

CAADP & COUNTRY SYSTEMS

Findings from Malawi

Désirée Dietvorst

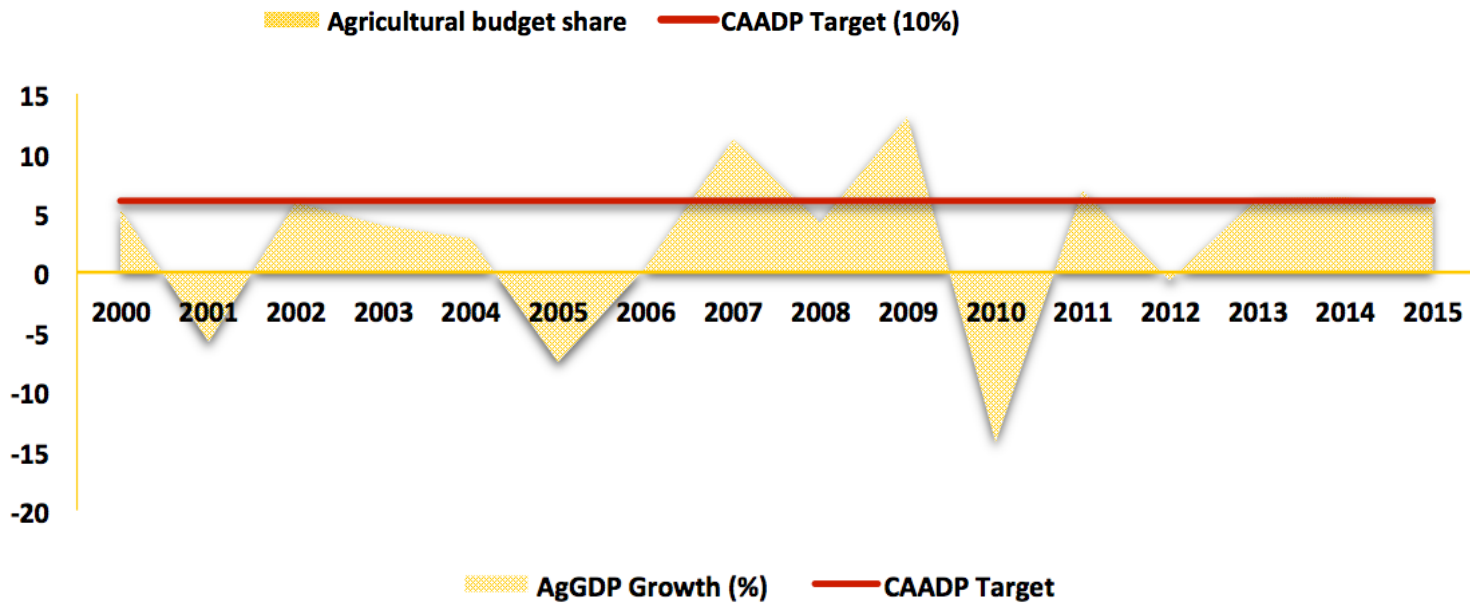
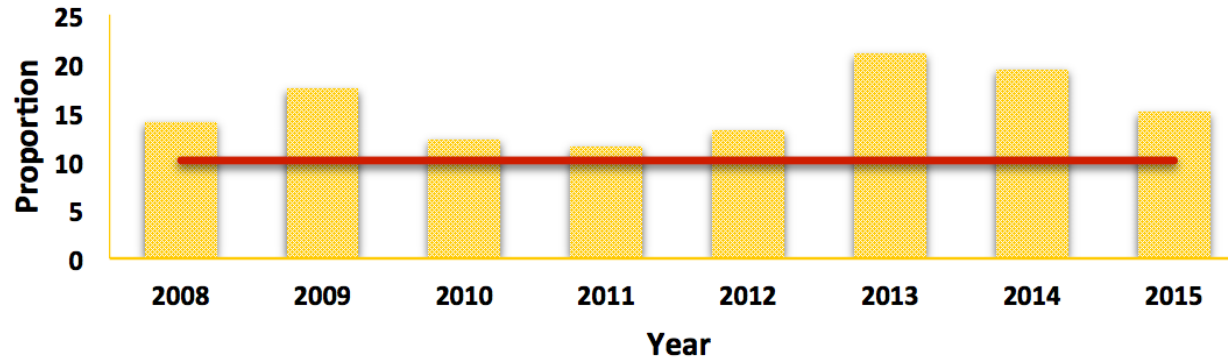
Malawi background

- Agriculture policy tainted by ‘the curse of success’ : Food crisis, input subsidies, food security, agriculture growth (2004 - 2009)
- Agriculture growth interrupted, not sustained (esp. not for maize), current food crisis (2.8 Mill people need food aid)
- Growing doubts about the input subsidies even in government and among policy makers
- New government since 2013: Reduced the number of ministries from 40 plus to 20
- Agriculture merged with Water into the current Ministry of Agriculture, Irrigation and Water Development (MAIWD)
- Malawi NAIP predates the merger - does not include water: Irrigation Master Plan recently launched by Minister

CAADP in Malawi

- Compact signed April 2010
- Technical Review September 2010
- Revised NAIP (Agriculture SWAp or ASWAP) September 2011
- Planned or ongoing:
 - ASWAP review - ASWAP Phase II (from 2017?)
 - National Agriculture Policy Review
 - Core Function Analysis
 - Performance Contracts (MoA one of the pilots)
- Many DP programmes/projects end by 2015/16 - New programmes to be better aligned to ASWAP

