Developing market institutions to prevent food crisis in Southern Africa: Lessons from Malawi

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Objectives

- Why do food crises reoccur?

- What steps can be taken to prevent food crisis?
  - Policy System Resilience
  - Institutional Resilience
  - Food System Resilience

- How to prepare countries to prevent shocks – both natural and man-made?

- What does it take to break the cycle of chronic food insecurity and build resilient food systems?

- How have some countries managed to prevent drought from leading to famine?

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Current situation

- Food crisis in Malawi.
- Decrease in food security in Kenya.
- Countries from Niger in West Africa to Somalia in East Africa are facing drought-induced food crises and throughout the region, farming communities that depend on crops and livestock for survival have become highly vulnerable to food and nutrition insecurity.

Why does food crisis reoccur?

- Environmental causes:
    - Drought
    - Flooding
    - Low levels of crop planting
- Conflicts
- Inadequate development polices
- Poor governance

What steps can be taken to prevent food crisis?

Food Crisis

Institutional Resilience

- Government policies like market liberalization
- Decentralization and mobilization of communities for food security action

Food System Resilience

- Rapid expansion of agricultural extension services
- Cost-effectiveness and targeted programs
- Demand driven extension

Policy System Resilience

- Evaluation-based policy making and investment planning
- Policy analysis and program evaluation

Food Secure

Extension in Malawi - 1988 to 2017

Malawi Media training, 2nd April 2016

What does it take to break the cycle of chronic food insecurity and build resilient food systems?

- Market crisis and market analysis
- Right assistance
- Politically neutrality vs politically naïve
- Needs assessments
  1. VAC
  2. IPC
  3. VAMS
- Drivers of demand and drivers of supply

Moving from Food Crisis to Resilient Food Systems

- Food systems – structure and function
- Bad year – lean season problems
- What works best in food assistance – promote the food systems performance
- National capacity – South South cooperation
- Fill vast data gaps – frame and implement practical research agenda

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Policies that promote structured markets in Malawi:

Export and Trade Regulations

An export mandate means that a commodity cannot be exported except via a structured market.

Advantages of trading under an export mandate system

- Expanding export mandates could help to diversify its foreign exchange
- Increase in trade volume;
- Increase in tax revenue;
- Increases prices and revenues for farmers; and
- Improves the reliability of trade statistics and wholesale price data.

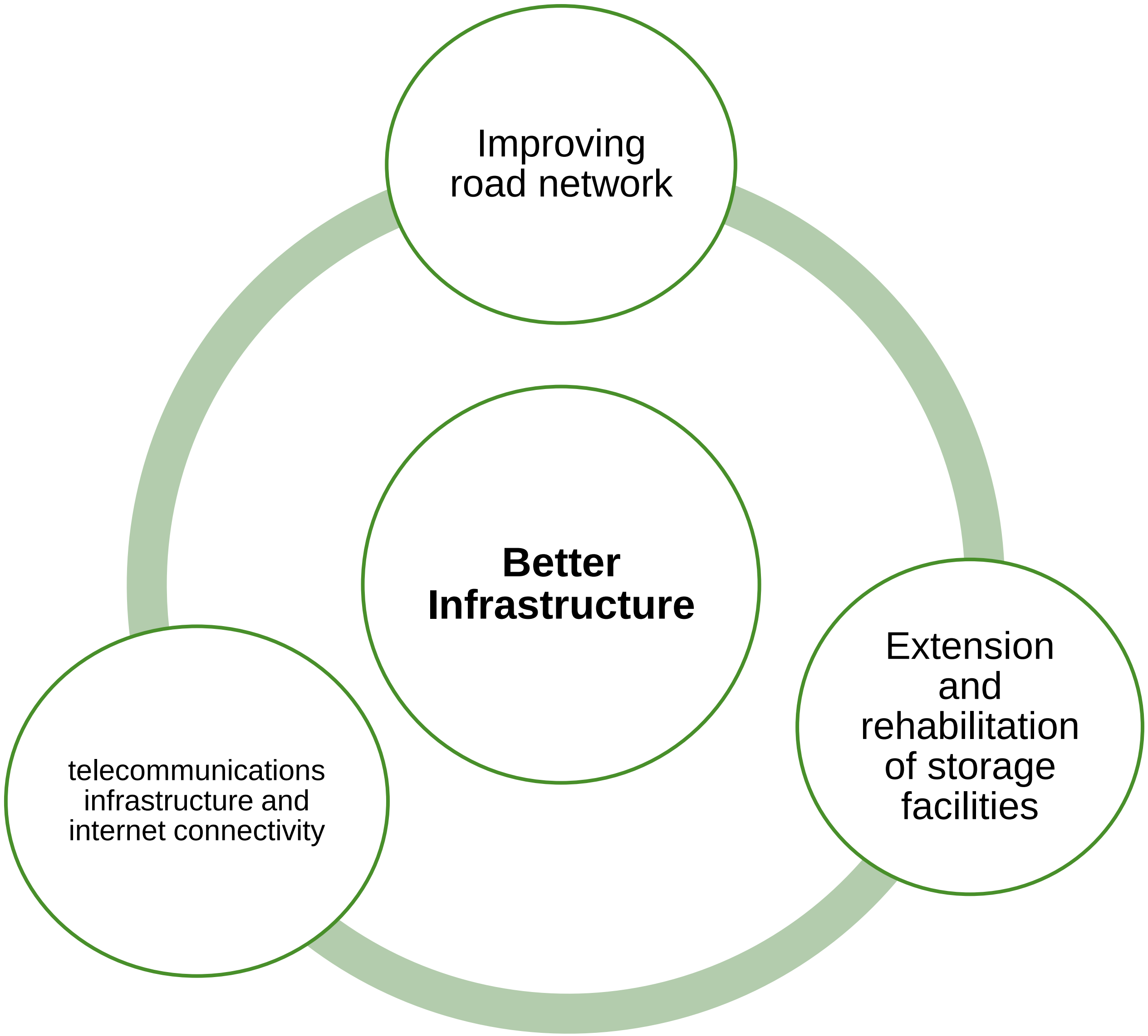
Disadvantages of placing export mandates

- Lower prices to meet government revenue needs or cover their operating costs.
- Increase informal market activities as it could drive more actors to circumvent exchange fees.

Policies that promote structured markets in Malawi:
Merging of ACE and AHCX

- Merging ACE and AHCX would:
  - Reduce operating costs through economies of scale/scope;
  - Reduced commissions; and
  - Enhance volumes traded and revenue in the long-term.

Policies that promote structured markets in Malawi:
Better infrastructure



How does IFPRI help?

- MaSSP
- Supporting Evidence-based Agriculture Policy (SEBAP)
- New Alliance Policy Acceleration Support: Malawi

Conclusion

- Famines signal the failure of institutions, organizations, and policies.
- Sound government policies that can help these countries achieve progress in food security and long-term development.
- Building this resilience capacity can help these famine-prone countries achieve food security and prevent future famines.
- Expanding export mandates could help to diversify its foreign exchange earnings.
- Improving infrastructure helps to develop market institutions

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Thank you!