

# Seeds and Subsidies: The Political Economy of Input Programmes in Malawi

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**Abstract** This article provides a critical account of the cereal seed systems in Malawi, in both a historical and contemporary context, with particular reference to the three input support programmes implemented since the late 1990s to date. The centrality of the question of food security in the country's electoral politics in a post-liberalisation context has created a seed industry dominated by multinational seed companies, who offer farmers a narrow range of products, mainly hybrid maize, and in which alternative cereal seed systems, such as millet and sorghum are at the verge of extinction. The interests of seed companies, donors and government have, for different reasons, thus coincided to create a seed industry which has a narrow product portfolio and distributes benefits to only a very small proportion of the population. The dominant players in Malawi's 'Green Revolution Alliance' shape the major policy directions, not always for the benefit of smallholder farmers.

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## 1 Introduction

In Malawi, maize is politics, and input subsidies are central to this. Subsidy programmes, centred on the supply of seed and fertiliser to support maize production to boost national food security, have created a strong actor network, involving key government players, from the President downwards, and including major donor aid agencies, NGOs and others. This has created a very particular political economy of seeds in Malawi in recent years, and one that is highly contested.

Notwithstanding the strong narratives about national food security or public food aid, the benefits of these interventions are unevenly distributed, with most accruing to the elites in both national and donor-led interventions. International commercial seed sector players, and their genetic material, have won out over local producers and varieties, and local elites have also profited.

The prominence of maize in the country's political economy is inevitable, due to frequent episodes of chronic food insecurity since the turn of the 1990s. This eventually saw the country shift from being nationally self-sufficient in

maize in non-drought years to being dependent on food aid and commercial imports (Devereux 2002; Chinsinga 2004). The capacity of the country to feed itself was decimated, *inter alia*, by regular bouts of flash floods and droughts, removal of fertiliser and hybrid maize seed subsidies and sharp devaluation of the local currency that made farm inputs unaffordable to the majority of the chronically impoverished smallholder farmers.

The precarious food security situation prompted several concerted responses from government with support from donors. Since the late 1990s, the three major initiatives have been: (1) the Starter Pack (SP) programme (1998–2000); (2) the Targeted Input Programme (TIP) (2001–2005); and (3) the Agricultural Input Subsidy Programme (AISP) (2005 to date) (Levy 2005; Chinsinga 2007; Dorward *et al.* 2007). The AISP in particular has gained high profile coverage in the international press and Malawi has become the darling of 'Green Revolution' advocates the world over.

The gains have certainly been impressive. For four consecutive growing seasons between 2006 and 2010, Malawi consistently enjoyed substantial maize surplus over and above its

annual national requirement, estimated at 2.1 million metric tonnes. The *New York Times* applauded Malawi for ‘ending famine [by] simply ignoring experts’ (Dugger 2007); the UK *Guardian* carried a piece on Malawi’s Green Revolution, arguing ‘Africa’s Green Revolution may be several steps nearer after a pioneering experiment in seed and fertiliser subsidies to smallholders in Malawi’ (Perkins 2009) and AGRA (2009: 2) touted Malawi as ‘a model of success showing the rest of the African governments the way towards a sustainable version of the African Green Revolution’.

This article provides a critical account of how the cereal seed system has evolved as an integral part of Malawi’s twenty-first century ‘maize miracle’, exploring the underlying politics, winners and losers, in Malawi’s ‘Green Revolution’.

## **2 Privatisation and profits: the reconfiguration of the Malawian seed system**

The liberalised seed industry in Malawi is dominated by multinational seed companies which control about 90 per cent of the market (GRAIN 2010). The multinational seed companies include: Monsanto, Seed Co, Pannar Seed and Pioneer. Local seed companies include: Agritec, Demeta, Funuwe Farms and the Association of Smallholder Seed Multiplication Group (ASSMAG). Monsanto is the most dominant multinational seed company controlling more than 50 per cent of the market share of improved maize varieties. Almost all of the large companies focus almost exclusively on the production of hybrid maize seeds; although some, notably Pannar, also deal in open-pollinated varieties (OPVs).

