus areas, including day-to-day government operations. This has meant there are insufficient funds to support core functions, at least from government resources. Furthermore, spending objectives are often overridden by presidential initiatives and political decisions. This is not a bad thing per se, but it can make decision-making and policy review structures redundant.

The SDA affirms that adequate consultations between development partners ensure alignment with the ASWAp pillars. For example, donors have a database of projects that facilitates portfolio analysis of the agriculture sector. However, significant duplication remains. The high-level objectives of civil society organizations (CSOs) in Malawi are also aligned with those of the government, even though CSOs frequently question government policy in their capacity as a “watchdog.”

4.6. Capacity for Effective Policy Implementation and/or Evaluation

MoAIWD departments that assumed leadership of the ASWAp were established with sufficient capacity to implement its programs. However, the unpleasant reality is that these departments are poorly funded and have high vacancy rates. In the 2013 JSR report, the overall vacancy rate was estimated at 40 percent. Notably, huge gaps

were observed in professional positions with senior officers (Grade H) and frontline staff (Grade K) with a vacancy rate of 72 percent and 61 percent, respectively. These gaps affect both the planning and delivery of services.

The IAA argues that Malawi's guiding policy framework and consultation process have allowed projects and programs to proceed quickly (**GREEN**). This statement is somewhat ambiguous and contradicts current sentiment that the absence of an agricultural policy framework hampers policy implementation and spending prioritization (see above). The statement is also contradicted in the IAA document itself, where it is suggested that the lack of a guiding policy framework makes policymaking and implementation "inconsistent and unpredictable" (**RED**).

A particular concern around implementation capacity is reflected in spending or budget execution rates. Sufficient funding is available through budgetary support, MDTF mechanisms, and bilateral donor or NGO programs (IAA), but the recently completed *Agricultural Public Expenditure Review* (World Bank 2013) shows that on-budget donor-funded execution rates are less than 50 percent. The capacity to spend project funds in a manner that carries the approval of the donor is clearly constraining service delivery. Ultimately, proper budget execution and implementation requires clear work plans. While these exist, there are no tools to prioritize activities. Furthermore, because decisions are centralized and unpredictable there are weak institutional incentives to develop new work plans or revise existing ones as priorities shift over time. As a result, the IAA assigns this issue a **RED** status.

The SDA report maintains that good progress has been made by the government on most programs by engaging development partners and a wide group of stakeholders in program review, the TWG on M&E, and other dialogue meetings. However, the report questions the ability of the M&E system to provide concrete indicators that can be tracked and evaluated over time, thus making the joint peer review mechanism ineffective. But, it is not only the government that should engage in sector reviews. According to the IAA, civil society organizations also lack funding and the internal capacity to conduct evidence-based analysis. Often they rely on donors or outsourcing to consultants. Stronger capacity to engage in policy analysis and research may help civil society organizations engage in debates in a more constructive and informed manner, rather than merely being critical.

In general, evidence-based analysis and policy review in Malawi suffers from low availability of quality data; unreliable or nonexistent policy or program evaluations (as well as limited budgets for such evaluations); and limited capacity to apply analytical tools. Consultants or analysts from public universities, for example, are often contracted to conduct analyses, but Malawian analysts, in particular, may be cautious in their assessments for fear of reprisal if they do not "toe the (party) line." As a result "independent" policy reviews are not entirely independent. Specific data and analysis issues highlighted in the IAA document are listed below.

- *Budget analysis*: There is a major concentration of assets within the FISP.
- *Crop estimates*: In general, these are either not available to the public or perceived to be weak or politically influenced.
- *Minimum farm gate prices*: There is some concern about the methodologies used to establish minimum prices. For example, there is no consideration for regional or district-level factors, such as varying transport costs.

- *M&E indicators*: Although continuously reviewed, many indicators remain difficult to update regularly due to data generation and availability issues. The M&E system is not yet a fully-fledged framework that can evaluate agricultural sector spending efficiency against intended outcomes.

4.7. Summary of Findings

The main objective of this chapter was to assess the quality of platforms that exist to promote stakeholder participation in agricultural policy and program formulation and implementation. Participation of stakeholders outside MoAIWD is through TWGs, ASWG, and JSRs. However, the TWGs lack decision-making powers and are led by the same government departments they seek to guide. Coupled with administrative challenges, the TWGs have failed to provide a platform for stakeholders to engage the government. Nevertheless, there is strong engagement in other platforms, but the discussion is mainly centered on the government rather than all players in the sector. MoAIWD leads ASWAp implementation with minimal involvement of other ministries and nonstate actors. However, MoAIWD does not have adequate human and financial resources to effectively lead all activities. To improve performance, there is a need to identify activities that can be led by nonstate actors.

5. REVIEW OF KEY FINANCIAL AND NONFINANCIAL COMMITMENTS

This chapter discusses the financial and nonfinancial commitments made by various stakeholders, including the government, development partners, the private sector, and farmers' organizations. The discussions in this chapter were intended to be based on a decomposition analysis of the budgets as stated in ASWAp. However, the agricultural budgets and government expenditure reporting system is not directly aligned to the ASWAp framework so as to allow systematic assessment of financial commitments for the ASWAp focus areas and outcomes. Following the recent government announcement of piloting program-based budgeting (PBB) in six MDAs (including MoAIWD) for the FY2014/15 budget, MoAIWD is encouraged to take this opportunity to align its agricultural programs to ASWAp focus areas and outcomes.

5.1. Nonfinancial Commitments by the Government, Donors, and Other Nonstate Actors

The government, donors, and nonstate actors have committed to the CAADP Compact and the G8 New Alliance program. Under the CAADP Compact, they have committed to successfully implement ASWAp programs aimed at promoting long-term economic growth and development to reduce poverty and achieve food and nutrition securities. Some specific commitments are in the area of improving consultation and dialogue, strengthening capacity, M&E, and joint reviews to ensure coordination, transparency, and accountability in the agriculture sector. Under the New Alliance, the government has also committed to providing human resources and mechanisms for dialogue with the private sector, donor community, farmers, and other stakeholders. The government also reaffirmed its commitment to mainstream nutrition in all food security and agriculture related programs. The donor community, for its part, provides nonfinancial support in the agriculture sector, as provided in many agreements, such as the CAADP Compact and the G8 New Alliance. Other organization such as the African Union/NEPAD and COMESA commit to support implementation of Malawi's CAADP Compact through mobilization of international and regional political, financial, and technical support. In terms of nonstate actors, the private sector, civil society organizations, and agriculture unions have committed to work effectively in partnership with the government in enhancing the ASWAp components to benefit the people of Malawi.

With regard to progress, the government has made strides in engaging donors and wider stakeholders on most programs. This is done through program review meetings, monitoring and evaluation technical working groups, and dialogue meetings. Most of these meetings are supported by key stakeholders. The government has also initiated reforms such as (1) the passing of the Public Private Partnership (PPP) Bill in 2012 to enable the private sector to better participate in agricultural value chains, such as cotton and tobacco; (2) the formulation of the export strategy launched in 2013 with an aim of promoting exports of agricultural commodities from Malawi; and (3) initiating a number of reforms to allow increased private investment in the country and develop agricultural cooperative organizations.

There has been solid progress in donor engagement with the government through a range of meetings, including TWGs, the ASWG, DECAFS, and joint donor meetings. Steady progress has also been made in planning, as evidenced

by the sharing of government documents with donors for review, dialogue meetings with government representatives to review certain policies, and the review of ASWAp and the post-CAADP road map. There are also JSR meetings that enable review of the sector progress as a basis for future planning. The New Alliance has been initiated in Malawi to provide an opportunity to strengthen private sector investment to the sector. Furthermore, the ASWAp MDTF has been created as a vehicle for strengthening harmonization and coordination of donor investments in the agricultural sector. A group of six donors have already pooled investments in the MDTF managed by the World Bank to improve on aid delivery to the ASWAp.

Progress has also been noted in the participation and coordination role played by nonstate actors in the design of agriculture policy and investment plans for Malawi. In particular, progress has been noted in their participation in the TWGs, ASWG, and agriculture JSR under the ASWAp framework. They were fully involved in the design of ASWAp, NES, the CAADP Compact, and MGDS. However, an assessment of progress on commitments will require the nonstate actors' participation in providing information. The successful implementation of these intentions also heavily depends on the government honoring their commitments toward nonstate actors under the New Alliance, the CAADP Compact, other international agreements, and government strategies and policies.

Although government consultation with other key players in the sector is improving, achievements have been minimal in strengthening the quality of data and the conduct of regular reporting to enhance monitoring and evaluation systems used to track ASWAp accomplishments. The initial phase of ASWAp has concentrated on improving its structures against a long list of strategic planned activities. It is encouraging to note that the government is in the process of strengthening its M&E system and establishing concrete indicators with the help of technical assistance from JICA. This will enhance the effective tracking of indicators, conducting of successful joint sector reviews in agriculture, and tracking of ASWAp and New Alliance accomplishments.

The government, through MoAIWD, is still the major player in ASWAp implementation. Accordingly, there is a need to strengthen the provision of leadership, coordination, and monitoring roles in the government, especially in MoAIWD. Currently, not all the strategic objectives of ASWAp are implemented. Hence, there is a need to improve on the institutional structure of the Ministry to ensure that all strategic services are delivered. Consequently, to meet this need, the core functional analysis is highly recommended. Another crucial issue is the limited coordination between line ministries and departments with no joint strategies or shared goals. There are cases where different departments are implementing similar programs financed by different donors. In addition, it is still a challenge for the government to deploy an adequate number of qualified personnel for ASWAp oversight and implementation.

There are also challenges with regard to donor commitments. One drawback that affects investment is the varying timeframes allotted by the donor community for programs. The donor communities have short cycles of financing so prefer short-term programming. There is no medium- and long-term vision to trigger joint investment after considering commonalities and interests in the programs. Although donors have a database of projects that facilitates portfolio analysis of the agriculture sector, the portfolio is still characterized by a large number of donor projects. This may lead to duplication, redundancy, and multiplication of donor requirements for reporting. International programs coordinated between country donor offices and their headquarters remains a challenge to be monitored and coordinated at the country level. Both parties—government and donors—need to work on improving investment efficiency and impact.