CAADP Targets



Findings in four chapters

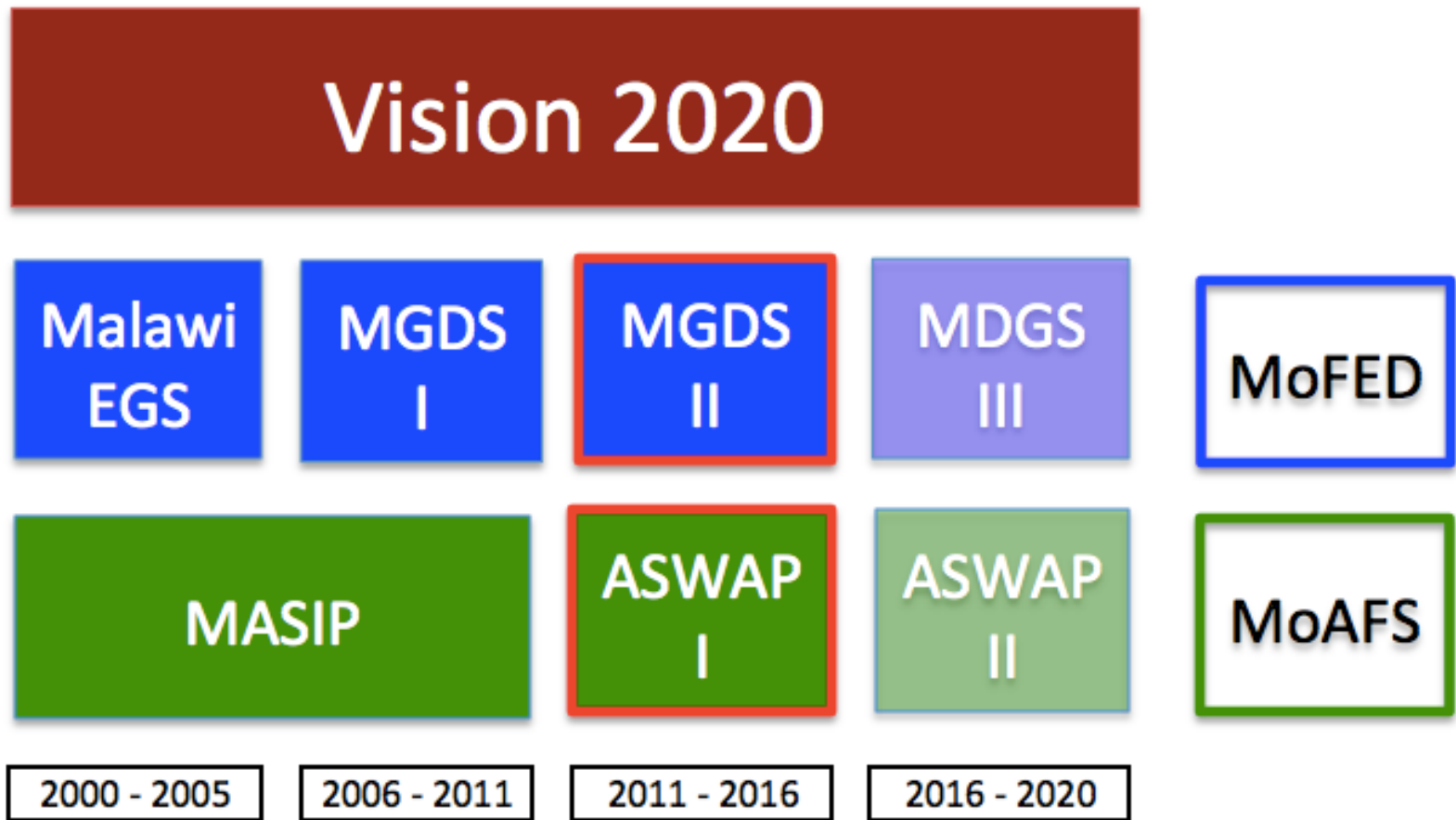
1. Policy and planning

2. Budget and Finance

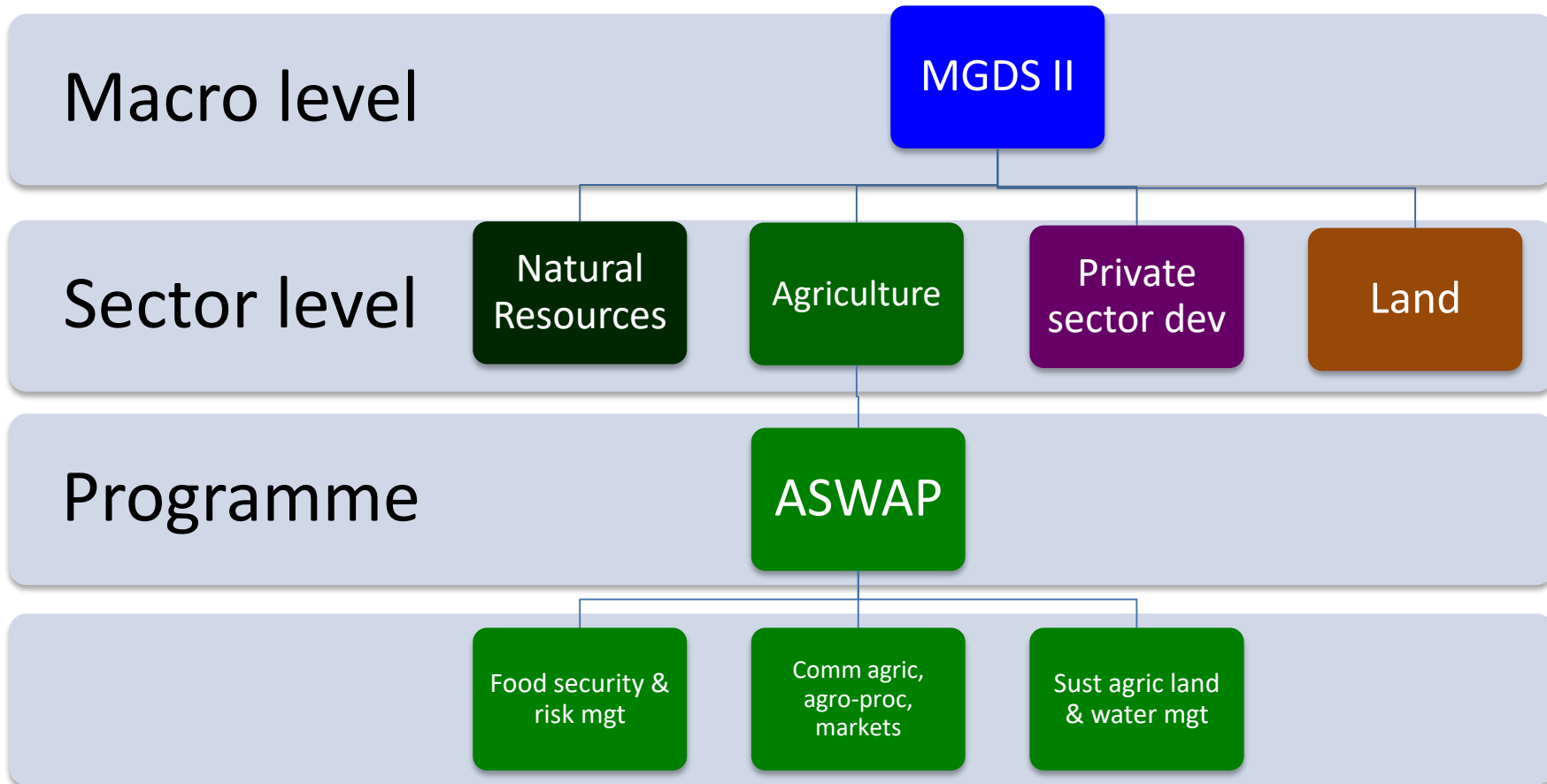
3. Actors, Institutions & Coordination

4. Monitoring and Accountability

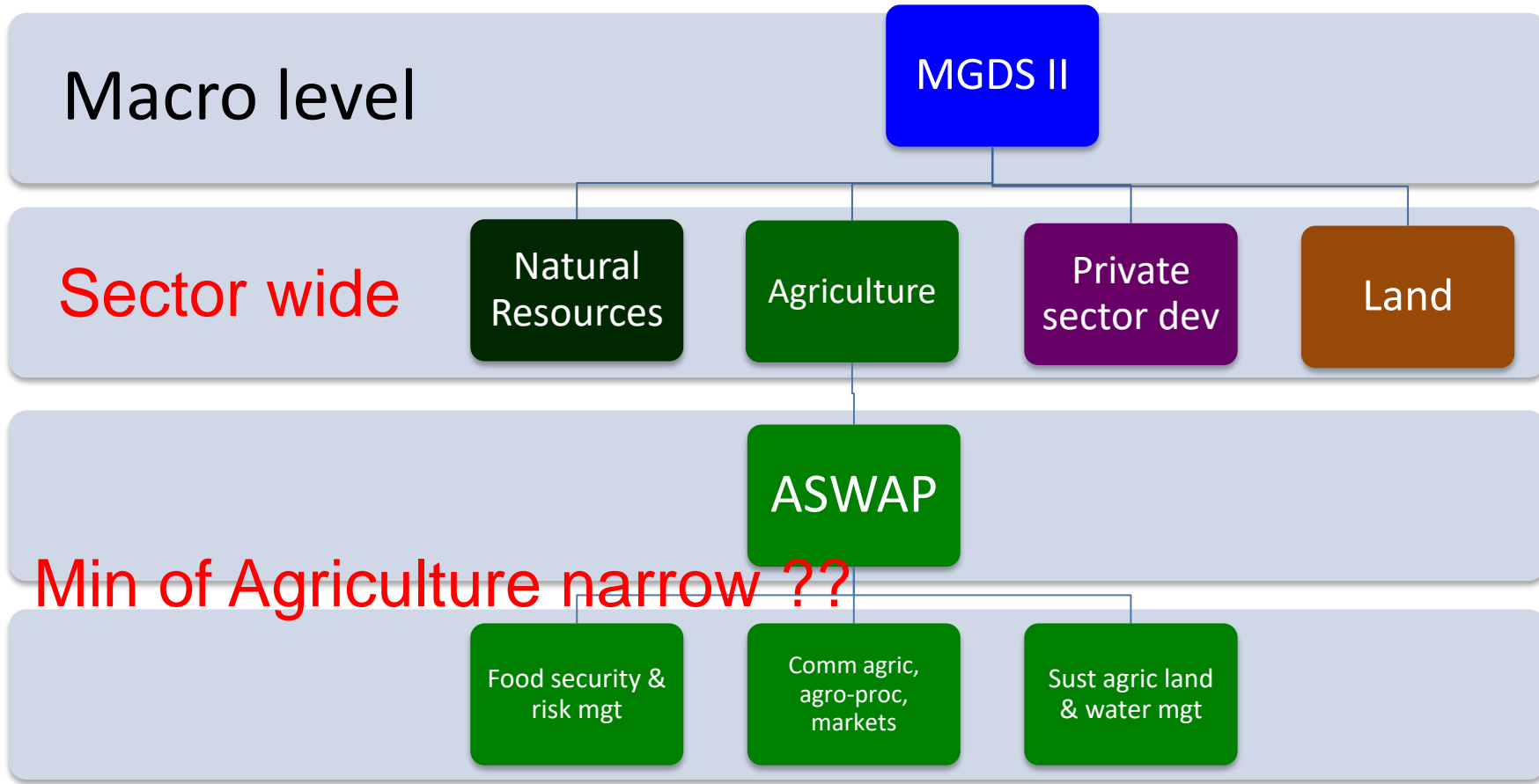
The policy-flow



The policy-flow



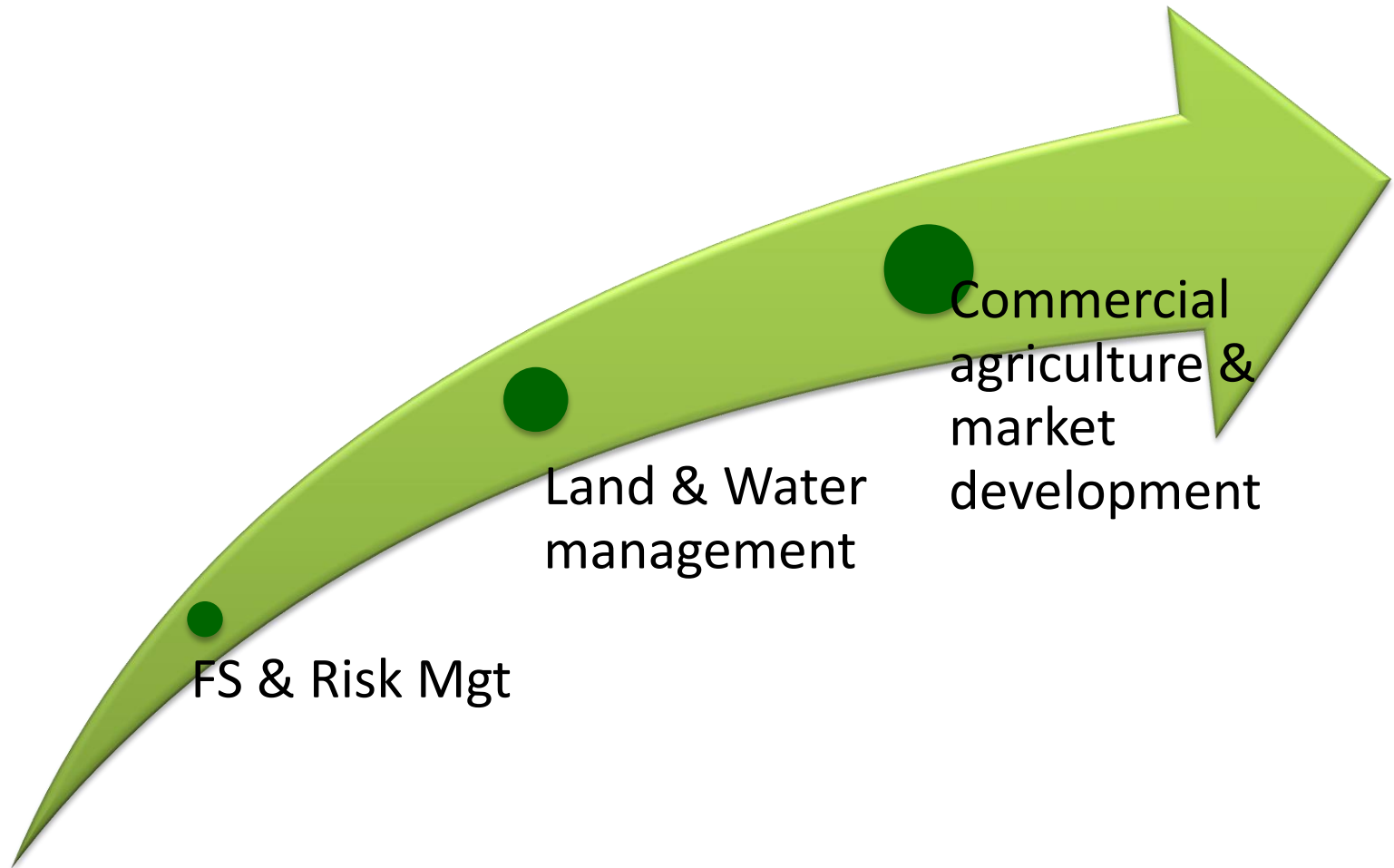
The policy-flow



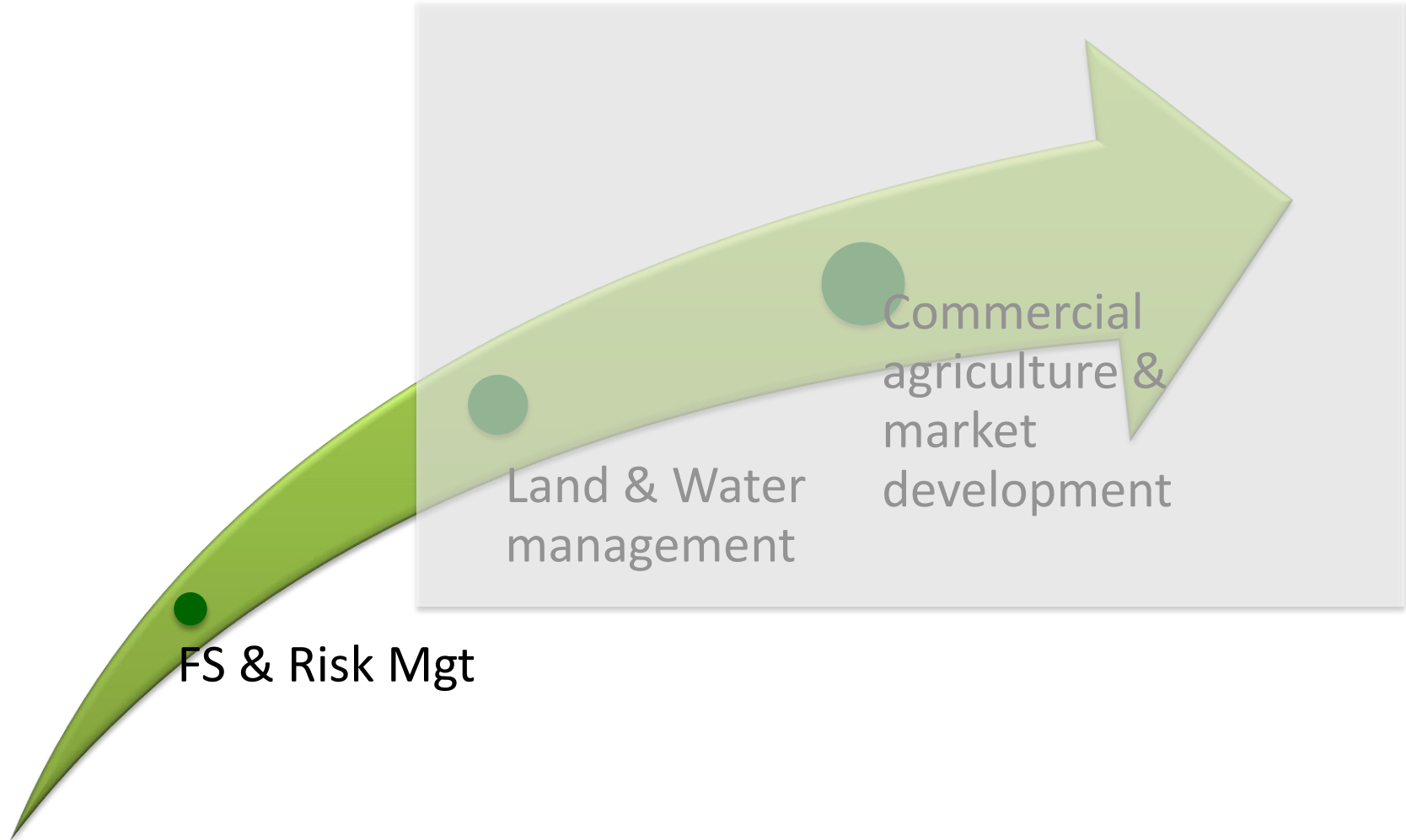
Upcoming key policy changes

- Since independence: Incoherent and fragmented policy framework only at sub-sector level
 - Result of division of agriculture sector in smallholder and estate sub-sectors
- National Agriculture Policy (2016 - 2020) - NAP
 - Based on MGDS and ASWAP and aligned to other relevant policies
 - Forestry Policy (1996) Land Use Policy (2002) Water Policy (2004) Trade and Industry Policy (1998) Micro-finance Policy (2002) Climate Change Policy (2012) National Export Strategy (2012)
- MoA leads, 11 other Ministries involved, including Finance
- Strengthened linkages to NSA via Sector Working Groups
- More focus on growth and commercialisation
- ASWAP seen as the investment plan for the NAP