The total maize seed market is estimated at about 30,000 metric tonnes annually, of which improved seed is 32 per cent or 9,000 metric tonnes, for which effective demand is estimated at 4,500 metric tonnes. Smallholder farmers’ adoption of improved maize has been rather sluggish. According to the 2009/10 estimates, around 30 per cent of farmers cultivate local maize varieties (GRAIN 2010). As a result, the sale of improved seed is greatly influenced by government policies, notably input support programmes.

The major local player in the seed industry is ASSMAG. It started off as a Ministry of

Agriculture and Food Security (MoAFS) initiative in 1995, whose goal was ‘to ensure the availability of adaptable, affordable, improved seed for the smallholder farmers who could not afford hybrid seeds’. It was transformed into an association in 1999 with funding from the European Union (EU). It deals with various crops such as OPVs, maize, groundnuts, beans, cassava, sweet potatoes, sorghum, soya beans, rice, millet, etc. The main seed product for ASSMAG is OPV maize, since ‘funding for the multiplication of other crops is often not readily available’. ASSMAG works closely with the national breeding programme, which is the sole source of the foundation seeds used in its multiplication programmes.

The players in the seed industry have constituted themselves into the Seed Traders Association of Malawi (STAM), which is ‘essentially a self regulatory body for the seed industry to ensure that farmers are served with quality seed throughout the country’. The formation of STAM followed ‘excessive decline in seed quality and standards due to unscrupulous traders who were simply offering “decorated grain” on the market as seed’. The seed industry interacts with government on matters of seed in relation to the input support programmes through STAM. It is only STAM-accredited seed suppliers that are involved in the input support programmes in order to ensure that farmers are supplied with certified and quality seed.

As part of the liberalisation framework, seed companies distribute their products through an agro-dealer network. The development of the agro-dealer network is being facilitated by a USAID-sponsored NGO – Citizen Network for Foreign Affairs (CNFA) – as an integral part of the efforts to kick-start a robust retail network for agricultural inputs throughout the country to fill the vacuum created by closure of some Agricultural Development and Marketing Corporation (ADMARC) markets (Adesina 2009). CNFA advocates for the replacement of state-run structures’ direct role in inputs purchase and distribution by fostering the growth of a commercially based rural distribution network of private agro-dealers, facilitating agro-dealers’ access to commercial credit, and stimulating smallholders’ demand for improved agricultural inputs.

The promotion of the private sector is seen by many as essential for the development of a robust agricultural sector. The state-run input supply system is condemned as inefficient and highly susceptible to massive rent seeking (Bates 1981; van de Walle 2001). Through the use of vouchers, a viable agro-dealer network is described as 'a way of improving agricultural input and output markets while providing support to resource poor farmers' (Mangisoni 2007: 1). In order to qualify as an agro-dealer, 'one must not only have a financial muscle but must also be well enlightened'. CNFA advertises for applications from suitable individuals or companies, indicating that potential applicants must own a building, have access to potable water, functioning toilet, protective clothing, and the premises must be far away from fast food outlets or paraffin selling points.

While seed companies have the liberty to breed their products elsewhere, the multiplication of the seed for sale must be done in the country. Seed companies contract out the seed multiplication exercise to eligible farmers across the country. Interested farmers apply to seed companies for seed multiplication contracts but 'the isolation requirement rules out small farmers'. However, it was argued, 'seed multiplication is not a business for poor people; it is for elites since it requires the farmer to have adequate money which, realistically speaking, can only be managed by farmers with land in excess of 10 hectares'.