Although a number of commitments of nonstate actors are provided in many documents, the presentation of these commitments makes it difficult to conduct a successful monitoring of progress. It is observed that the formulation of commitments is not clearly provided in these documents. In certain instances, the commitments do not have a timeframe or defined value. Accordingly, it is recommended that monitoring tables should be developed with clear intentions, objectives, outputs, responsibilities, timeframes, and values to facilitate the successful monitoring of nonfinancial commitments of respective nonstate actors. In addition, the monitoring of progress of these commitments can be done through the already established structures of the JSR, TWGs, and SWGs. This will increase harmonization of government efforts and implicitly address issues of capacities in the agriculture sector.

As of May 18, 2012, a total of 15 companies, comprising of six local or Ghanaian companies and nine international companies, made investment commitments and signed letters of intent (LOI). Available evidence indicates that the private sector has made reasonable progress in meeting its commitments (Grow Africa 2014). Some corporations, for example, AgriServ, have also moved beyond the pilot stage by gaining approval to scale up their investment. The firms generally perceived that they have at least achieved 40–50 percent of their commitments under the NA framework. They mentioned that their key challenges are access to capital and land.

5.2. Financial Commitments by Government, Donors, and Other Nonstate Actors

Malawi has surpassed the CAADP target of allocating 10 percent of its national budget to agriculture since the start of FISP in 2005 (ReSAKSS 2012). The commitments have averaged above 17 percent of total national expenditure (Table 5.1), surpassing both the CAADP target and the proposed MGDS II allocation of 13 percent of total resources.

TABLE 5.1: AGRICULTURAL EXPENDITURES AS A SHARE OF TOTAL GOVERNMENT EXPENDITURE (US\$ MILLIONS)

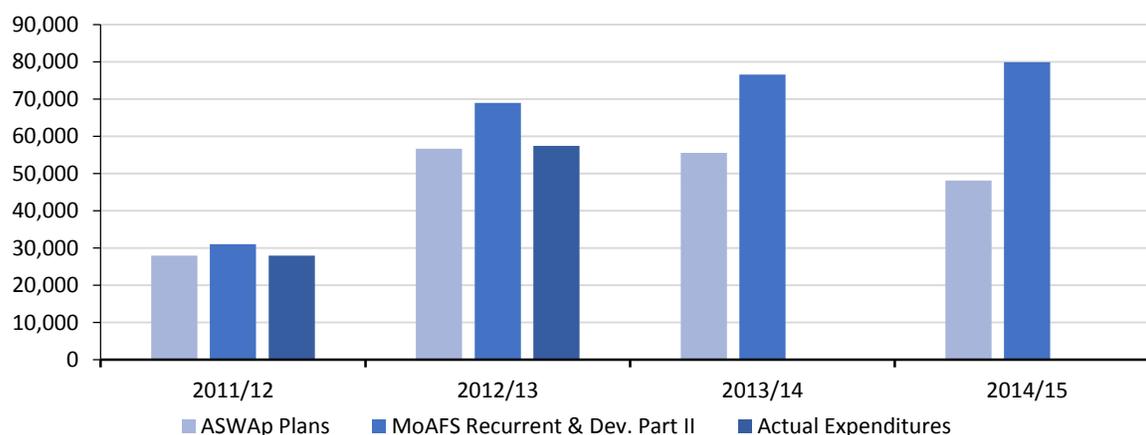
Types of Expenditures		2007/08	2008/09	2009/10	2010/11	2011/12	Total	% of Total
Agriculture Expenditure	MoAIWD & Irrigation	186	315	167	206	180	1,057	68%
	Other ministries	13	6	5	59	5	88	6%
	Transfers to District Councils	4	4	4	4	4	20	1%
	Off-Budget	50	40	112	96	100	397	25%
	Total agricultural expenditure	252	364	289	365	288	1,562	100%
Total GoM expenditure		1,285	1,901	1,813	1,957	1,459	8,415	–
Share of agricultural in total		20%	19%	16%	19%	20%	19%	–

Source: World Bank 2013.

The ASWAp is built around three priority focus areas, two support pillars, and two cross-cutting issues. The initial budget plans for Malawi ASWAp (2011–2015) resource requirement is US\$2.2 billion. Available resources from the government and donors account for approximately US\$1.3 billion, leaving a substantial financing gap of about US\$0.9 billion. Based on the actual amounts allocated by the MoAIWD (highlighted in Figure 5.1), allocations to agriculture have been increasing in comparison with the available resources initially anticipated by the Malawi

ASWAp program. If all transfers to other ministries and district assemblies are considered, the government's contribution to the sector is large.

FIGURE 5.1: ASWAP GOVERNMENT FINANCIAL COMMITMENTS, 2011–2015 (MK MILLIONS)



Source: ASWAp Consolidated Accounts and MoAIWD Expenditure Reports 2014.

Note: Local resources are MoAIWD recurrent and development part II expenditure allocations. Allocations to other ministries and district assemblies are not included.

Although Malawi has been meeting the CAADP Compact financial commitment, the actual allocations and distribution of resources to some agriculture programs still remains limited. The 2013 Malawi agricultural public expenditure review (World Bank 2013) also revealed that heavy state intervention in the sector has affected the provision of a conducive environment for allocative and technical efficiency of public expenditures. Concerns raised in the report include the Farm Input Subsidy Programme (FISP), which includes a cumbersome targeting process that limits private sector expansion in agriculture and agribusiness, as called for by ASWAp. In other words, public sector involvement in private goods provision has crowded out private sector businesses. There is a weak linkage between policy framework and budget planning, compounded by high fragmentation of aid and the high proportion of off-budget expenditures that entail limited oversight and ownership by the government and high transaction costs. The review also observed that there is low efficiency of budget planning and implementation, penalized by heavy procedures, low level of expenditure control, weak M&E, and low motivation of staff owing to salary erosion.

In addition, it has been observed that the actual allocations and distribution of resources to some agriculture programs remains limited. Government resources to MoAIWD recurrent expenditures is largely allocated to agriculture and food security, of which crop production and management takes up the lion's share. The largest proportion of crop production and management funds allocated to MoAIWD goes to the FISP, with more than 50 percent of the total agriculture budget going to FISP (World Bank 2013). The program involves subsidizing maize seed and fertilizer for smallholder farmers who are given vouchers or coupons allowing them to buy subsidized farm inputs. The relatively large budget allocation to the FISP has been similar since the introduction of the program in the 2005/06 financial year. In particular, the allocations to other programs have been overshadowed by the FISP. Hence, the objectives of ASWAp to develop sustainable land and water management, commercial agriculture and

market development and agriculture research and development will not be achieved unless additional resources are raised or shifted from the FISP.

Donor financial commitments to the agricultural sector are provided through projects both under the development budget and off-budget. In addition, donors provide resources to the agriculture sector through nonstate actors. The summary of consolidated donor financial resources is provided in Table 5.2, which compares the initial plans under ASWAp with annual budgets and actual expenditures. Consolidation of annual budgets from the Debt and Aid database was difficult and, hence, averages are used for 2012/13 and 2013/14. The budget figures for 2011–2015 were collected from the 2012 JSR report. In this table, UN agencies have been excluded because data was not available for them and, in some cases, these agencies receive financing from donors that has already been committed. In addition, the financial system does not separate funding going to either government or nonstate actors.

TABLE 5.2: DONOR FINANCIAL COMMITMENTS TO THE AGRICULTURAL SECTOR OF MALAWI: ASWAP PLANNING, BUDGETS, AND ACTUAL EXPENDITURES (US\$ MILLIONS)

Donors	2011/12			2012/13			2013/14		2014/15
	ASWAp	Budget	Actual	ASWAp	Budget	Actual	ASWAp	Budget	ASWAp
WB	19.33	20.18	24.89	10.40	82.90	34.39	10.40	82.90	0
IFAD	1.21	1.51	0.22	2.90	12.48	0.30	4.60	12.48	6.90
DFID	9.97	11.42	31.12	9.97	33.25	10.37	9.97	33.25	0
USAID	28.33	28.36	3.67	24.07	39.91	2.25	24.07	39.91	12.92
EU	24.91	24.91	8.70	18.80	101.42	8.27	14.35	101.42	0
AfDB	9.54	9.54	9.20	5.73	14.85	4.42	2.00	14.85	1.01
Irish Aid	11.90	10.14	8.61	11.06	9.52	5.81	11.06	9.52	11.06
Norway	8.55	10.57	22.16	9.47	28.18	20.77	6.45	28.18	0
FICA	0	4.42	1.79	0	7.17	4.64	0	7.17	0
JICA	3.32	5.3	0.30	2.52	4.65	0	2.32	4.65	1.30
Total	117.06	126.356	110.66	94.92	334.33	91.22	85.22	334.33	33.19

Source: ASWAp Consolidated Accounts, and Aid Management Platform and DECAFS.

Note: The ASWAp column provides for initial commitments from donors and the actual column represents the actual disbursements as provided in the Aid Management Platform of the Ministry of Finance, Economic Planning and Development.

According to Table 5.2, in FY2011/12 budget commitments were much closer to what was planned in the ASWAp framework. However, donor commitments were higher than what was anticipated in the investment plan in FY2012/13 and FY2013/14. This trend continued for the rest of the program period. Actual disbursements have remained below donor commitments due to various factors. Some of these include delayed disbursements and late commencements of various project activities from year to year. The delay in disbursements of project funds emanates from late submission of project financial statements for reimbursement. Donor funded projects have put in place conditions that reports must be submitted before any funds are disbursed. With the recent “Cashgate scandal” revealing fraud and corruption in the public financial system, donor disbursement of project financial resources might be disrupted further.

The private sector has provided its investment intentions in Malawi under the New Alliance through letters of intent signed on 20 May 2013. So far, there are 15 Malawian registered companies and 8 international companies that have signed such letters. Although some nonstate actors have not revealed their financial intentions under the New Alliance, they have committed financial resources amounting to approximately US\$702 million over the coming five years. Companies have showed tremendous leadership in converting their commitments into actual investments. Progress on financial use by nonstate actors is at about 6.8 percent of their total commitments. They invested in new or existing processing facilities and reached more smallholders through origination, capacity building, and improved farming methods (for example, Malawi Mangoes, Agora, RAB Processors, Universal Industries, and the Farmers Union of Malawi). Others went further and also created a joint venture to overcome the problem of access to finance—for example, Bio-Energy Resource Limited (BERL), the National Smallholder Farmers' Association of Malawi (NASFAM), Afri-Nut, and ExAgris (Grow Africa 2014). However, other companies, including Press Agriculture Ltd. and Seed Company Malawi (SCM) Ltd. have put their capital investment on hold.