ASWAP as a Value Chain



Loss of 'Programme Momentum'



Agriculture Sector Interventions

MoT

Export promotion

Trade barriers removal

Import & export regulations

Infrastructure & Irrigation

Market Development

Land & Water Management

Micro-finance

Small Business training

Agriculture Empowerment / Advocacy

Growth Protection of assets

Inputs subsidies

Cash and asset transfers

Food transfers

Focus of

MoA

**Social
Protection**

From programme to planning

ASWAP – MoA, MoT, MoL

ASWAP-SP

MDTF

Project

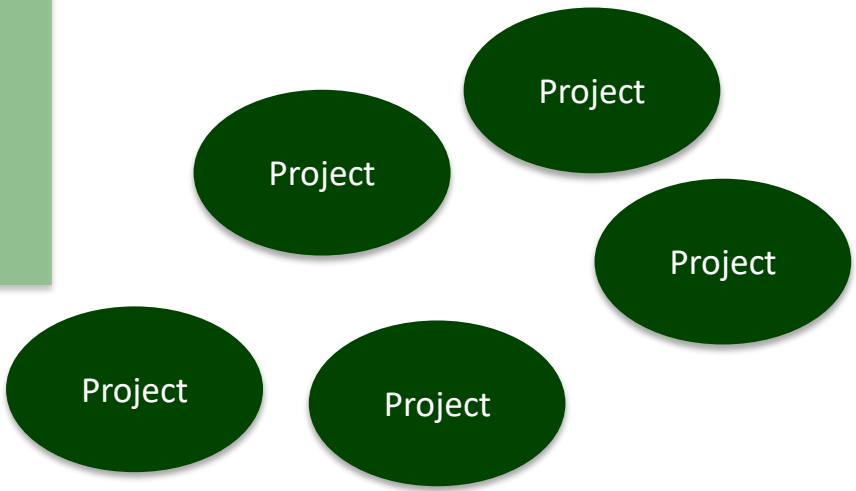
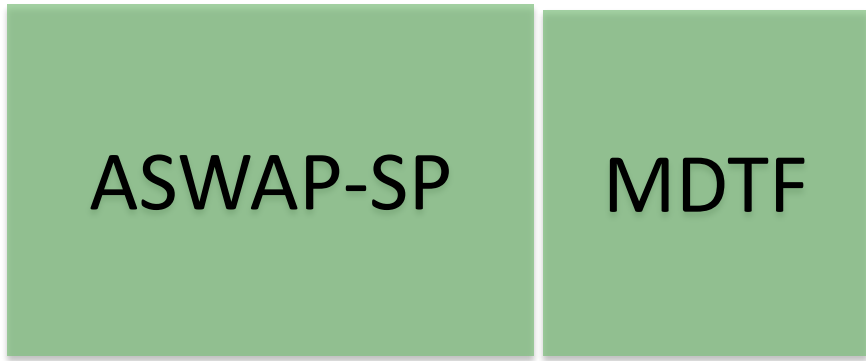
Project

Project

Project

Project

From programme to planning



From programme to planning

Are there Annual WP&Bs in the Ministries ?

Are they used ? Are they funded ?

ASWAP – MoA, MoT, MoL

WP&B
FS &
RM
DP A

WP&B
Research
& Ext.
DP B

WP&B
Agric.
Business
DP C

WP&B
Land
DPs
MDTF

WP&B
Project
activities

ASWAP-SP

MDTF

Project

Project

Project

Project

Project

Summary Policy & Planning

- ✓ ASWAp is widely owned within government and among Non State Actors
- ✓ ASWAp is evidence based
- ❑ ASWAp is not an overarching frame for all actors in the agriculture sector - NAPF or NAP?
- ❑ ASWAp is a programme of government, with most activities funded by donors
 - Separate workplans - no overall ‘docking station’

Farmer Input Subsidy Programme

- FISP exists since 2005/06 - became main component of ASWAP
 - *“Incontrovertible evidence that where Malawians can get the inputs they so desperately need, their response to production technologies is fast and substantial”*
 - *“FISP is the start of the process of transformation of the Malawi agriculture economy”*
- Share of agriculture expenditure to FISP is increasing: from 43% of Agriculture Budget (2005/06) to 62% of all MoA expenditures and 91% of recurrent minus salaries (ORT) in 2014/15
- Impact questioned with 2.8 M people hungry and 42% of U5 stunted
- FISP Reform: More contributions by beneficiaries and private sector involvement in procurement, transport and retail of fertiliser (pilot)
- To be considered: Redesign FISP in the context of the MTEF (with graduation and exit strategies)

Public Finance Management

- Fiscal Year from June to July
- 2011 Public Financial & Economic Management Reform Programme (PFEM)
- Integrated Financial MIS (IFMIS)
- MTEF exists in name (not in purpose)
- Public Finance Management Act (accountability)
- PEFA and PETS carried out
- Basic Agriculture Public Expenditure Review (2000-2013)
- 2013/14 piloted Programme-Based Budgeting
- 2013/14 fiscal year -BS withdrawn because of fraud

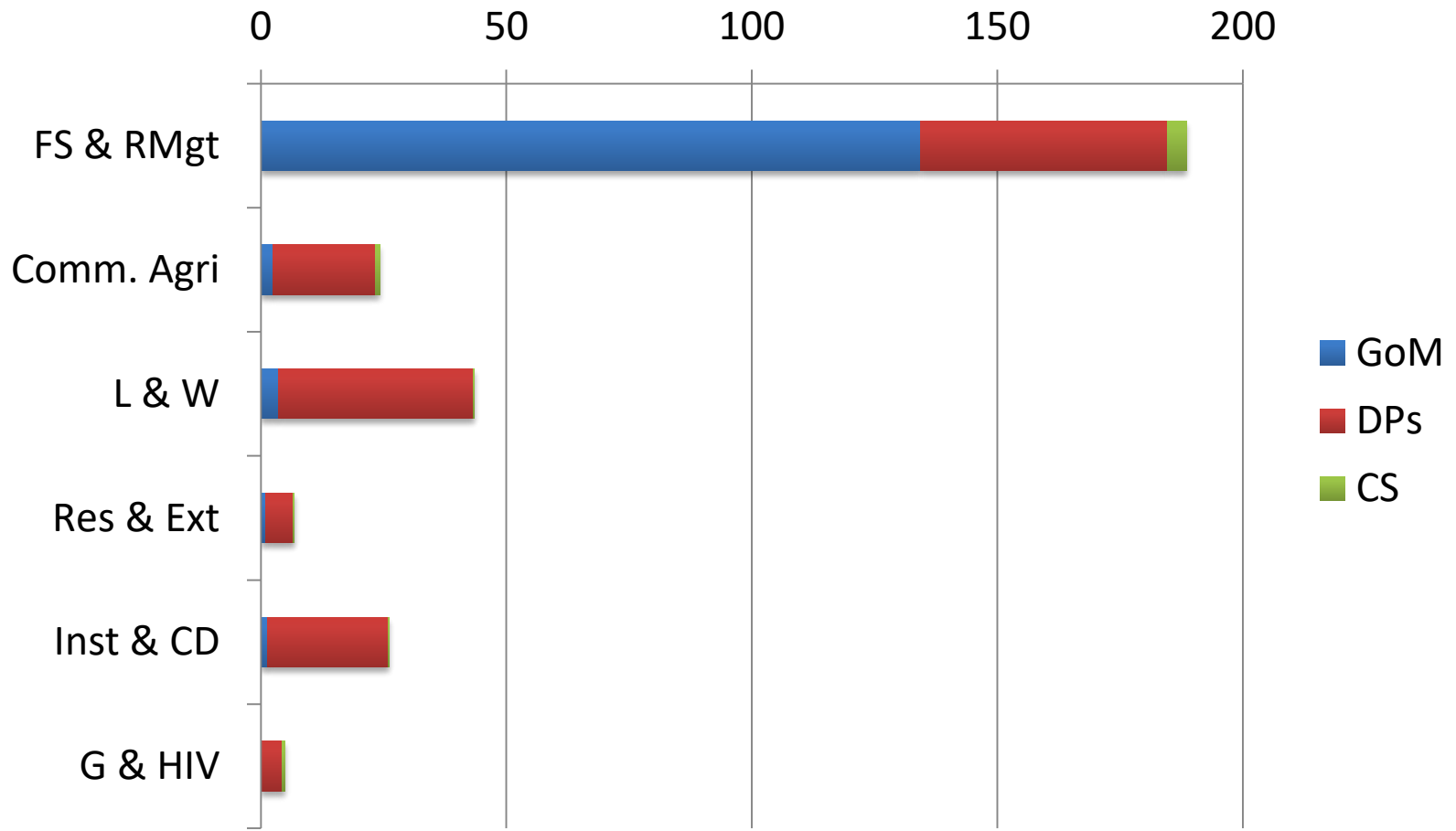
PFM implications for Agriculture

- MTEF's use as a planning framework is limited
 - Difficult to link investments to projected revenue; Difficult to estimate recurrent cost implications of investments
- Budget-outturn poor: In-year budget cuts & transfers
 - Less than 10% of disbursements under agriculture to district level
 - Low and late disbursements jeopardise agriculture production
- Linking public expenditure to agriculture growth is difficult (eg how 10% budget translates in 6% growth)
 - Is agriculture growth the consequence of public expenditure?
 - Has public expenditure attracted private investment?
- **Quality of public expenditure is more important than quantity**