Seed companies register their farmers with MoAFS's Seed Services Unit, which inspects the maize fields during the growing season to ensure that standards for certification are met. The companies provide seed to the farmers and bear the costs of inspection as well. In addition to land, the farmer meets the costs of labour and fertiliser. The seed is sent to the companies' laboratories immediately after harvesting for authentication and checking of moisture content.

The seed industry in Malawi is thus clearly dominated by the multinational companies, with the locally based companies playing a very minor role. The multinational companies have inserted themselves as a dominant actor in the seed industry following the liberalisation of the industry at the insistence of donors. The agro-dealer network is strategically linked to the multinational seed companies as major outlets of

seed supply to the farmers across the country. Both government and donors turn to the multinational seed companies whenever they run programmes meant to assist impoverished farmers. These developments have therefore led to the seed industry being captured by a narrow group of the private sector players propped up by both government and donors.

These private sector actors are also offering a narrow range of technologies to farmers, since the liberalisation of the seed industry has resulted in more or less total neglect of public sector breeding efforts. It was, for instance, observed that 'the national breeding programme exists but it is not as robust as it was during the late 1980s and early 1990s'. The disappearance of the National Seed Company of Malawi (NSCM) has 'turned Malawi into a sales point for seed materials bred outside the country'; 'there is little, if not a lack of uptake of materials from the national breeding programme since the national breeding programme is under-funded to produce materials that can compete with those from multinationals'. The major argument by seed companies is that they 'are interested in quality as an integral part of their competition strategy which forces them to look beyond the borders'. In order to retain a competitive edge, seed companies 'promote their own materials because the quality from the national breeding programme would be essentially the same'.

While the multinational companies are not obliged to utilise materials from the national breeding programme, the stature of the programme has been further undermined by gross under-funding. It was consistently observed that 'breeders are funded on salary and not operational costs', resulting in frustration 'that has seen a critical cadre of breeders that was assembled during the hybrid maize revolution leaving for greener pastures'. Most junior scientists are using MoAFS as a stepping stone for rewarding careers elsewhere, such that 'the remaining senior scientists do not have understudies so as to ensure institutional continuity'. The funding constraints have therefore effectively undermined the continuity of the successful research on hybrids that spurred the short-lived Green Revolution of the 1980s and 1990s. The funding is so low to the extent that 'it is often difficult to constantly inject foundation seed for multiplication to meet the demand of farmers'.

While liberalisation and structural adjustment policies have had a significant impact on the national breeding programme, ‘government’s priorities in the agricultural sector too are to blame’, it was claimed. Input support programmes receive the lion’s share of the budget, with the MoAFS spending almost all its time on AISP at the expense of the normal agricultural development programmes, particularly research and extension. With the multinational companies’ dominance of the market, they have been able to insert themselves into the input subsidy programmes, as the preferred source for many of the programmes.

Some argue that such international seed companies neither develop seeds locally nor do they import their best materials. This leaves farmers with seeds that do not contain the latest improvements to deal with drought, pests or nutritional quality of the grain. It is only new varieties of maize that enter farming systems with regularity, except when there are special development programmes for what are variously described as ‘orphan crops’, ‘forgotten crops’, ‘non-commercial crops’ or ‘women’s crops’ (CIAT *et al.* 2009). The crumbling of the public sector breeding programmes has meant that the country has become almost entirely dependent on the multinational seed companies for the bulk of improved seed supply although not necessarily of the ideal quality for the local agronomic conditions. This has been reinforced by the shrewd business strategies of multinational companies that have succeeded in marginalising the national breeding programme, further reinforced by the coincidence of interests of donors and government in finding quick fixes to the enduring problem of food insecurity even though for different reasons.

Local companies are at fault too. The regular failures by the local seed companies to meet their contractual obligations are affecting their ability to establish themselves as serious competitors in the seed industry. For instance, there is a huge market potential for ASSMAG ‘since we deal with OPVs which are being promoted by NGOs but with regular slip ups in seed processing we are letting down our clients’.