According to Grow Africa (2014), companies faced the following constraints in making their investments. If addressed, a strengthened enabling environment could result, unlocking further investment.

1. **Access to finance:** Prohibitively high interest rates and lending conditions are preventing growth. Agribusinesses require large working capital, yet interest rates of over 40 percent are constraining private-sector development of the sector. In addition, a number of donor initiatives already in place that are aimed at addressing this constraint are perceived by the private sector as not responding to the kind of long-term perspective that is paramount for agricultural projects to be transformational and sustainable.
2. **Access to certified seed:** The way in which seed monitoring is structured significantly restricts access to good seed varieties, despite the existence of Malawi-ratified SADC and COMESA protocols on sharing seed varieties across the region. Unlocking this constraint would stimulate agricultural development in the country through the full implementation of the SADC Harmonized Seed Regulatory System.
3. **Access to land and water:** The government of Malawi has committed to releasing 200,000 hectares (ha), with supporting infrastructure, for large-scale commercial agriculture by 2018. Companies are suggesting a pilot scheme be introduced (involving 3,000 to 5,000 ha of irrigated land in several locations across Malawi) as a basis for understanding how best to enable the right parameters to be set for the roll-out of the full 200,000 ha; these companies have indicated their willingness to invest in pivot irrigation on these farms (Grow Africa 2014).

5.3. Summary of Findings

This chapter reviewed the financial and nonfinancial commitments made by the government, the private sector, development partners, and farmers' organizations under CAADP and the New Alliance. We observed that over the past five years, the government has surpassed its CAADP commitment to allocate at least 10 percent of the national budget to agriculture. However, allocative efficiency of the investment remains questionable, as about two-thirds of the budget is put to FISP. This is in sharp contrast to the planned investment pattern outlined in ASWAp.

In terms of nonfinancial commitments, substantial progress has been made in engaging donors and wider stakeholders. The 2012 Private-Public Partnership Bill, the formation of TWGs, and a number of inclusive reforms to facilitate private sector involvement signaled government willingness to engage other stakeholders. However, to track ASWAp progress across the entire sector and across all stakeholders, the quality of data remains poor and the M&E system is weak.

In general, the development partners' annual financial commitments were higher than anticipated by ASWAp, but actual disbursements have been significantly lower, largely due to late submission of project financial statements. Development partners have also met their financial commitments, but alignment issues still exist, especially with differences in the timeframe for programming financial contributions. The financial commitments from nonstate actors could not be accessed because a tracking mechanism was lacking, but US\$702 million worth of investment has been pledged over the next five years under the New Alliance.

6. AGRICULTURE SECTOR PERFORMANCE BASELINES

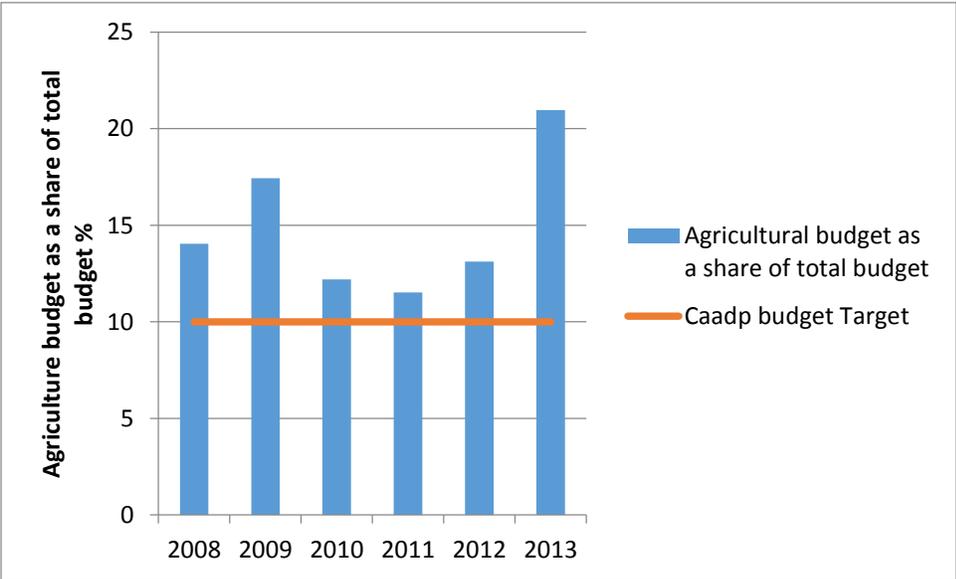
This chapter charts the performance of the agricultural sector in Malawi over the past ten years but places more emphasis on the recent past (2011–2013). In addition, this chapter provides baseline indicators of sectoral performance, which is crucial information for monitoring future agricultural sector performance. Every country that subscribes to the CAADP framework is required to strengthen its monitoring and evaluation systems upon developing its national investment plan. For Malawi, therefore, successful implementation of ASWAp hinges on the sector’s ability to monitor its operations and outcomes. The baseline information that has been established here is of immense value going forward as it will serve as a reference point for future JSRs in assessing progress during the next decade of CAADP.

This chapter starts by presenting sectoral trends using indicators that are consistent with the CAADP framework. The discussion then goes further to establish trends in performance of the sector against national targets in several key indicators. Four key indicators are discussed in more detail—budget and expenditures share, agricultural growth, food security, and poverty rates. At the end of the chapter, a summary of major findings is presented.

6.1. Progress in Share of National Budget Allocated to Agriculture

Following the Maputo declaration, under which CAADP was established, the agricultural sector in Malawi has seen a dramatic increase in public agricultural spending. In recent years, the agricultural sector has received more than 10 percent of the national budget. This increased in the 2013 budget period to 21 percent (Figure 6.1). This significant investment in the agricultural sector has been increasing over time, albeit with annual variations. If the many rural poor in Malawi are to emerge out of poverty, agricultural growth is paramount. As such, investment in agriculture is key, so this growing public investment in agriculture is welcome.

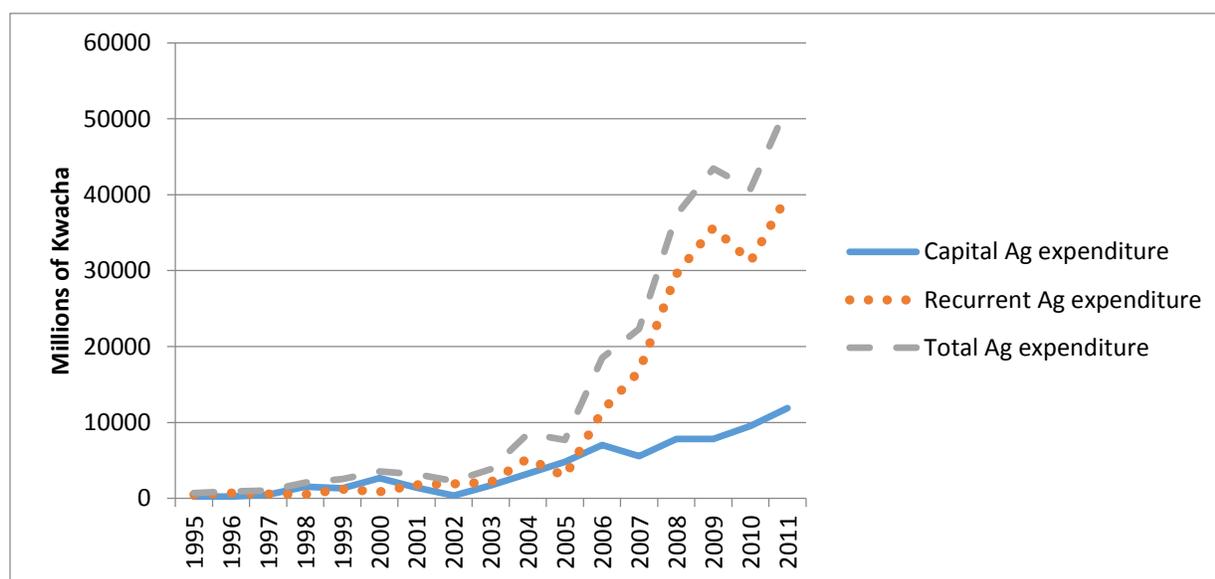
FIGURE 6.1: SHARE OF AGRICULTURAL BUDGET IN NATIONAL BUDGET



Source: Authors’ calculations based on ReSAKSS-Southern Africa data from 2013.

The level and the quality of spending matter for agricultural development. Understanding how expenditure is conducted within agricultural sector can help identify areas of high and low potential that require particular attention. Figure 6.2 shows that total public agriculture spending has generally increased over time. Recurrent expenditures have generally been higher than capital expenditures over the period under study. Not only have capital expenditures in agriculture been lower than recurrent expenditures, but they have also not been growing as quickly over time.

FIGURE 6.2: RECURRENT VERSUS CAPITAL PUBLIC EXPENDITURE IN AGRICULTURE IN MALAWI, 1995–2011



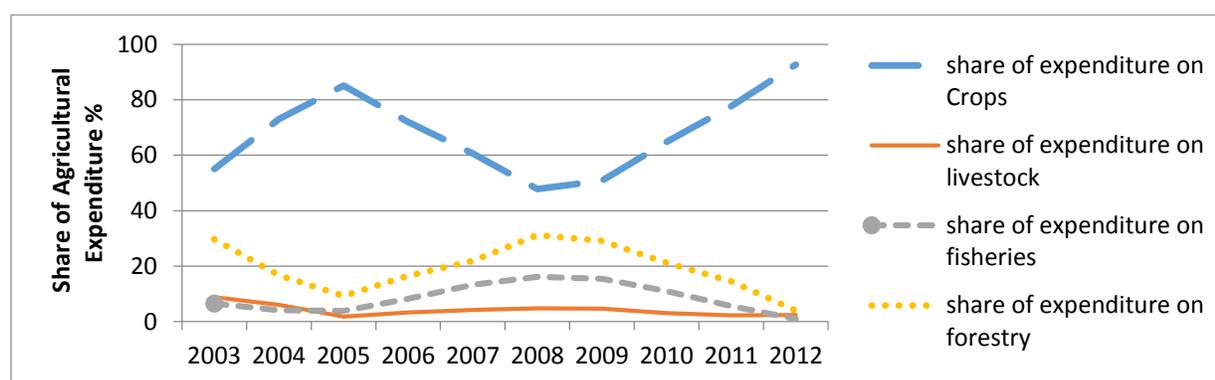
Source: Authors' calculations based on ReSAKSS 2013.

