

## Food security and transport: the priorities of EU-Malawi cooperation

Malawi, as one of the poorest countries in the world, receives substantial amounts of economic assistance from several donors. The European Union (EU), with one of the largest allocations in any ACP country, concentrates its development assistance on agriculture and natural resources as well as transport infrastructures, with a particular focus on road maintenance and macro-economic support.

Development assistance in Malawi amounts to about US\$400 million per year, which represents 23 per cent of GNP. Aid dependency is very high: it has been estimated that about 80 per cent of government development expenditure is financed by external donors. Moreover, Malawi is one of the most highly indebted countries in the world. Following a decision made in December 2000, the assistance under the HIPC (Heavily Indebted Poor Countries) Initiative will reduce the debt annually by around \$40 to \$50 million over the 2000 to 2020 period, equivalent to around 1.3 per cent of GNP for the 2000-09 period and 0.7 per cent of GNP for the 2010-20 period.

Several donors are currently active in Malawi: the UK is the major bilateral donor, followed by the US, Canada, Norway, Germany, and Japan; as for multilateral donors, the EU, the World Bank, the United Nations agencies, and the International Monetary Fund (IMF) are all very active. Overall, donor coordination is good: donors meet regularly in the context of an established framework, which is chaired by selected missions taking the lead role in each of the key sectors (i.e. UK for health; the EU for transport; the World Bank for macro-economic issues). The common framework for donors is the Malawian Poverty Reduction Strategy Paper (PRSP), which was launched in April 2002 and endorsed in August 2002. In a preliminary assessment (October 2003), the World Bank concluded that although there is only limited progress in its implementation, the PRSP continues to provide a credible framework for development in Malawi.

### Promoting food security

The EU has been one of the major donors for a long time. Its major interventions in the past decade (EDF 7 and 8), have been through the Social Forestry and Promotion of Soil Conservation and Rural Production (PROSCARP) projects and through an integrated programme in the field of food security.

The major achievement of the PROSCARP has been reduction in land degradation through soil and water conservation and the generation of sustainable land husbandry techniques, which ensure greater food security and an increase in rural incomes. For instance, more than 170,000 smallholder farmers have increased their maize production by 30 per cent; more than 300,000 people have obtained access to clean potable water.

The Food Security Programme, which started in 1995 as a pilot programme, was launched in 1997 with the aim of promoting national and household food security in the framework of market and economic liberalisation. Support to the people was given through several programmes, including safety nets such as the Public Works Programme, which provides employment opportunities in road rehabilitation, forestry and irrigation, and the Agricultural Production Investment Programme (APIP), which provides credit in kind for seed and fertilisers to smallholders for food grain production (see also issue 196 of the *Courier* on this matter). While the short-term results of the food security programme have been substantial, the long-term impact remains problematic, partly due to the fact that the Malawian government has not been able to develop a comprehensive food security policy.

The EU has been the main donor supporting the government in replenishing and managing food reserves. The Multi Annual Security Programme (MAFSP) introduced a series of policy measures related to the Strategic Grain Reserve (SGR). A major step forward has been the



Workers at the National Food Reserve Agency. In addition to the emergency response to overcome the food crisis, the EU spelled out the concept of income security vis-à-vis food security, insisting that food aid is a necessity, but cannot be a sustainable solution to hunger: in this sense, a series of cash-for-work activities were funded to empower people.



The Maize Mill in Tujamichenje, supported also by the National Association of Business Women (NABW), is one of the most successful EU micro-projects in helping rural and urban communities improve their standards of living.

establishment of the National Food Reserve Agency (NFRA), which is now in charge of managing the SGR. The introduction of the NFRA is an important instrument in the Malawian food policy. According to Mr Chihana, Minister of Agriculture and Irrigation, this represents a key for the future of food security in the country: "There is no longer waste, the situation is under control, we have a new computer system, a new management system, new procedures to ensure transparency and efficiency. We keep an emergency quantity of maize so that in case of another food crisis we can lean on what we have in Malawi, without seeking any international support."

Along the same lines, Mr Patrick Makina, general manager of the NFRA, states that the EU support is essential for the good management of the NFRA: "We receive three types of support from the EU: financial assistance for the administration and management of the NFRA; technical assistance in terms of expertise in this sector; financial support to procure grain within the region and in Malawi, which has the advantage of not distorting the local market, as food is not dumped, while at the same time providing an incentive to farmers to grow more".

### Assisting the tea industry

The EU has also provided some assistance through the STABEX (Stabilisation of export earnings) system, which supports agricultural diversification, coffee smallholders, and tea replanting. The assistance provided to the tea sector is meant to improve the productivity and quality of the tea. In particular, the objective is to replant the existing inferior seedling tea with the superior clonal tea, which is high yielding and of better quality.

The programme has been particularly successful, and, following a request from the Tea Association of Malawi (TAM), the initial end date of the programme has been extended. "Tea prices are now very low, which keeps the amount of investment for the replanting programme at a minimal level. On the contrary, replanting the tea is very expensive. If the low prices continue, we will only

survive as an industry by increasing yields. This is why the tea replanting programme is vital for the industry", says Jim Melrose, Chairman of TAM.

### Building and maintaining roads

The EU has been the major donor in the transport sector for a number of years. The EU interventions have significantly contributed to improving the road network by funding various components on the Northern Corridor (e.g., the road from Karonga to Mbeya in Tanzania) as well as links to the southern border with Mozambique. "The road network in Malawi is one of the best in Southern Africa. Being a developing country, though, we rely on external assistance. If donors continue to support our efforts we will certainly be able to enjoy more business opportunities in trade and tourism. Our concerns are now focused on the Nacala Corridor, which is the shortest rail access route to a sea port", argues Mr Clement Stambuli, Minister of Public Works and Transport.

A major ongoing project, which started in March 2003 and is supposed to be completed by June 2005, is the reconstruction and improvement of an existing road of 127 km between Masasa and Golomoti (Masasa-Golomoti-Monkey Bay road) in the Dedza district. According to Mr Wiepke van der Goot, Head of the EU delegation, "the road will not only facilitate access to markets, schools, and health centres, but it is also likely to provide a major boost to the tourism sector, with the possibility of earning valuable foreign currency and increased employment possibilities. The road will shorten the route to the southern part of Lake Malawi which is a major tourist attraction".

But building roads is not enough. "Roads, once built, must be maintained," says Attilio Pacifici, senior EU official dealing with the transport sector at the EU delegation, "and for this reason we have supported the creation of the National Roads Authority (NRA) and continue to support it. Our efforts must be complemented by those of the government, whose involvement in road maintenance is essential". ■ MC

### EU-Malawi cooperation at a glance

EU cooperation with Malawi occurs through different sources:

- EDF 9, Envelope A (€276), used for long-term development operations as follows: agriculture and natural resources (€60 million), with the aim of improving and diversifying income earning opportunities and better food security for the poorest areas, and for improved economic and sustainable management of natural resources; transport infrastructures (€90 million), which will be used for reducing transport costs and better access to and from rural areas; macro-economic support (€70 million), in particular support for government efforts to ensure equitable access to social services; other programmes (€56 million), such as micro-projects and governance/non-state actors projects.
- EDF 9, Envelope B (€69 million) to cover unforeseen needs.
- Investment Facility, which is not part of the Indicative Programme, but is a financing instrument managed by the European Investment Bank.
- EU budget lines, which can be used to finance specific operations, in particular for food security within the agriculture and natural resources focal sectors.