The seed industry in Malawi has been greatly shaped by donor perceptions of how to develop a viable seed system, powered by the private sector under the aegis of economic liberalisation. The

seed companies have exploited the attendant policy environment to their advantage, propped up by donors and government in a way that has marginalised the national breeding programme and local seed companies. This has, in turn, reduced the diversity of the crop portfolio readily available to farmers through the formal seed system and input subsidy programmes.

### **3 The politics of input subsidies: the case of the AISP**

Over the period from 1998, three major input subsidy programmes have been rolled out in Malawi, culminating in the major Agricultural Input Subsidy Programme (AISP) from 2005. In many respects, these have been highly successful, ushering in a much-acclaimed ‘Green Revolution’. But what have been the political–economic processes involved? Who has gained, and who has lost? And what lessons can be learned about policy and implementation from an unpacking of the politics of input subsidies in this period? This section focuses on the largest and most recent programme, the AISP.

The AISP was introduced during the 2005/06 growing season, following a devastating hunger crisis during the 2004/05 season. Using a voucher system, 1.5 million maize and 200,000 tobacco farmers were targeted. Maize farmers were entitled to one 50kg bag of basal and top dressing fertilisers. Both fertilisers were sold at MK950. Tobacco farmers were entitled to one 50kg bag of CAN and D compound each at MK1,450 per bag. Maize farmers had access to 3kg OPV maize at MK150/3kg compared to the market price of MK500/3kg. AISP has evolved since its introduction during the 2005/06 growing season. In the maiden implementation of the AISP, the government received no support from donors because they felt the programme would jeopardise prospects for macroeconomic recovery and ‘all distribution of subsidised inputs was done by [two] parastatal bodies, Agricultural Development and Marketing Corporation (ADMARC) and Smallholder Farmer Fertilizer Revolving Fund of Malawi (SFFRFM)’ (Dorward and Chirwa 2009: 3).

The AISP is widely billed as a tremendous success. Since its introduction, Malawi has consistently produced surplus maize over and above its annual requirement estimated at 2.1 million metric tonnes. In all growing seasons

Malawi has produced over 500,000 metric tonnes of surplus maize but the 2007/08 season broke the record. Total maize production was estimated at 3,444,655 metric tonnes. This represented a surplus of about 1.5 million metric tonnes over and above the annual food requirement. But, despite the overall success, there remain intense debates about key elements of the programme. Three are highlighted below.

### 3.1 Technology choices

First, there are competing views on what is the most appropriate seed. Multinational seed companies have clearly seized on the apparent success of AISP to justify the use of hybrid seed. It was, for instance, argued that 'the AISP has been successful because of giving farmers a choice between hybrid and OPV maize'. In this regard, it was observed that 'AISP broke the record during the 2007/08 growing season when hybrid maize was introduced as an option for farmers; the 2005/06 season used exclusively OPV maize'. For the seed companies, the widespread popularity of hybrid maize challenges the perception of some donors and NGOs that hybrid maize (and especially GM varieties) is inappropriate for small-scale farmers.

The positions of NGOs on the hybrid-GM-OPV-local maize seed are quite diverse. The main justification for NGOs promoting local maize seed varieties is that the local maize seed system is sustainable. This hinges on the fact that local seeds can be recycled continuously; are pest and disease resistant; familiar to farmers; easy to store; amenable to traditional methods of processing; taste better; and can withstand prolonged periods of dry spell. Some of the NGOs argue that promoting the hybrid maize seed system would be tantamount 'to divesting local farmers of their right since they have been custodians of seed from time immemorial; it will be unfair to take this responsibility away from them and give it to foreigners who are only interested in making profit out of local people'.