The policy implication for Malawi is that if more scarce public resources continue to be allocated to recurrent expenditure, prospects for sustainably meeting some of the CAADP targets could be slim. Agriculture-led economic growth, as witnessed elsewhere in the world, is based on sustained growth in productivity through corresponding investment in research and development (R&D) and other critical public goods. Not all recurrent expenditure is wasteful. Sustainable recurrent expenditure to maintain R&D facilities and equipment, generate more technologies, support extension and other requisite infrastructure, pay salaries and other incentives for a productive public service, train staff and farmers, and provide targeted input subsidies is critical to agricultural transformation. What is important here is to ensure that capital investments are not neglected, as they also hold the key for long-term agricultural growth.

In terms of expenditure across agricultural subsectors, Figure 6.3 shows the evolution of spending in the crops, livestock, fisheries, and forestry subsectors over time. Public expenditure across these subsectors is generally biased towards the crop subsector, perhaps owing to its importance in food security. For food and nutrition security and for rural incomes to improve sustainably, it is important for the agricultural sector as a whole to step up its efforts across all four subsectors. For example, development of aquaculture, fisheries, and livestock are important for improving household nutrition security because they are a source of nutrients that cannot be supplied by the crop

subsector alone. The forestry subsector is important for controlling environmental degradation that can negatively impact the crop subsector while also being critical for rural incomes. Investments in R&D are also important for agricultural growth. CAADP expects countries to invest 2 percent of their agriculture value-added (agGDP) in R&D if they are to significantly enhance capitalization of agriculture and reduce the current undercapitalization of the sector. An analysis of expenditure shares shows that R&D spending intensity ratios were lower on average than the 2 percent minimum recommended by CAADP, suggesting under capitalization and low-quality investments in the sector (Matchaya et al. 2013).

FIGURE 6.3: EVOLUTION OF SPENDING ACROSS AGRICULTURAL SUBSECTORS



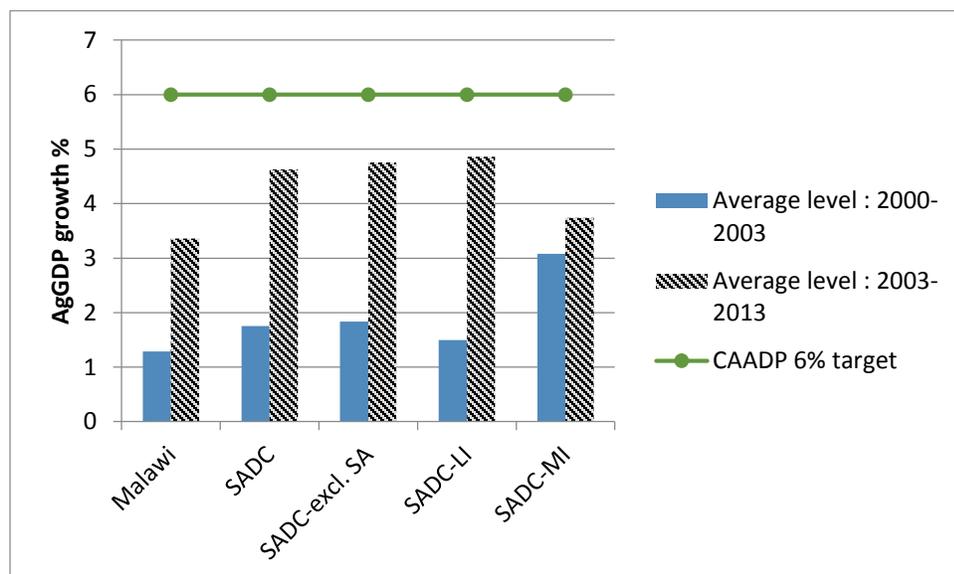
Source: Authors' calculations based on ReSAKSS 2013.

6.2. Agricultural Growth

Malawi's economy is predominantly based in agriculture. So, it can be expected that changes in agriculture should have significant and direct changes on the macro-economy. Agriculture contributes 33 percent of the overall GDP and employs more than 80 percent of Malawi's labor force. Under the current structure of the economy of Malawi, what happens to agriculture will significantly impact the economy as a whole.

The increase in public expenditure on agriculture is expected to spur agricultural growth, since one factor that has deterred agricultural growth is low investment in the sector. Despite meeting the CAADP Compact target of 10 percent of the annual government budget going to agriculture, Figure 6.4 shows that agricultural growth in Malawi has generally been below the 6 percent sectoral growth target level since the pre-CAADP period (2000–2003), but it has been increasing over time. This implies that Malawi is not achieving the agricultural growth target despite the increase in investments. Consequently, this requires analysis to better understand the linkages between investments in the agricultural sector and agricultural growth. Agriculture is critical to economic growth and poverty reduction in Malawi. Consequently, bad policies in this sector have the potential to paralyze the economy, which may explain why the Malawian economy performs so badly every time there is any shock to national agricultural production.

FIGURE 6.4: AGRICULTURAL GDP GROWTH RATE



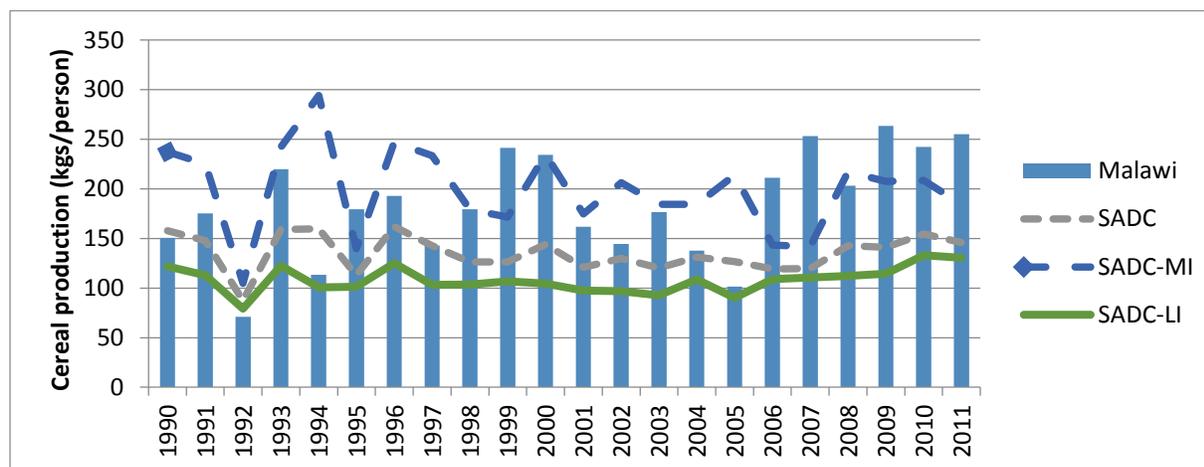
Source: Authors calculations based on FAOSTAT, 2013

6.3. Agricultural Production and Food Security

Cereal production is understood to be an indicator of the quantity of food available to meet the population's needs. Figure 6.5 presents trends in per capita cereal production in Malawi and various groups in the SADC region over the period 1990 to 2010. Average per capita cereal production in the region is less than 150 kilograms per year (kg/yr). The SADC middle-income countries have a higher average per capita cereal production than SADC low-income countries. However, both groups of countries are experiencing declines in per capita cereal production with the rate of decline being higher in the SADC middle-income countries. For Malawi, per capita cereal production has grown faster than the SADC average but has trailed growth in SADC middle-income countries. The growth has generally been volatile, but high levels of per capita cereal production of more than 250 kilograms per person have been registered in the post-2007 period. This period coincides with the FISP program. While the recent cereal per capita averages are above the minimum maize requirement of 185 kilograms per capita per year, Malawi needs to produce more than the current levels to meet both the nutrition and income needs of the population.

Cereal yields in Malawi have improved and reached the 2 metric tons per hectare target over the past few years. However, this achievement must not be taken as a reason to stop efforts to increase cereal yields. Average cereal yields are more than 4 metric tons per hectare (mt/ha) for other countries in the OECD and Asia, implying that policymakers in Malawi must still find ways to increase productivity of cereals. The options are: improved seeds (higher yielding transgenic and conventionally bred varieties), better water management (efficient irrigation), farm mechanization, and better complementary inputs (inorganic and organic fertilizers).

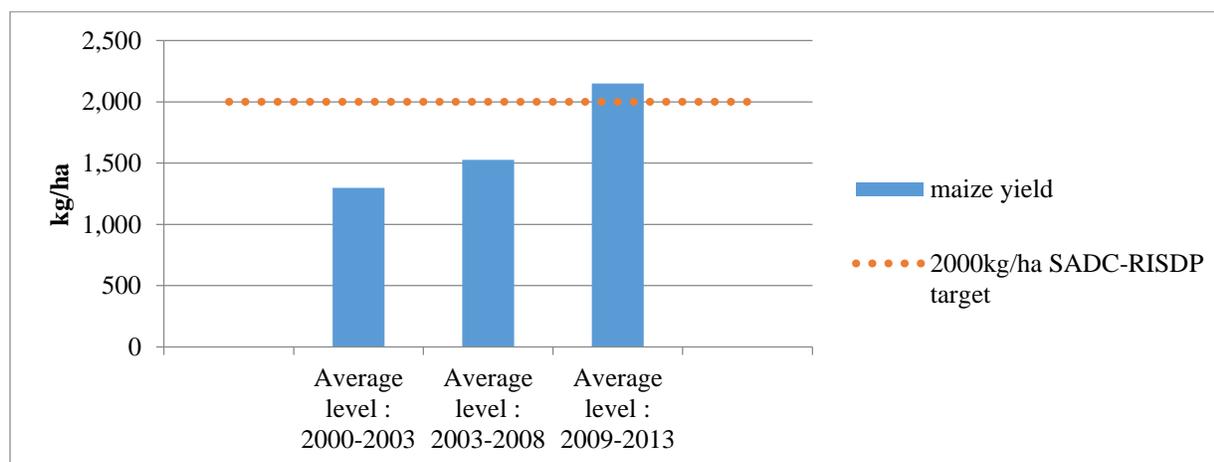
FIGURE 6.5: CEREAL PRODUCTION PER CAPITA PER YEAR



Source: Authors' calculations based on FAOSTAT 2013.