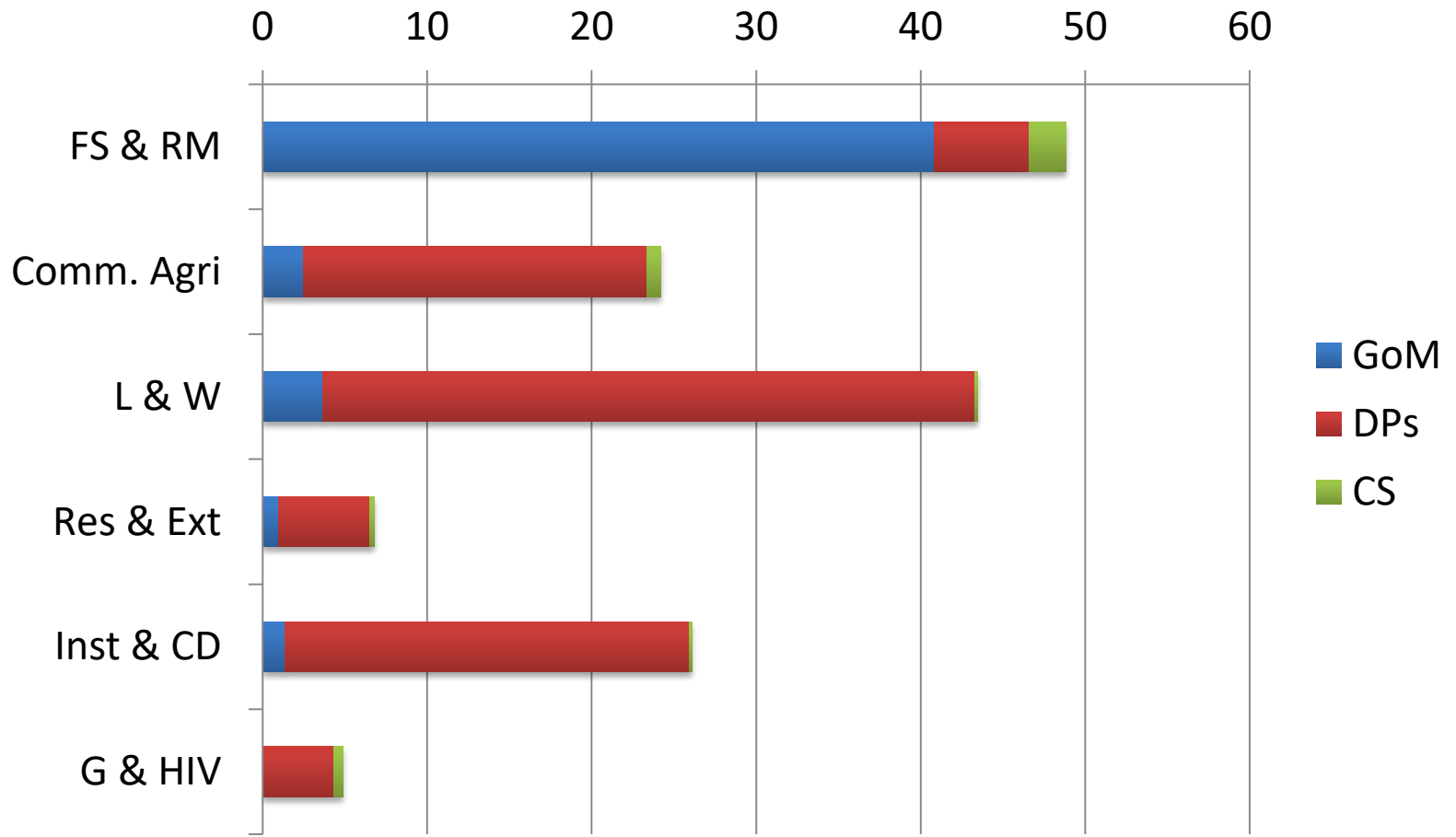
MGDS	Budget structure (Vote 190)	ASWAP priorities
<p>1.1 Agricultural productivity and diversification</p> <ul style="list-style-type: none"> Inputs, irrigation, contract farming, diversification, exports, market linkages, technology, livestock & fisheries, extension, soil & water conservation <p>1.2 Food Security</p> <ul style="list-style-type: none"> Food availability & accessibility, early warning system, extension, technical & regulatory services, reducing post harvest losses, income generation, dietary diversification, management of food aid & food imports, agriculture markets, PPPs, risk management 	<p>01 Agriculture & food security</p> <ul style="list-style-type: none"> Irrigation, crops, agri-business, fisheries, agro-processing, livestock, extension, regulation, food security <p>02 Natural resources and environmental management</p> <ul style="list-style-type: none"> Land resources Meteorological services <p>07 Health Services</p> <ul style="list-style-type: none"> Nutrition services <p>04 Water resources</p> <ul style="list-style-type: none"> Supply & sanitation Water resources dev. <p>17 Public Administration</p>	<p>1.0 Food security and risk management</p> <ul style="list-style-type: none"> Maize self-sufficiency, diversification and dietary diversification, risk mgt <p>2.0 Commercial agriculture, agro-processing and market development</p> <ul style="list-style-type: none"> Stimulate exports, agro-processing & value add,, market dev through PPPs <p>3.0 Sustainable agricultural land and water management</p> <ul style="list-style-type: none"> Land; Water & irrigation <p>Technology generation</p> <p>Institutional development</p> <p>Gender HIV & AIDS</p>

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Disbursement by ASWAP programme

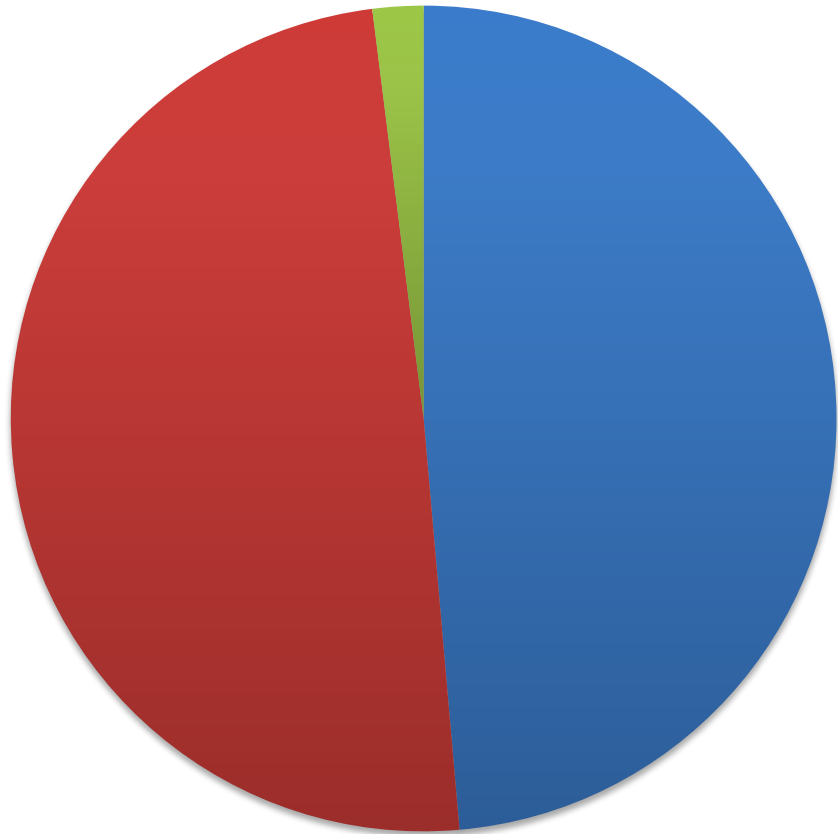


Disbursement minus maize (FISP)