Government's official policy is to promote the use of improved maize varieties. This means that government is committed to promoting both hybrids and OPVs. However, it was argued that 'there has been a silent switch from OPVs to hybrids as the subsidy programme has evolved'. The apparent preference for hybrids is linked to the primacy of maize in the country's political

economy (*cf.* Sahely *et al.* 2005; Harrigan 2005; Chinsinga 2007). Food security, equated to more or less the availability of maize to the masses at affordable prices, remains the key electoral battleground. The legitimacy of any government is almost entirely dependent on its ability to fulfil this extremely vital element of the social contract. Politicians are therefore interested in hybrids because 'they want to have something to show to the people during the electoral campaign; high yield attainable through the use of hybrids is the drive for the government, government here as in politicians'.

### 3.2 Modes of delivery

Second, the modalities of delivering inputs to farmers are also a subject of ongoing debate. As stated above, when the government implemented AISP without any donor support, both fertilisers and maize seed were distributed to farmers by two state parastatals: ADMARC and SFFRFM (Chinsinga 2007; Dorward and Chirwa 2009). Since then, the private sector has been consistently involved. Donors in particular 'wanted greater involvement of the private sector in both the procurement and the distribution of subsidised fertiliser and other farm inputs on equal terms with ADMARC and SFFRFM' (Chinsinga 2007: 26). Donors were concerned that the exclusion of the private sector in the subsidy programme would slow down, if not reverse, gains from economic liberalisation. As a result of the large government programme, about 60–70 per cent of the retail outlets closed because of reduced retail sales during the 2005/06 growing season (Dorward, Chirwa and Jayne 2007). The share of private sector fertiliser sales tumbled from 87 per cent in the 2004/05 growing season to 41 per cent during the 2005/06 season.

The main thrust of the donors' argument was that involvement of the private sector would facilitate the diversification of the AISP beyond tobacco and maize which, in turn, would stimulate progressive and sustainable private sector growth and development. The use of vouchers would ensure that 'non-commercial seed and fertiliser distribution are channelled to the development of the commercial seed and fertiliser marketing distribution sectors' (Mangisoni 2007: 1). Unlike direct input distribution, vouchers allow the private sector to expand their retail distribution networks countrywide into rural areas. The use of vouchers

qualifies AISP as a ‘smart subsidy’ and therefore acceptable to donors. The distorting effects of vouchers are claimed to be limited because they promote market competition among sellers, which greatly motivates them to improve their services. The use of vouchers also, it is argued, serves as an incentive for seed and fertiliser dealers to establish outlets in remote areas but perhaps more critically ‘help government achieve social objectives through commercial means’. The AISP voucher system ‘is moving improved seed to more than 1.7 million farming families in a manner that is more efficient than the government system’.

However, the benefits of the subsidy programme are offset by huge transaction costs incurred through voucher redemption. The process is regarded as extremely tedious ‘as we have to serialize all vouchers before we can get paid; we have no choice but to employ additional staff to undertake this exercise’. There is, however, evidence to show that seed sales have dramatically improved because of the subsidy programme. For the seed companies and agro-dealers, this is a cash cow, since effective demand for improved seed is as low as 4,500 metric tonnes out of the possible 30,000 metric tonnes produced. According to GRAIN (2010), the subsidy programme has expanded the demand for improved seed by 5,500 metric tonnes. The local seed companies have not fully exploited the commercial benefits arising out of the subsidy programme, however, because of their reliance on the multinational seed companies to process their seeds, while, among the multinational seed companies, Monsanto is the major beneficiary, since it controls more than 50 per cent of the hybrid maize market in the country.

Farmers emphasise the advantage of agro-dealers, arguing that ‘they are near our villages and they are a good alternative when we fail to buy from ADMARC at least when they are involved in the distribution of fertiliser’.<sup>1</sup> They argue, however, that, for the benefits of the private sector’s involvement to be fully realised, the regulatory framework has to be tightened. This was deemed essential because traders are primarily motivated to make a profit to the extent that without any sound and enforceable regulatory framework, farmers would end up as victims. There is thus a need to keep the exploitative tendencies of unscrupulous traders

in constant check by having in place a favourable but enforceable regulatory framework.