Figure 6.6 shows that maize yields have varied annually between 2000 and 2013, but the trend has been upward. Maize yields have improved from an average of 1.3 tons/ha in the pre-CAADP period (2000–2003) to just above 2.1 tons per ha most recently. In recent years, average maize yields in Malawi have exceeded the SADC Regional Indicative Strategic Development Plan (RISDP) target. A number of policy changes took place in Malawi in the CAADP period, including the FISP from 2004. The renewed emphasis on the subsidy program implied an increase in fertilizer consumption and availability of better seeds (especially for maize), thereby boosting yields.

FIGURE 6.6: EVOLUTION OF MAIZE YIELDS



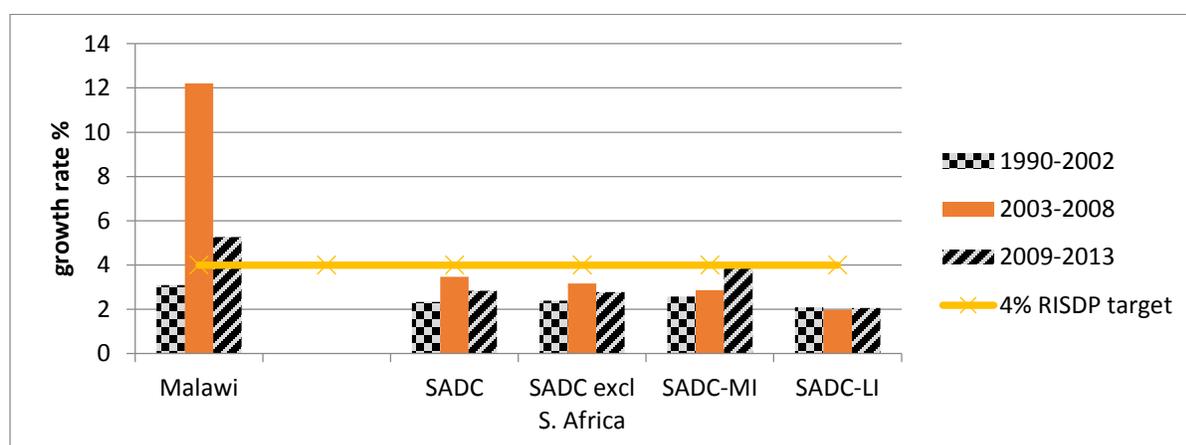
Source: Authors' calculations based on FAOSTAT 2013.

Yields of other crops and livestock productions are also important in analyzing the performance of the agriculture sector in Malawi. Within Malawi, legumes have an important role to play in combating malnutrition and poverty. At present, yields for legumes generally trail global averages and those in Africa South of the Sahara. While the global average yield for groundnuts is 1,560 kg/ha, the average yield in Malawi has generally been below 1,000 kg/ha. Soybean yields have increased from 750 kg/ha between 1990–2002 to the current average of 1,000 kg/ha. However,

the global average soybean yield is 2,300 kg/ha, which implies that soybean farmers are not even close to achieving the potential maximum yield for the crop.

The livestock sector constitutes an important branch of the agricultural sector in Malawi. Addressing malnutrition and poverty in rural areas will hinge in part on structurally revamping the livestock, fish, and forestry subsectors, among other efforts. The issue of dwindling livestock numbers in Malawi and across the SADC countries has been noted, such that the SADC RISDP has its own target to guide countries on the performance of their livestock subsectors. Livestock production has to increase by an average of about 4 percent annually to meaningfully improve meat availability and help curb poverty and malnutrition. Figure 6.7 shows trends in the livestock growth rates for Malawi and the SADC region.

FIGURE 6.7: LIVESTOCK GROWTH RATES



Source: Authors' calculations based on FAOSTAT 2013.

Opportunities to increase productivity exist in exploiting the power of improved seeds, effective and sustainable soil fertility management, irrigation, and post-harvesting storage efforts. One area that has potential to spur agricultural growth is irrigation. An increase in the area equipped for irrigation could mean increased investment and increased potential to improve agricultural productivity and food security. Although the area irrigated in Malawi has seen a steady increase since the 1990s, the proportion of irrigated land to the total arable land is around 3 percent—which falls short of the recommended 7 percent target. Expanding the area of irrigated farmland is important to further propel crop productivity in Malawi.

Agricultural performance also depends on the level of productivity. This is discussed in terms of land and labor. Average land productivity in Malawi has been increasing since the 2000, although slowly. It now stands at about US\$155 per hectare per year. Although this is higher than the SADC low-income country average, it is significantly lower than the SADC average as a whole, which stands at around US\$270/ha/year. To improve land productivity, Malawi will need to implement policies that seek to enhance yields and the value of crop production in general.

On the other hand, labor productivity in the agricultural sector has stagnated at below US\$170/worker/year, which is lower than the SADC Low Income country average of US\$350/worker/year. To meaningfully change the

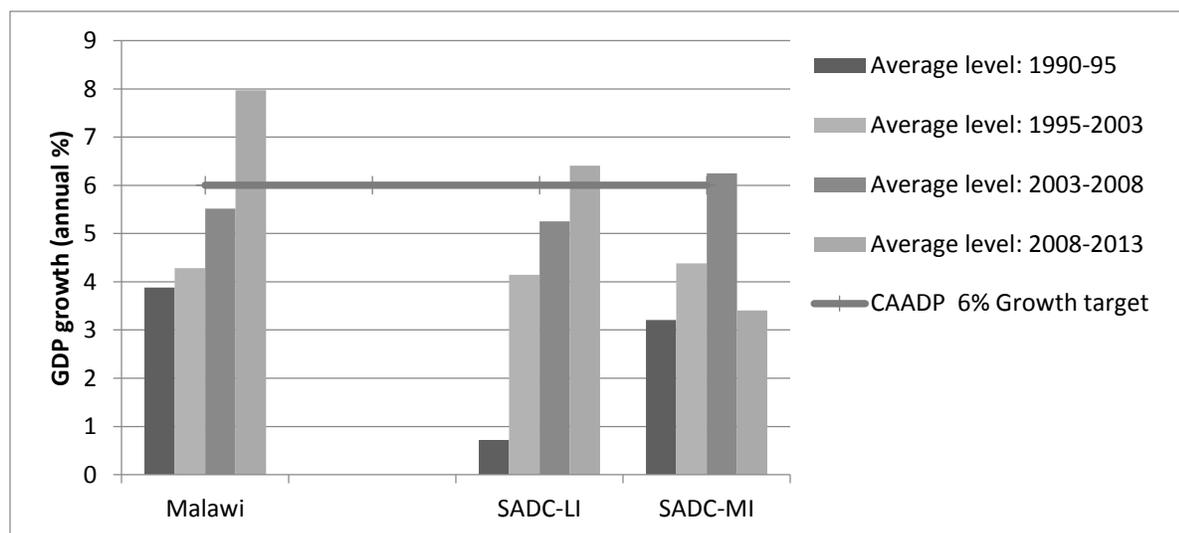
livelihoods of rural people, their labor productivity must be significantly enhanced. The best policies to achieve this include output and input price policies, adding value to agricultural products, and farm-level output diversification.

Another important area to consider is fertilizer consumption. Agricultural productivity in Malawi has increased in recent years due to increased smallholder use of fertilizer through the FISP program. One of the SADC RISDP targets is to increase average fertilizer consumption to 65 kg/ha (SADC RISDP target). Although Malawi’s fertilizer use in recent years has surpassed the SADC low-income country average, its fertilizer consumption stands at just under 35 kg/ha, below the SADC target. This implies that Malawi should step up efforts to increase fertilizer consumption, particularly through encouraging increased private sector engagement in fertilizer supply, which is now dominated by the public sector.

6.4. GDP Growth Rate and Poverty Reduction

A combination of low and stagnating incomes implies that it will take a long time before any significant changes in income for the average Malawian household can be expected. Small low-income economies need to not only grow but to grow significantly faster than larger economies to produce the same poverty reduction effects. Figure 6.8 shows trends in the growth of Malawi’s economy.

FIGURE 6.8: MALAWI ECONOMIC GROWTH RATE

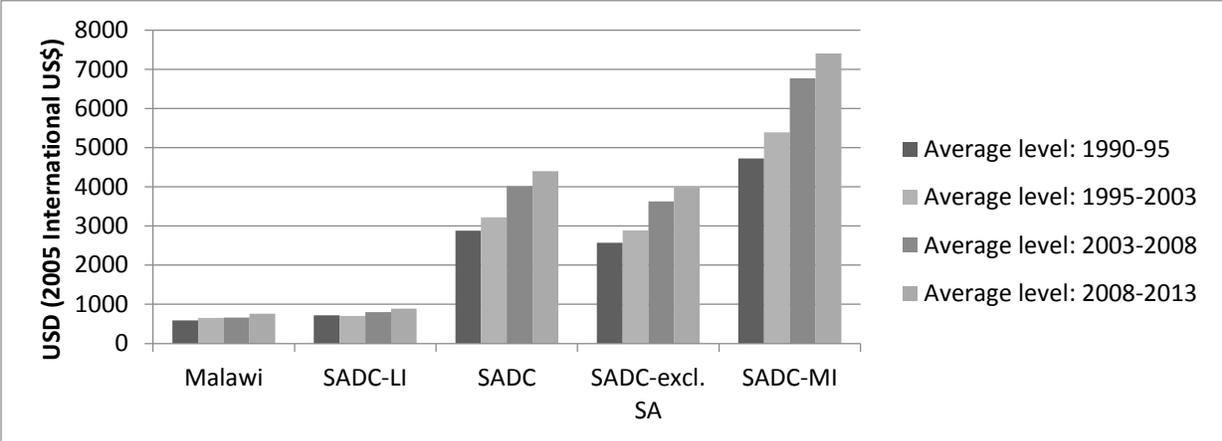


Source: Authors’ calculations based on World Bank Development Indicators 2013.