Disbursement by Actor

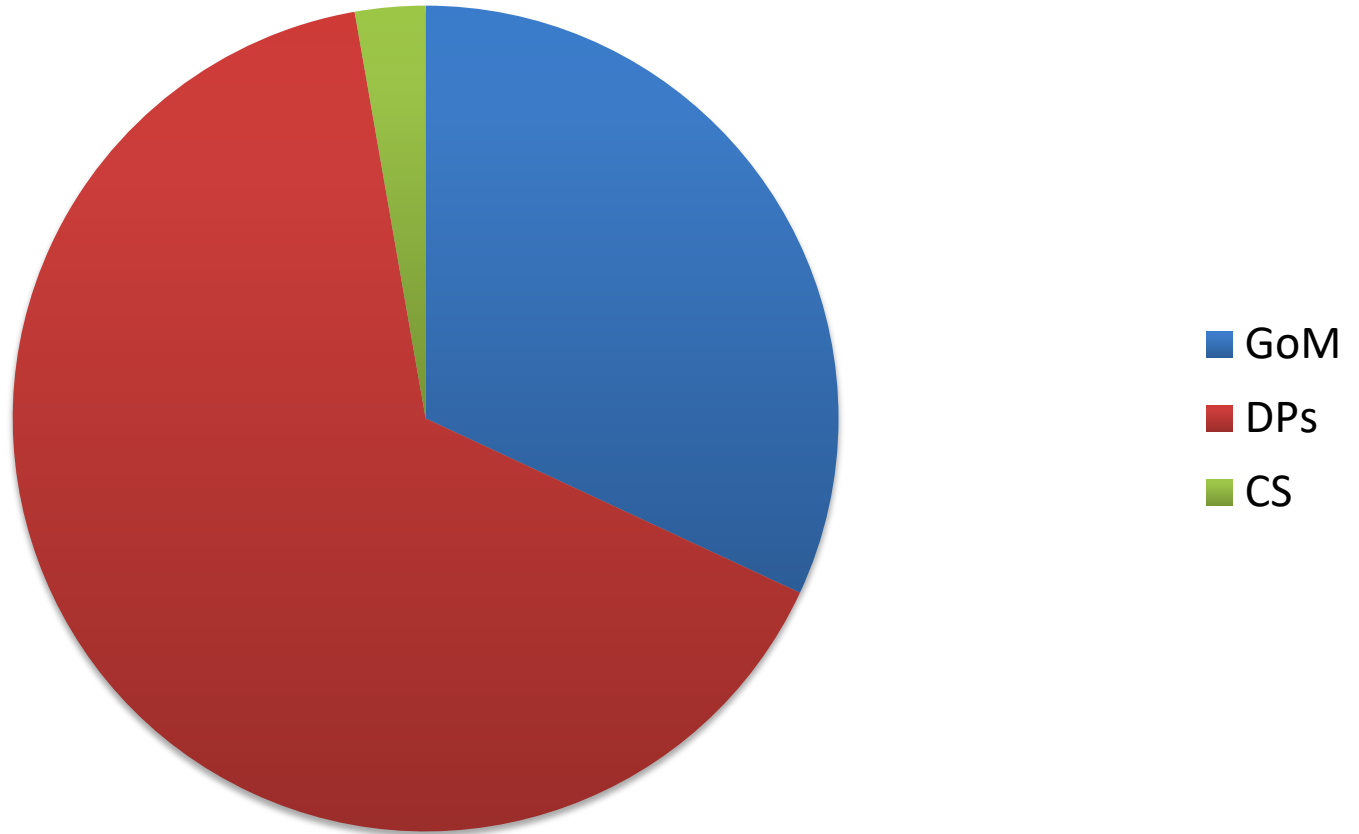
Total ASWAp



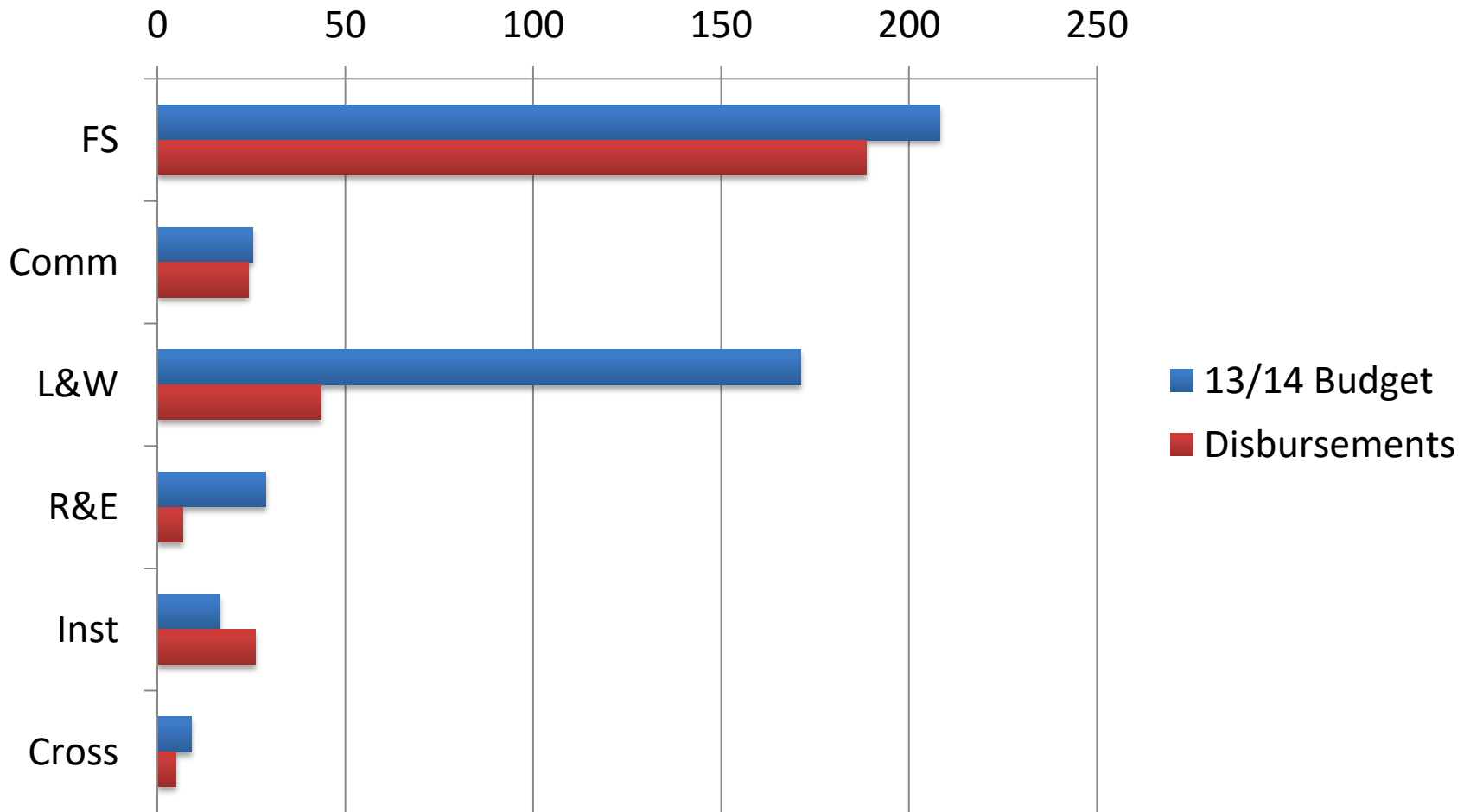
- GoM
- DPs
- CS

Disbursement by Actor minus FISP

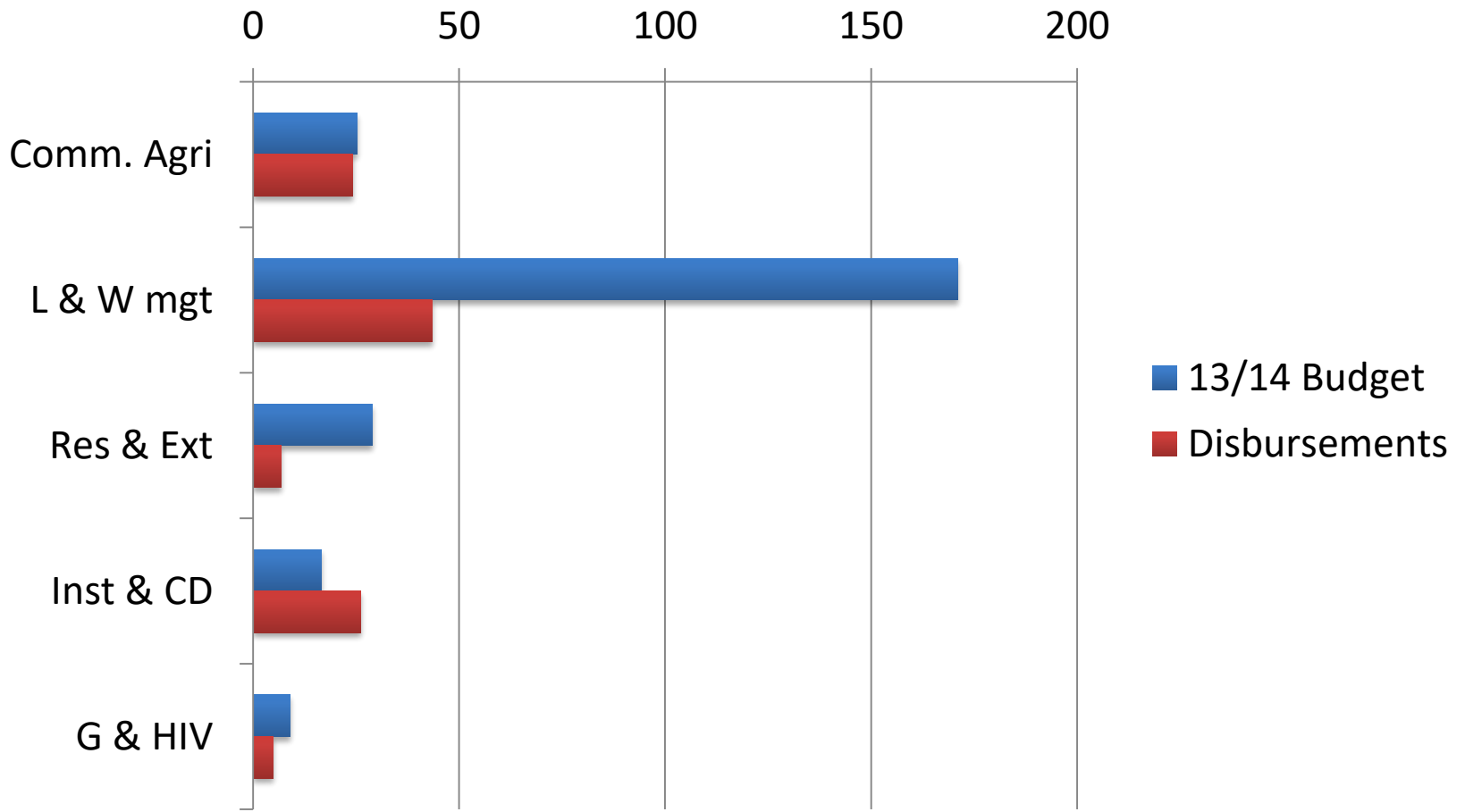
ASWAp minus FISP



Disbursements versus ASWAP budget



Disbursements versus ASWAp budget



Summary Budget and Finance

- ✓ GoM has a programme-based budget
 - ❑ Based on which programme?
 - ❑ MGDS widely owned & political support
 - ❑ ASWAp II - aligned to MGDS? To budget structure?
- ✓ ASWAp is linked to the budget process
 - ✓ ASWAp Investment (and recurrent) is part of MTEF
 - ❑ But investment is low (NAIP !) (even recurrent...)
 - ✓ ASWAp = Annual Budget MoA
 - ❑ But budget structure makes monitoring difficult

Summary Budget and Finance

- Public expenditure is highly skewed
 - FISP is magnet for funds beyond ASWAp, beyond Agriculture!
 - Sustainability? Does FISP translate into revenue?