### 3.3 Regulatory capacity

Third, the form of regulation appropriate to a liberalised seed industry is another bone of contention. The liberalisation of the seed industry has substantially undermined the capacity of the state to regulate the seed industry effectively. Several actors have taken advantage of the weaknesses. While the policy and regulatory framework for the seed industry is lauded as sound and progressive, ‘it is undermined by laxity in enforcement’, as there is questionable capacity of MoAFS agencies to enforce quality standards.

The laxity in enforcement of standards is triggered both by political opportunism and limited capacity. Booth *et al.* (2006) argue that the failure to manage the transition to democracy was, *inter alia*, manifested in declining capacity of the civil service to function professionally. Commentators argue that ‘politics totally undermined the seed inspection regime, since there was virtually no political will to enforce the regulatory framework’. Most of the politically connected seed suppliers to the programme ‘simply provided grain from the village which affected the quality and impact of the programme’. Most commercial seed suppliers, it was claimed, ‘were simply putting on the market painted grains as seed’.

The capacity for seed inspection remains limited, despite efforts to ratchet it up through training in seed technology. It is a huge challenge for the seed certifying agency to carry out the exercise for seed grown in dispersed locations due to ‘paucity of staff even though such expertise is available locally’. This is further undermined by rampant corruption in seed inspection exercises. The root cause is that seed inspectors are not adequately resourced in a decentralised set-up which ‘predisposes them to fraud, malpractices and corruption, resulting in excessive laxity in the enforcement of the regulations’. The weak seed inspection regime has made it possible for ‘seed companies to recycle their products, which is greatly affecting germination rates’.

The post-liberalisation context has also raised the profile of breeders’ rights in the seed industry. Both donors and seed companies argue that the seed industry is less vibrant due to the absence of

a breeders' rights legislative framework. This has been used as a justification by the multinational seed companies for not working with the national breeding programme as a potential source of their genetic materials. In the absence of breeders' rights legislation, 'the products of the national breeding programme would not be competitive in an industry where competition through product differentiation is the order of the day', they argue.

#### **4 The politics of Malawi's new Green Revolution alliance**

While debates remain about technology, delivery and regulation, the AISP has generated a formidable coalition of players, each committed (for different reasons) to a particular form of 'Green Revolution' for Malawi, based on private sector delivery of improved seeds supported by 'smart subsidies'. What, then, is the politics of this alliance?

From the 1990s, an ensemble of liberalisation policies created a weak policy environment that multinational seed companies, as well as political elites, have exploited to their advantage. For most donors, a private sector-led seed system, supported by a permissive, liberalised policy environment, is the surest strategy to kick-starting an African Green Revolution. Consequently, major donors are promoting the establishment of an extensive agro-dealer network as a viable alternative to the state-run system of input supply to farmers which is condemned as inefficient and highly susceptible to rent-seeking activities (van de Walle 2001; Crawford *et al.* 2003).

In this alliance, large seed companies are propped up by donors and government through various input support programmes. Multinational seed companies are targeted as the primary suppliers, as their seed products are deemed superior to those offered by local companies. Both donors and government are understandably keen to find quick fixes to the problem of hunger, and have sought out the newest high-yielding technologies. But there are downsides too. Well-funded input support programmes create multiple opportunities for patronage for government officials and their supporters, as well as private companies.

The liberalisation of the seed industry has given rise to a new layer of elites profiting from the

liberalised seed industry, in turn backed by input support programmes. Core to these middle-level elites are the agro-dealers and contract seed growers for the multinational seed companies. No ordinary person can qualify either as an agro-dealer or contract seed grower, since both ventures require large capital outlays. Most of these emerging elites are politically connected, since government officials have exploited the input support programmes as a source of patronage.