The economy has grown in the past decade. However, recently that growth has been volatile. Although Malawi passed the 6 percent target for economic growth deemed to be a good threshold to achieve meaningful poverty reduction impact, there have been some years when growth has fallen below 5 percent per year. Some of the changes witnessed in the GDP emanate from the volatility experienced in agricultural production. Increasing agricultural productivity with increased stabilization in agricultural production at a higher level would also serve to stabilize the economy of Malawi at the aggregate macroeconomic level.

Figure 6.9 shows trends in per capita income over time for Malawi. Malawi’s GDP per capita has stagnated recently at below US\$800 (2005 PPP), which is lower than the average for SADC lower-income countries of about US\$890 per capita. Assuming current GDP growth rates of between 4 and 5 percent per year and assuming a “business as usual” scenario in the agricultural, mining, and service sectors, it would take Malawi at least 40 years to reach the standards of living enjoyed in an average middle-income country in the SADC. This is unacceptable, and, consequently, there is a need to improve Malawi’s development trajectory by introducing significant changes in the agricultural sector. The low-income per-capita figures above should not be surprising. The economy depends heavily on agriculture, and agricultural labor productivity is low. This implies that agricultural incomes and, hence, incomes in general are low. Any credible strategy for poverty reduction must address the lingering structural problems that exist in the low-productivity agricultural sector.

FIGURE 6.9: GDP PER CAPITA



Source: Authors’ calculations based on World Bank Development Indicators 2013.

If agricultural growth is to be significant in improving the lives of the vulnerable, such growth has to have a positive impact on their nutritional status. Agricultural growth generally implies increased food availability and better incomes that can be used to supplement diets.

6.5. Summary and Main Findings

The purpose of this chapter was to document sector-level performance for key indicators of agricultural and national development and to provide benchmarks to measure future sectoral performance against. The agricultural sector in Malawi has enjoyed increasing investment in the CAADP period, although support for the FISP program has dominated these investments. Of the total public investments in agriculture, a substantial amount has gone to recurrent expenditure. We find that the gap between needed capital spending and recurrent spending has widened over time.

We also find that investments in agriculture have generally been associated with an increase in agricultural productivity, but the latter has not significantly changed over time, perhaps owing to the limited nature of capital investments. We also find that although there have been some improvements in productivity for cereals and legumes, labor and land productivity levels in Malawi trail those of other SADC countries. There is a pressing need

to increase investments in the sector in order to boost both land and labor productivity. While the factors that govern the performance of the agricultural sector are many, investment in capital in agriculture is among the most crucial; the Malawi government must accelerate efforts to increase such investments.

It should be understood that analyzing all the relevant linkages through which agriculture impacts development outcomes would require a more detailed analysis on the basis of sufficient data. This is a limitation of the analyses presented here. This report has not established causal relationships between various indicators, but instead has relied on partial analyses. Although these are not causal, they provide insights into what could be happening in practice. For purposes of understanding more about the performance of the sector, further detailed studies are required.

TABLE 6.1: BASELINE VALUES

Indicator (input, output, outcome)	Source of Target (NAIP, CAADP Compact, ASWAp)	Data Source	Baseline Source Document			Suggested Baseline Period (2010–2013), average		End Target		Current Status	
			Year	Value	Unit	Value	Unit	Year	Value	Year	Value
Share of government agriculture expenditure in total government expenditure	CAADP	MoAFS-Budget Unit	2010	18.9	%	17.3	%	2015	25	2012	18.2
Ratio of agricultural expenditure to agricultural budget	CAADP	MoAFS-Budget Unit	2010	92	%	75.7	%	2015		2012	0.74
Adoption rate of priority agricultural technologies	ASWAp	MoAFS-DAES	2010	30	%	34	%	2015	60	2013	40
Crops	ASWAp	MoAFS-DAES	2010	8	Number	13	Number	2015	28	2012	4
Livestock	ASWAp	MoAFS-DAES	2010	1	Number	1	Number	2015	2	2012	0
Fish	ASWAp	MoAFS-DAES	2010	2	Number	2	Number	2015	2	2012	3
Area under sustainable irrigation	ASWAp	MoWDI - Dol	2010	72,000	ha	87,353	ha	2015	280,000	2013	97,537
Agriculture extension agents to farmer ratio	CAADP	MoAFS-DAES	2010	1:2000	ratio	1:2000	ratio	2015	1:750	2013	1:4,305,556
Reduced post-harvest losses (staple food)	ASWAp	MoAFS	2010	25	%	12	%	2015	15		
Agricultural labor productivity	CAADP	RESAKSS	2010	622	\$ per worker	627	\$ per worker	2015		2011	631
Agricultural land productivity	CAADP	RESAKSS	2010	547	\$ per ha	560	\$ per ha	2015		2011	572
Staple food gap	ASWAp	MVAC	2010	0.53	Million tons	0.605	Million tons	2015	0	2013	0.19
Population at risk of food insecurity	ASWAp	MVAC	2010	508,089	Number	1,053,880	Number	2015	<1,500,000	2013	1,461,940

Indicator (input, output, outcome)	Source of Target (NAIP, CAADP Compact, ASWAp)	Data Source	Baseline Source Document			Suggested Baseline Period (2010–2013), average		End Target		Current Status	
			Year	Value	Unit	Value	Unit	Year	Value	Year	Value
Value of total exports	CAADP	International Trade Center	2010	830	Million US\$	972	Million US\$	2015	800	2012	959
Ratio of agricultural exports to agricultural imports	CAADP	RESAKSS	2010	0.47	ratio	0.47	ratio			2010	0.47
Real agricultural GDP growth rate	CAADP	MoEPD	2010	3.9	%	3.4	%	2015	6	2013	5.7
Real agricultural GDP	ASWAp	MoEPD	2010	276,204	(MK million, 2009=100)	295,663	(MK million, 2009=100)			2013	30,4393
Real GDP per capita	CAADP	IMF	2010	780	US\$ (2005=100)	784	US\$ (2005=100)			2011	788
Real GDP growth rate	CAADP	IMF	2010	6.5	%	5.35	%			2011	4.2
Proportion of the population below minimum dietary energy consumption	CAADP	NSO - IHS	2010	24.5	%	24.5	%			2010	24.5
Prevalence of underweight children under five years of age (H2)	CAADP	NSO - MDHS	2010	13	%	13	%			2010	13
Prevalence of stunted children under five years of age (H2)	CAADP	NSO - MDHS	2010	47	%	47	%			2010	47
Share of poorest quintile in national income (P3)	CAADP	NSO - IHS	2010	5	%	5	%			2010	5
HIV/AIDS Prevalence rate (HIV)	CAADP	NSO - MDHS	2010	10.6	%	10.6	%			2010	10.6
Poverty gap	CAADP	NSO - IHS	2010	19	%	19	%			2010	19

7. CONCLUSIONS, LESSONS, AND RECOMMENDATIONS

7.1. Main Findings

Agriculture joint sector reviews (JSRs) are key instruments for supporting mutual accountability and implementing the CAADP Results Framework. Malawi has already started conducting JSR meetings, which collectively review the effectiveness of policies and institutions in the agricultural sector as well as the extent to which they are achieving their intended results and outcomes. However, there is a need to strengthen the JSR process. This study was carried out to inform this initiative by performing a technical assessment of the existing JSR process. The assessment focused on three objectives: (1) to evaluate the policy and institutional environment of the implementation of NAIPs; (2) to examine the progress made toward achieving their key target outcomes and thus create baselines for future reviews; and (3) to assess the adequacy of existing processes to effectively carry out such reviews in the future and to identify actions to remedy any weaknesses seen. Some interesting findings were obtained from this assessment.

Malawi has signed on to a number of national and international policy commitments and frameworks with implications on agriculture. In addition, there are a few subsectoral policies and strategies with implications on the agriculture sector. However, there is yet to be a National Agricultural Policy in place to guide investment and implementation toward priorities in the sector. Nevertheless, the ASWAp is aligned to key strategic policy documents, including the MGDS, CAADP Compact, and the Malawi Development Assistance Strategy (DAS).

The agricultural sector in Malawi has enjoyed increasing investment during the CAADP implementation period. This increased investment has primarily been directed to the FISP program. Consequently, while the CAADP commitment of allocating 10 percent of the annual government budget to the agriculture sector has continuously been met, the quality of public expenditure in agriculture remains questionable. A substantial amount of the agriculture sector budget has gone to recurrent expenditure, and the gap between capital spending and recurrent spending has widened over time. We also find that while public investments in agriculture have generally been associated with an increase in agricultural productivity, the latter has not significantly changed over time, perhaps owing to the limited nature of the capital investments. Moreover, these productivity gains have been insufficient for Malawi to attain the 6 percent agricultural growth target under CAADP. Since 2003, annual agricultural growth in Malawi has generally been below the 6 percent sectoral growth level targeted. However, changes in the economic performance of the agriculture sector have influenced changes in incomes, poverty, and malnutrition.

MoAIWD coordinates the JSR meetings to ensure continuous assessment of the ASWAp performance. Despite commendable progress being made in improving the quality of the JSR process, gaps still exist. In particular, the *Agriculture Sector Status Report*, which describes the performance of the sector in the year under review, does not adequately cover activities and issues by nonstate actors. Appendix 1 shows a JSR matrix for Malawi, highlighting some challenges with recommendations to address those challenges.