- Total ASWAp expenditure is highly skewed
 - Symptom of fragmented agendas & workplans?
 - Symptom of lack of transparency, in GoM budget and DP contribution?
 - Off-budget DP contributions?
- All DP funding can be ‘on-budget’ regardless of funding modality and planning can be based on the complete resource envelope

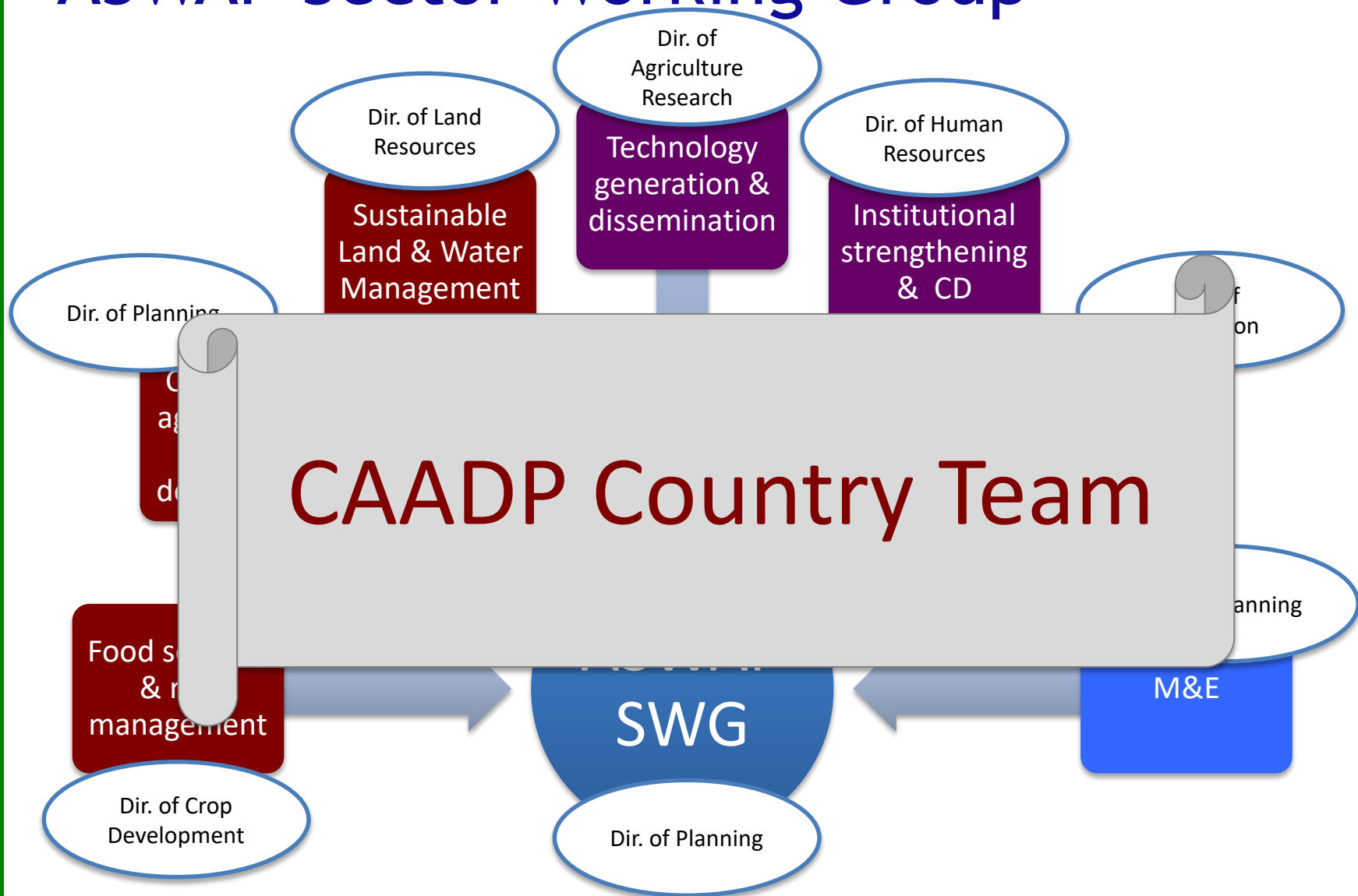
Private sector investment

- G8 New Alliance for Agriculture and FS (22 letters)
- Grow Africa (4 letters of intent)
 - Total pledges: US\$ 144.75 Million
 - Total invested in 2014: US \$ 7.6 Million (5% of GoM)
- Doing Business in Malawi Survey (WB) in 2014
 - Malawi ranks 157/189 economies
- Public Private Dialogue Platform
- Country Cooperation Framework (CCF) under G8NA
 - 15 Commitments; regularly monitored
- But private investment trend is declining (both in terms of amount invested and no. of Foreign Investment agreements)