However, there is competition within the new elite Green Revolution alliance. Seed companies are deemed exploitative by most agro-dealers, because they prefer providing seed to agro-dealers on loan and are paid on a commission basis, 'which most of the time just goes to settle the loans on which seed companies charge interest'. Many agro-dealers considered the practice of seed companies charging interest on loans as illegal. The main concern is that the seed companies are overstepping their mandate, 'behaving as if they are lending institutions which warrant scrutiny of their licenses'. While seed multiplication is generally acknowledged as a lucrative business, there were nonetheless sentiments that the exercise is exploitative. It was, for instance, argued that '[seed multiplication] just works out exactly in the same way as a tenancy system in tobacco farming which is very exploitative'. The main concern centres on the huge price differentials between what seed companies offer to the seed growers and what they get when they put the seed on the market. An example was given of a seed company which offered growers in the 2008/09 growing season MK90/kg, but sold the seed at MK375/kg.

Multinational seed companies are therefore the major beneficiaries of the subsidy programme because they have a guaranteed market. Since the uptake of improved seed is constrained by lack of money among smallholder farmers, 'the subsidy ensures that farmers that would have otherwise used uncertified seed are able to access improved seed'. Seed companies have a guaranteed market because seed procurement for AISP is not done through a competitive tendering process. Since government buys a substantial amount of seed, they negotiate for a lower than market price. For the 2009/10 growing season, for instance, the market value for the voucher was MK1,900 but government offered seed companies MK1,500 per 5kg pack.

Local seed companies are not able to take advantage of the market guaranteed by the subsidy programme because they rely almost entirely on the multinational seed companies to process their seed.

Since the question of food security is so firmly at the centre of the country's electoral politics, there is popular consensus about the centrality of subsidies in combating the problem of pervasive, chronic hunger. This is difficult for political leaders to ignore in a democratic context, especially since the subsidy programme has become the single most important vote winning issue. The differences among political parties are merely in terms of the nature, magnitude and target of the subsidies. Although there have been concerns about the increasing cost of the subsidy programme, exacerbated by the sharp rise in the prices of fertiliser, the question of exit is hardly contemplated (Chirwa and Dorward 2010). In short, Malawi is for the time being locked into subsidy policies without any immediate prospect of exit.

There have been winners and losers from the implementation of the AISP at two levels. Beneficiary farmers have gained in terms of improved yields due to access to fertiliser and improved seed which they can hardly afford at the market rate. There is a huge price differential between subsidised and unsubsidised fertiliser. Beneficiaries of AISP pay MK500 for a 50kg bag of fertiliser when the same bag can be bought at MK5,000 on the market. The other major groups of beneficiaries are those that have emerged as agro-dealers and contract seed growers. They are mostly male and fairly rich members of the farming community. The majority of the farmers are, however, losers because the AISP has either been captured by local elites or exploited as a source of political patronage, excluding many.

Choosing beneficiaries for the subsidy programme puts enormous pressure on the village heads because everybody wants to benefit. This is regardless of the fact that village heads 'are no longer at the centre of the beneficiary identification process, but then they have a moral obligation to ensure fairness and equity in the administration of any form of external support'. This has been a source of tension between villagers and their leaders. Regardless of the

procedures of identifying beneficiaries 'village heads in most villages have a final say in terms of who benefits and who does not'. In many cases, this has forced village heads 'to resort to redistributing the inputs to all households once the chosen beneficiaries have taken delivery of the inputs from the distribution centres'. This means that the beneficiaries on the official list are simply used as conduits for the inputs to the villages where they are then subjected to 'a morally justifiable redistribution exercise'.<sup>2</sup>