7.2. The Way Forward

Based on these findings we put forward the following recommendations:

- Despite commitment from the government and development partners, the progress toward full alignment of all agriculture projects to ASWAp has been sluggish. The absence of a well-defined timeline for doing so has contributed to this pattern. We therefore recommend that the sector (through the Sector Working group) establish a clear deadline by which all agriculture projects should be aligned to ASWAp.
- The content of the *Agriculture Sector Status Report* needs to be revised in order to adequately cover the contribution from nonstate actors. It should also include the following:
 - A clear articulation of the progress made by the government in sector policy coordination, leadership and direction, and defined sector priorities. Key areas that need to be addressed include the policy context with regard to recent policy changes and emerging policy constraints.
 - Incorporation of the overall management of the ASWAp, particularly clarifying the functions and operations of the SWG and TWG, as well as highlighting the complementarities of various agricultural development initiatives.
 - Strengthening the analytical content of the report with particular emphasis on the evaluation of observed sector performance vis-à-vis the intended results. The report could also be strengthened by incorporating other analytical processes in the sector.
- Efforts to develop a NAP are commended as there is a need for a single policy tool that will guide investment and implementation of priorities in the sector. However, it is also important that the policy harmonize the monitoring and evaluation system for the sector by taking into consideration all results frameworks contained in the various policies and frameworks influencing public and private investment in the agriculture sector.
- Inadequate information from stakeholders limits the monitoring and evaluation of ASWAp efforts. There is a need to strengthen information-sharing mechanisms to ensure that there is adequate coverage in the JSR of all ASWAp activities with a particular focus on the activities of nonstate actors.
- A strong M&E system is necessary for the successful implementation of the ASWAp. The capacity in terms of actual numbers of people in the M&E section of the MoAIWD is required to strengthen implementation of the ASWAp.

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APPENDIX 1: ISSUES AND PROPOSED ACTIONS IN MALAWI

JOINT SECTOR REVIEW

TABLE A1.1: LIST OF SOME KEY INTERVIEWS

No.	Steps in Setting Up and Operating a JSR	Purpose, Objectives, Activities, and Best Practices	Country Status	Value Addition, Required Actions for Improvement, and Responsibility
1.	Set Up a JSR Steering Committee (SC)	SC provides strategic direction for the establishment and operation of the JSR. It usually consists of two co-chairs from the Ministry of Agriculture and a leading donor agency plus 3 to 4 other representatives of key stakeholder groups.	Malawi has the JSR committee, which functions as a steering committee. It is composed of MINAGRI, IFPRI, donors, and different stakeholders. It meets at least once every two months. Its objectives include: <ul style="list-style-type: none"> Facilitate the timely and quality organization of JSR meetings. Identify necessary prerequisite milestones for JSR meetings. Ensure that actions and recommendations agreed at JSR meetings are addressed in a timely manner. 	<ul style="list-style-type: none"> Need to appoint co-chairs because currently only Ministry of Agriculture chairs Task Force needs to include other donors who are active in the sector. Adhere to the bimonthly meeting schedule. Actions and recommendations agreed upon at JSR meetings are followed up by the task force. <ul style="list-style-type: none"> The actions include mapping of JSR actions and liaising with the ASWAp secretariat to ensure actions are taken.
2.	Establish a JSR Secretariat	Secretariat coordinates activities and operations of the JSR and JSR SC. It can be composed of core staff from the Planning & M&E Unit of the Ministry of Agriculture.	Malawi has a JSR Secretariat within the ASWAp secretariat and coordinates activities of JSR and the JSR Task Force. It is made up of the Planning & M&E Unit of the Ministry of Agriculture and IFPRI. It is responsible for organizing meetings and following up with technical working groups.	The JSR secretariat needs to be redefined and strengthened by adding more human resources. Redefinition was completed in June 2014 and will be strengthened by June 2015. The process is underway to employ more human resources.
3.	Develop terms of reference (TOR) for the JSR	<ul style="list-style-type: none"> TOR to lay out JSR objectives, state and nonstate stakeholders and their roles, roles of the SC and Secretariat, operating principles, structure and frequency of JSR meetings, follow-up and implementation of actions, etc. TOR may also need to be developed. Consultants hired to conduct JSR studies. 	JSR started in 2012 but it used to operate without well-established TORs.	<ul style="list-style-type: none"> JSR TORs need to be developed to outline roles for all stakeholders and operating principles The Task force to develop the TORs Financial support for the task force to learn development of JSR TORs from other countries like Rwanda. By September 2014 the TORs will be developed.
4.	Mobilize resources	Mobilize resources (human and financial) to support operations of the JSR.	Malawi has line item in investment plan to finance JSR among other things. However delays in disbursement and poor prioritization of the JSR makes resource unavailable for JSR.	<ul style="list-style-type: none"> Better planning of JSR funds; Agree on financing modality for JSR There is need for prioritization of funds for JSR operations.
	Steps in Setting Up			

No.	and Operating a JSR	Purpose, Objectives, Activities, and Best Practices	Country Status	Value Addition, Required Actions for Improvement, and Responsibility
6.	Assess any existing agricultural policy dialogue and review processes; data quality and analytical capacities	An assessment of any existing agricultural policy dialogue and review processes, data quality, and analytical capacities and tools and networks and any existing knowledge systems is key to identifying any gaps and coming up with ways to fill gaps and enhance capacities, tools, and processes through the JSR	<ul style="list-style-type: none"> Malawi also has the Ag sector working group made up of all stakeholder groups; chaired by PS and leading donor rep; meets quarterly There is a Donor grouping on agriculture and food security which has a meetings with the PS every 2 weeks- and Post CAADP processes is part of the agenda Malawi also has 7 Technical Working Groups on <ol style="list-style-type: none"> Food Security and Risk Management Commercial Agriculture Agro processing and value addition Sustainable Land and Water Management Technology Generation and Dissemination Institutional Strengthening and Capacity Building Gender Empowerment, HIV prevention and AIDS impact mitigation Monitoring and Evaluation These promote agricultural policy dialogue and generate data which can be analyzed Technical working groups are made up experts from different areas; M&E working groups has members of different technical working groups 	<ul style="list-style-type: none"> The Technical Working groups need to be supported financially as well as to improve their capacity in data management and analysis. Academia should be involved in the process. Some of the academia members were included in the process by they did not attend the meeting. There's need to commission assessments to draw ASWAP lessons. <ul style="list-style-type: none"> IFPRI in collaboration with government to do the assessments.
7.	Commission JSR Studies*	Consultants may need to be hired and supervised by the SC to conduct JSR studies. Consultants can come from think tanks, universities, or private companies and should work closely with staff from the Planning Unit, and the JSR SC and Secretariat.	In Malawi a recommendation was made at the JSR to review the Results framework for the National Agriculture Investment Plan and consultant was hired to review indicators. Studies specific to working groups are also done.	<ul style="list-style-type: none"> Need to come up with more studies This will come from the TORs. Studies can be commissioned from JSR issues (forward and backward looking).
8.	Establish JSR Review Team*	Team made up of a multi-stakeholder group (state and nonstate actors) with technical expertise to review and comment on various JSR studies and reports and ensures outputs of reviews are implemented.	There is no JSR review team in Malawi. However, the JSR taskforce can play the role of the review team.	There is need for team work rather than relying too much on the JSR secretariat
No.	Steps in Setting Up and		Country Status	

	Operating a JSR	Purpose, Objectives, Activities, and Best Practices		Value Addition, Required Actions for Improvement, and Responsibility
10.	Conduct JSR Meeting	Organize meeting over 1–3 days, using various formats (plenary, small groups, field visit, etc.) to allow stakeholders to discuss/verify the evidence and recommendations presented in the JSR Report. This can be done at different levels (national and sub-national). The process should assist in identifying sector priorities and policies and specific actions for the different stakeholders to put in place. These would be captured in a JSR Aide Memoir.	<ul style="list-style-type: none"> JSR was championed by donors; the ASWAP sector-wide approach looked at other systems. Malawi is still learning how to improve the JSR process. Normally two JSR meetings are conducted—the first involves a review of first six months of implementation, and the second reviews the entire year. The meeting lasts one full day. Presentations include a sector performance report; Public Expenditure Review; Presidential initiatives. Discussion is open to everyone; other Programs (farm input subsidy program); outcomes of the Ag Sector working group. The JSR proceedings report is produced but most of the times not shared with participants. 	<ul style="list-style-type: none"> Sector policies and priorities need to be spelt out clearly. The two JSR meetings should spell out clearly on what should be included in each meeting. JSR Taskforce needs to ensure the proceedings report is shared to all participants timely.
11.	Follow up on JSR Meeting Actions	Closely monitor and ensure implementation of recommendations and decisions of the JSR meeting (embodied in the JSR Aide Memoir). Groups that meet more regularly such as the Agriculture Sector Working Group can help with follow up and monitoring. The monitoring forms the basis of the next JSR cycle.	Some action points are followed up while others are not	There is need for improvement in following up JSR actions
12.	Share JSR experience with other countries	As many countries are still setting up JSR, it is essential to share lessons learned, best practices, and experiences to further strengthen country JSRs. Forums such as the CAADP PP and ReSAKSS Annual Conference provide an opportunity to do this.	Malawi has budget for cross-country learning, visiting other countries;	<ul style="list-style-type: none"> There is need to conduct study tours to share experiences with other countries. Mobilize funds to participate in study tours. Compile a document of lessons learned from Malawi to share with other countries. CAADP secretariat should facilitate the link between countries' lesson learned.

