



Agriculture
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out of poverty

Seed and Subsidies: The Political Economy of Input Programmes in Malawi

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Outline of the Presentation

- Introduction
- Nature of seed industry in Malawi
- Debates about AISP
 - Technology choices
 - Modes of delivery of inputs
 - Regulatory capacity
- Politics of Malawi's new green revolution
- Concluding remarks

Introduction

- Malawi's agriculture has not been viable without some form of input support interventions since the turn of the 1990s
- Major input support programmes have included the following:
 - Starter Pack (SP) 1998-2000
 - Targeted Input Programme (TIP) 2001-2004
 - Extended Targeted Input Programme 2004-2005
 - Agricultural Inputs Support Programme (AISP) 2005-to date

Introduction Cont'd



- And AISP is deemed a huge success, transforming Malawi from a net food beggar to an exporter and donor
- New York Times: “[Malawi] ending famine by simply ignoring the experts”
- UK Guardian: “African’s green revolution may be several steps nearer after a pioneering experiment in seed subsidies to smallholders in Malawi”
- AGRA: “Malawi.....showing the rest of Africaa sustainable version of the African Green Revolution”
- ...hence the motivation ***to examine how the input support programmes have shaped and influenced the seed industry in Malawi against this backdrop of the grand narrative of success***

Introduction Cont'd



- This is done through the political economy of policy making lenses
- Policy processes are analyzed from three overlapping perspectives: narratives and evidence, actors and actor networks and politics and interests
- Key concern is to understand the underlying politics, winners and losers as well as the attendant implications for the seed industry
- ***Main message is that interests of seed companies, donors and government have coincided to create a seed industry which has a narrow product portfolio and distributes benefits to only a very small proportion of the population***

Nature of Seed Industry



- Seed industry is liberalized and dominated by multinational seed companies who control 90% of the market
- Total maize seed market is estimated at 30,000 metric tonnes of which improved seed is 32% or 9,000 metric tonnes and effective demand for improved seed is 4,500 metric tonnes
- Players in the industry have constituted themselves into the Seed Traders Association of Malawi (STAM) for self-regulation
- Promotion of agro-dealers as part of the liberalization of the seed industry serving principally as outlets for multinational companies
- Contract seed growers play a critical role for the multiplication of seed for the multinational companies bred elsewhere in order to satisfy the requirements to be able to sell the seed in the country

Nature of Seed Industry Cont'd



- Liberalization has negatively affected the national breeding programme
 - No ready outlets for materials of the national breeding programme
 - Limited interaction between the multinational seed companies and the national breeding programme
 -quality and breeders' rights legislation
- Under-funding of the national breeding programme
 - Collapse of the research infrastructure that led to MH 17 and 18 (researchers moving on for greener pastures without being replaced)
 - Research not being prioritized (AISP taking a disproportionate share of budgetary resources)

Nature of Seed Industry Cont'd



- Farmers getting a narrow range of products since the liberalization of the seed industry has resulted in more or less total neglect of public sector breeding efforts
 - Malawi has become a sales point for seed materials bred outside the country
 - Orphan crops, forgotten crops, non commercial crops are at the brink of collapse. Examples include millet, sorghum and legumes
- Government is primarily interested in achieving food security at whatever cost
- Donors are interested in kick-starting the involvement of the private sector in the distribution of inputs

Nature of Seed Industry Cont'd



- Competitive tendencies between multinational and national seed companies
 - National companies depend on the seed processing equipment of the multinational seed companies
 -national seed companies often failing to meet contractual obligations
- Seed companies using seed growers to produce their seed products
 - Seed growing seen as an elitist business for farmers owning in excess of 10 ha due to the isolation requirement and financial requirements
 - Seed growers consider the exercise as hugely exploitative, seed companies making supernormal profits
 - Agro-dealers wary about excessive local taxes
 - Agro-dealers concerned with exploitative tendencies of CFNA and seed companies of charging huge interest rates, behaving as if they are lending institutions

Key Debates about AISP

Technology choices

- Hybrid, OPV or local maize varieties?
 - Multinational seed companies promoting hybrid maize on the basis of the success of AISP
 - NGOs mostly promoting OPVs and local seeds for their attributes that are in tune with the interests of the local farmer
 - Government promoting improved seeds but with silent bias toward hybrid maize for strategic political reasons

Key Debates about AISP Cont'd

Modes of delivery

- Who delivers the inputs (seed and fertilizer) to farmers?
 - Government keen to monopolize the delivery of inputs to farmers
 - Donor keen to involve the private sector in the delivery of inputs
 - ***Involvement of the private sector in the delivery of inputs to farmers would qualify AISP as smart subsidy***

Key Debates about AISP Cont'd

Regulatory capacity

- Considered sound and progressive but undermined by weak enforcement capacity worsened by politics of patronage
- Seed suppliers to the input programmes simply putting on the market painted grain as seed
- Absence of breeders' rights legislative framework weakening the seed industry which has been exploited by the multinational seed companies

Politics of the Green Revolution Alliance

- Donors promoting establishment of extensive network of agro-dealers linked to multinational seed companies
- Donors and government are keen to find quick fixes to the problem of hunger hence seeking newest high yielding technologies
- Multinational companies are the main source of the high yielding technologies
- The configuration creates opportunities for patronage with seed companies, agro-dealers and contract seed growers as main beneficiaries on the basis of their political connections

Politics of the Green Revolution Cont'd



- Multinational seed companies are guaranteed a market since participation in the subsidy programme is not based on competitive tendering
- Local seed companies often lose out because they rely on the processing equipment of the multinational seed companies
- Multinational seed companies considered as exploitative to both agro-dealers and contract seed growers
- Exit from the subsidy not contemplated since it has become a key voter spinner
- Majority of farmers consider themselves as losers because of limited product portfolio and the way the programme has been captured by local elites or exploited as a source of political patronage

Concluding Reflections

- Politics matter in the initiation, uptake and implementation of all policy interventions and particularly those as significant politically as Malawi's subsidy programme
- Dominance of hybrid maize is the result of political maneuvering and a coalition of interests
 - Government with an eye to political success
 - Multinational seed companies keen on market dominance
 - Donors keen on liberalization (private sector involvement) and smart subsidies
 - Political elites able to cash in on the business generated, or patronage spread
- Concerted efforts are required to reform the country's seed industry for it to serve the interests of the ordinary Malawian farmer better



Thank You

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