Many farmers therefore consider themselves as great losers from the AISP. They argue that 'the programme is justified in our name but we are the biggest losers'.<sup>3</sup> For instance, AISP provides beneficiaries with three coupons for fertiliser, maize seed and a flexible coupon 'but seeds like groundnuts, millet, sorghum, peas, etc. are never made available'.<sup>4</sup> The general feeling is that farmers feel cheated, since 'the programme is justified as ours when it is, in fact, for chiefs, politicians, extension workers, vendors and ADMARC officials'.<sup>5</sup> Extension workers are considered as beneficiaries because there is a strong feeling that they connive with chiefs to defraud the AISP: 'Their trick is to work with village heads to convince us all that some beneficiaries were cut off from the list by computers and then share these inputs with chiefs'. ADMARC officials work with vendors 'to make a killing out of AISP'.<sup>6</sup> The argument is that vendors are able to get coupons and 'when inputs are available at ADMARC depots vendors are prioritised at the expense of us deserving beneficiaries'.<sup>7</sup> The vendors then resell the subsidy fertiliser. The villagers are sometimes forced to buy this fertiliser 'especially when there are prolonged breaks in the supply chain to ADMARC depots'. Politicians are also beneficiaries of AISP because they often use it as political bait during electoral campaigns. It was argued that 'politicians get our votes by cheating us that they will ensure that we all get coupons but they change tune when the time comes'.<sup>8</sup> The farmers' argument is that 'politicians are thus often convincing, but they hardly live up to their promises; what matters to them is that they get elected'. The farmers' analysis clearly demonstrates that different stakeholders have different interests that play out in the implementation of AISP. Farmers benefit but the magnitude of their benefit is undercut by the rent-seeking tendencies of various stakeholders.



## 5 Conclusions

Politics matter in the initiation, uptake and implementation of all policy interventions, and particularly those as significant politically as Malawi's subsidy programmes. Good technical recommendations do not make their way into policy or implementation, unless there is real support from the politically powerful. As long as smallholder farmers remain disorganised, they are unable to exert influence. Subsidy programmes geared to a 'Green Revolution' were readily embraced by government because of a strong political drive to find solutions to the rapidly deteriorating food security situation and declining soil fertility. The implementation of the AISP, and the subsequent dominance of hybrid maize, is a result of political manoeuvring, and a coalition of interests, involving the government (with an eye to political success), multinational seed companies (keen on market dominance) and political elites (able to cash in on the business generated, or patronage spread).

This study has revealed how gaining access to high-quality and improved seed at affordable prices is a problem for many smallholder farmers, especially in a weak policy environment. It has also shown how multinationals have come to dominate the domestic commercial seed sector, propped up by the convergence of donor and government interests with those of seed companies, albeit for different goals. Malawi's experience illustrates that foreign direct

investments, through ownership of production and sales outlets in the seed industry, can have impacts on poor and smallholder farmers in ways that they are powerless to deal with. This becomes heavily entrenched if the local elites capture part of the benefits, especially when these serve the political interests of the governing elite as has happened in Malawi. The input programmes, supported by donors in their quest to kick-start private sector development through multinational seed companies, have been exploited as a source of political patronage at different levels. The business strategies of seed companies affect the terms of access to seeds, the affordability of seeds, the diversity of genetic resources on farmer fields, the income and livelihood of resource-poor farmers, the relationships with agricultural research organisations and ultimately the overall food security.

Concerted efforts are required to reform the country's seed industry for it to serve the interests of the ordinary Malawian farmer better. The major challenge is the weak policy environment following liberalisation, which various actors have, in different ways, exploited to advance their own selfish interests. There is thus urgent need to improve the efficiency and implementation of regulatory frameworks, revitalise the national breeding system and support the capacity and competitiveness of the local seed industry if Malawi's Green Revolution is genuinely to benefit smallholder farmers in the long term.

## Notes

- 1 Youth focus group discussion (FGD) at Mkungumbe village.
- 2 Women FGD at Mkungumbe village.
- 3 Women FGD at Mkungumbe village.

- 4 Female FGD at Kadammanja village.
- 5 Mixed FGD at Kadammanja village.
- 6 Youth FGD at Kadammanja village.
- 7 Mixed FGD at Mkungumbe village.
- 8 Men FGD at Kadammanja village.

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