Coordination

1. ASWAP
2. Agriculture Sector
3. Development Partners

ASWAP Sector Working Group



Across the Agriculture Sector

Factors that help

Planning Dep leads, other MoA also chair

Other ministries part of TWG

Chair is MoA & Co-Chair is NSA

DPs are part of all TWGs

Regular meetings

Factors that hinder

MoA – not ‘Agriculture Lead Ministries’

Other ministries implement part of ASWAP-**SP**

No real NSA partnership in implementation

Stand-alone projects – not one programme

Limited & late funds impede implementation

- ASWAP is not agriculture sector wide (currently not even MoA narrow)
- Other Ministries have agriculture relevant programmes (eg MoT: TIPS SWAp and National Export Strategy). Links ASWAP and TIPS are weak
- Coordination is not sector wide – Lack of Agriculture Sector Strategy?
- Partnership with Non-State Actors could be improved (“government explaining what they did or want to do”) – No mutual accountability

Coordination Development Partners

- Donor Committee for Agriculture and Food Security (DCAFS)
 - Leadership is Troika of DPs (current chair is Belgium)
 - One person full-time secretariat, own office, ‘neutral broker’ status, very active (USAID funded)
- Most DPs not “on-budget” (only BS DPs)
 - Term ‘on-budget’ is misunderstood as ‘through gov. channels’
 - Foreign financed projects still manually processed
- Aid Management Platform
 - Lots of information - but limited use by government

Key domestic actors: Government

- Min of Agriculture
 - Head of ASWAP & Deputy Head of ASWAP
 - Head of ASWAP-SP & Deputy Head of ASWAP-SP
 - CAADP FP
- Agriculture relevant ministries:
 - Min of Agriculture, Irrigation and Water Development (MoAIWD)
 - Min of Industry & Trade (MoIT)
 - Ministry of Lands, Housing and Urban Development (MoLHUD)
- Parliamentary Committee on Agriculture & Food Security
 - Led by well-connected and informed private sector representative...
 - ...but MPs lack capacity and information for true analysis and advise

Key domestic actors: Non-State

- Private sector
 - Malawi Confederation of Chambers of Commerce & Industry (MCCCI)
- Civil Society
 - Civil Society Agriculture Network (CISANET)
 - Merger of NGO Advocacy Network & NGO Food Security Network
 - Founded in 2000 - grant from DFID 2003
 - 2007: elected as Malawi FANPRAN Node
- Farmer Organisations
 - Farmer Union of Malawi (FUM)
 - National Smallholder Farmers' Association of Malawi (NASFAM)

Monitoring Challenges

- Indicator level
 - ASWAP started with 100 plus indicators
 - A-JSR based on 28 Key Agriculture Performance Indicators
 - DPs use separate indicators
- Tracking of funds
 - Budget Coding System not aligned
 - DPs not ‘on-budget’
 - NGOs nearly completely ‘off-screen’
- Develop Joint Agriculture Performance Assessment Framework
- Bring all DPs ‘on-budget’

Strong foundation for Accountability

- History of regular monitoring of sector performance
 - Annual Economic Report (MoFEPD)
 - Annual Joint Agriculture Sector Performance Review
 - Regular programme reviews: MASIP, ASWAP
 - Public Expenditure: regular tracking surveys; studies
- Able and vocal domestic actors
 - MCCI: Malawi Business Climate Survey Report (annual)
 - CISANET: Press releases, studies ('A Future for FISP'), national agriculture budget analysis
 - Academia and research institutions
 - Farmer Organisations

....but slow follow up to M&A

Because the information is incomplete:

“Government tells us what they have done during the past fiscal year, but they only show us the government resources that they have used, even though many of their activities were financed by development partners. So we get to judge all of the work on only part of the resources”

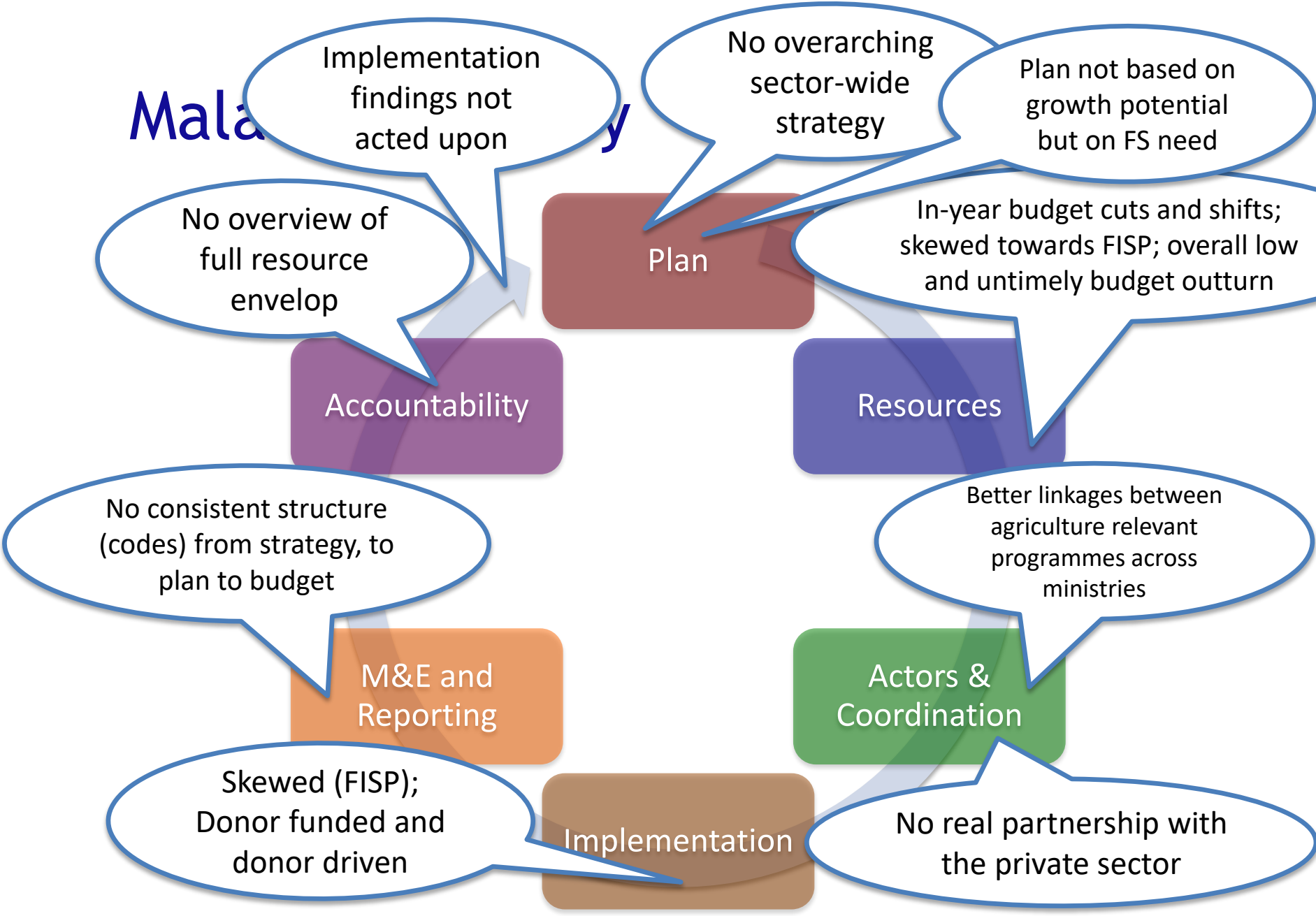
Parliamentary Committee on A&FS

Or the issue is too political:

„The unpredictability of government policy-making is worsening. (...). The uncertainty created cannot attract meaningful and long term investments (...) Of particular significance are export bans. Agricultural products seem to be a soft target for unpredictable policies“

MCCCI

Malawi



CAADP Value Added?



CAADP **ended?**