TABLE A1.2: JSR REVIEW MEETING ACTION POINTS

Issue	Action	Responsibility	Time Frame	What support is required?
1. Agricultural Performance				
<p>1.1. Weak M&E process and indicators primarily focused on MoAFS.</p>	<p>1.1.1. There is need to prioritise the most important indicators to be used (from the long list being collected) for reporting</p> <p>1.1.2. Need to set indicators for activities from other ministries and stakeholders for mutual accountability and performance.</p> <p>1.1.3. Need to harmonize data collection methodology so that there is data to inform policy direction</p> <p>1.1.4. Need to harmonise disparities in statistics reported by different institutions on agriculture.</p> <p>1.1.5. There is also need for a data bank to be a repository of all national data.</p> <p>1.1.6. To strengthen M&E system from the data sources (districts) to the Ministry headquarters</p> <p>1.1.7. Data from Districts to be transmitted to the national level.</p> <p>1.1.8. Need to emphasize the importance of evidence based planning and policy annually and its process internalised primarily by the MoAFS</p>	<p>ASWAP secretariat</p>	<p>Ongoing</p>	<p>1.1.1. Human resource capacity in the planning Dept. needs to be improved SR meetings to be conducted</p> <p>1.1.2. Creation of a committee inclusive of the government, private sector, and donors take the responsibility to monitor M&E reporting so that government is well informed of the projects happening in the country.</p>
<p>1.2. CSO- M&E poor needs development</p>	<p>1.2.1. There is need for capacity building in M&E in this sector- trainings by research networks could be useful</p>			
<p>1.3. CSO and Private sector M&E systems do not direct report to government. Reports are produced but government does not access them.</p>	<p>1.3.1. NGOs and private sector must also report to government by proving format for reporting by</p> <p>1.3.2. All donor funding (which basically supports the ASWAP) should be under ASWAP so that reporting should also be made to ASWAP.</p> <p>1.3.3. Government should source reports from Project Coordinating Units.</p> <p>1.3.4. Creation of an online repository where various CSOs and private sector can upload their report for players in the sector to access them.</p> <p>1.3.5. There is also need to create a CSO network for proper coordination and reporting of CSO work and discuss agricultural issues at CSO level and submit them to ASWAP secretariat</p>	<p>ASWAP secretariat; CISANET</p>	<p>Ongoing</p>	<p>1.3.1. ASWAP should be given the mandate to obtain reports from NGOs and their donors.</p>

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	1.3.6. There is also need to create incentives for CSOs and private sector to be providing such kind of information. This includes civic education on what is there in the ASWAP for CSO (investment opportunities)			
1.4. Legality of commitments is an issue	1.4.1. CSOs, Private sector included, are not bound by any legal clause to honor commitments – need a donor/government clause to ensure they do	ASWAP secretariat, all CSOs (CISANET), and private sector	Ongoing	
1.5. Other subsectors not well covered in the performance report i.e. post-harvest management	1.5.1. Strengthen the planning departments at all levels	ASWAP secretariat	Ongoing	
1.6. Baseline performance of the sector	1.6.1. Need for forecast studies to simulate what the conditions would be in the near future and be used for ex-ante planning.			
1.7. Weak assessment process	1.7.1. Need to emphasize the importance of evidence based planning and policy	ASWAP, CSOs, NSA	Ongoing	
2. Resource Allocation/Budgetary Process				
2.1. Weak Financial M&E system in the MoAFS	2.1.1. ASWAp secretariat need strengthening to improve expenditure monitoring within MoAFS and other players in the agriculture sector 2.1.2. MoAFS to weave the intersectoral linkages of the key players in agriculture	MoAFS-Planning Dept.	Ongoing	
2.2. Inconsistent government financial reporting in line with ASWAp framework	2.2.1. To enforce and finalize ASWAp M&E master plan and take advantage of the budget reforms underway. 2.2.2. MoAFS to set-up an investment plan in agriculture for agriculture development sustainability	MoAFS	Ongoing	
2.3. Development partners not meeting their commitments in financial contribution to the agriculture sector	2.3.1. MoAFS to execute timely negotiations with the development partners on financial commitments 2.3.2. Improve efficiency of planning and implementation			
2.4. Diverse approach to funding programs by development partners	2.4.1. MoAFS-Planning department to provide key policy and direction for harmonised focus by agriculture stakeholders 2.4.2. To enhance proper documentation and reporting systems	MoAFS Planning Department		

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2.5. Financial and non-financial contributions 2.5.1. Missing expenditure progress 2.5.2. Whether expenditure should come from ASWAP or New Alliance (NA) commitments	2.5.3. Improve joint investment and programming 2.5.4. There is need to provide detailed reports on expenditure made in ASWAP and on which projects and activities. It was however noted that government expenditure is not aligned with the ASWAP. 2.5.5. It was noted that NA is not a new financing commitment but rather it uses the same resources which are reported in ASWAP. So there was no need to report separately on ASWAP and NA financial commitments.	MoAFS & CSOs	Ongoing	
2.6. Balance between FISP and other agricultural developments	2.6.1. Farmers' contributions in the FISP need to be increased so that resources can be freed up to develop other subsectors and improve efficiency of the FISP 2.6.2. Targeting should be improved 2.6.3. Improve efficiency in the input procurement process.	MoASF	Ongoing	
3. Institutional Architecture				
3.1. Lack of proper coordination among stakeholders	3.1.1. Utilize the JSR process to promote coordination	MoAFS	Ongoing	
3.2. CAADP/ASWAP teams and JSR team not working in harmony	3.2.1. There is need to align CAADP/ASWAP working team and the JSR working teams to avoid duplication of efforts 3.2.2. CAADP working team has to participate in the JSR process.	ASWAP secretariat		
3.3. Lack of explicit linkage between the JSR process and NAP	3.3.1. NAP is mentioned by there is no tangible link between the two. There is need to place is the NAP that the JSR process is an integral part of the NAP which will be conducted semi-annually every year.	ASWAP secretariat, CSOs	Ongoing	

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3.4. Misalignment	<p>3.4.1. TWGs should align their work with the ASWAp. However, TWGs are not working now hence the need to revamp their activities</p> <p>3.4.2. SWGs should be monitoring what happens in TWGs. SWG should have the authority and pressure to make TWGs work.</p> <p>3.4.3. There is need to improve the capacity in terms of numbers in the government M&E system.</p> <p>3.4.4. There is also need for more human resources and leadership from top government officials. Too much delegation by TWG chairpersons spoil the working of TWGs</p> <p>3.4.5. TWGs should call from reports from NGOs and CSO. There's need to find avenues for making all stakeholders accountable and reports are submitted to TWGs</p> <p>3.4.6. There's need to create more publicity about the work of TWGs</p> <p>3.4.7. There's also need for strong leadership from the ministry to push working of TWGs</p>	SWGs	Ongoing	
3.5. No clear work plan for TWGs in the ministry	<p>3.5.1. ASWAp secretariat to monitor TWGS</p> <p>3.5.2. Need for more human capacity within TWGs and the ministry</p> <p>3.5.3. Need to develop clear roles of TWGs and clear understanding of what TWGs are supposed to do</p> <p>3.5.4. Need to strengthen the position of TWGs</p> <p>3.5.5. There is need for proper plans of work for TWGs, which should be ratified and endorsed by the SWG and reporting to it for accountability.</p>	MoAFS		Creation of incentives for TWGs so that they participate in meetings
3.6. Private sector interest groups	<p>3.6.1. TWGs should also include participants from the private sector, it shouldn't be confined within the ministry.</p> <p>3.6.2. Need to publicize working of TWGs to the private sector.</p>	MoAFS & CSOs		
3.7. Most private sector actors do not know what is there for them (investment opportunities) in the ASWAP. Poor understanding of	3.7.1. All commitments should be put in one document e.g. CAADP, ASWAP, G8NA, etc., and a communication strategy developed so that all stakeholders know what is there for them in the ASWAP.	ASWAP secretariat		

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commitments across groups in the sector	3.7.2. Commitments need to be synchronized in terms of who is doing what and their outputs.			
3.8. The Private sector would expect sectoral funding to reach them	3.8.1. They need to approach donors with concepts that show alignment to ASWAp	CSOs	Ongoing	ASWAP secretariat to provide information to CSOs on their sectoral components in ASWAP
3.9. Some donor funded project not reported in ASWAP because they are directly funded by donors. They prefer short term projects at the expense of long term	3.9.1. There is need to be projects not reported in the budget and those that are directly funded by donor under ASWAP because whatever they do does or potentially contribute to the ASWAP. There is need to fully aligned donor work to the ASWAP	ASWAP secretariat		
3.10. Low profile of TWG among stakeholders	3.10.1. Need to have clear TORs for TWGs 3.10.2. Need for more robust publicity of the TWG. 3.10.3. Stakeholders in agriculture (especially the private sector) need to be encouraged to be participating in TWG	MoAFS	Ongoing	
4. Policy Alignment				
4.1. There is often a misconception as to the similarities and differences between ASWAp and NAP among agriculture stakeholders	4.1.1. NAP defined as an overall vision and direction of MoAFS while ASWAp defines the operationalization of the agriculture sector. 4.1.2. ASWAP is a comprehensive policy document but the NAP will be an overarching policy document to compress all the subsectoral policy document into one.	MoAFS	Ongoing	
4.2. Stakeholders complained of the inconsistencies of the government policy on agriculture	4.2.1. Need to accelerate establishment of the NAP as a guiding tool for policy consistency.	MoAFS	Ongoing	
4.3. Overlap of government initiatives	4.3.1. MoAFS through the planning department to make sure that the agriculture programmes and initiatives are consistent with policy through ASWAp as an operational tool	Directorate of Planning-MoAFS		
4.4. Operationalization of the ASWAP	4.4.1. Operationalize ASWAP investment priorities	MoAFS	Ongoing	
4.5. Involvement of CSOs in NAP process. CSO commitments not well elaborated, although the G8 new alliance has some of	4.5.1. Need to involve all relevant CSOs in the framing of the NAP 4.5.2. Government should also focus on the commercial sector for private sector participation in agriculture	MoAFS & CISANET	Ongoing	CISANET needs support (technical) to coordinate all CSO groups

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them due to the fact that some CSO are also private	4.5.3. Policy consistency needs to be strengthened to encourage private sector involvement in agriculture. 4.5.4. There is need for proper elaboration of CSO commitments.			
4.6. Effectiveness and efficiency of government policy	4.6.1. Policy consistency needs to be strengthened by aligning and assigning responsibilities to each stakeholder and enhancing mutual accountability 4.6.2. Need to create a special committee inclusive of all sectors' representatives for mutual coordination and accountability. Currently, some of the elements in ASWAP are within the Ministry of Trade but no one can monitor its actions and make sure it deliver as outputs within the MoAFS. 4.6.3. Need to strengthen joint sector reviews 4.6.4. Strengthen the capacity of MoAFS's planning department	MoAFS & CSOs		
4.7. Role of OPC on Agricultural Policy	4.7.1. Political will is important to drive policy direction			
4.8. Policy alignment and presidential initiatives in the MoAFS	4.8.1. MoAFS should have the capacity to properly inform what the sector priorities are 4.6.2. Presidential initiatives distort the sector's priorities 4.6.3. The NAP process will strengthen and balance government intervention in the sector	MoAFS	Ongoing	

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