



# Livestock for food and nutrition security in Malawi: Policy gaps, needs and opportunities

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Photo: S Homann-Kee Tui, ICRISAT

*Youth SMEs that were provided hammer mills can now locally process grain for food and feed. This supports livestock value chains, helps reduce transport and processing costs and ensure supply of low cost nutrition-rich feed.*

## Executive statement

This policy brief is the result of a four-year EU-funded project Crop Livestock Integration and Marketing in Malawi (CLIM<sup>2</sup>) 2017-2021, under the Farm Income and Diversification Programme (FIDP II). The policy brief raises issues relating to the insufficient support of livestock value chains to generate both income and nutrition benefits for smallholders.

## Introduction

Malawi remains one of the poorest and malnourished countries in the world. More than 50% of the population lives below the national poverty line (NSO, 2021). Despite some progress, 37.4% of the under-five population is stunted (Global Nutrition Report 2020). Agricultural policies and input support programs that focus on the production of staple crops, predominantly maize, undermine efforts to improve diet quality, availability and affordability of nutrient-dense foods (IFPRI 2018). Animal-sourced food value chains such as dairy, poultry/eggs and goats have great potential to address these development challenges in Malawi since a large part of the population owns livestock, which is an accessible source of protein.

Supporting the livestock sector can contribute to increasing incomes and reducing poverty among smallholders, improving nutrition outcomes for both smallholders and (poor) urban consumers and reducing overall food insecurity. The National Agricultural Investment Plan by the Malawi Government (2018) recognizes the high potential of the dairy sector, but the poultry/eggs and goat meat sectors have been only attributed minor significance. In response, the Ministry has made recent adjustments to the Livestock Development Policy by developing the Livestock Policy 2021-2026, which supports the policy paradigm shift to increase and complement efforts to commercialize the smallholder sector.

## About the project

Under the EU-funded project **Improved livelihoods through sustainable intensification and diversification of market-oriented crop-livestock systems in southern Malawi (CLIM<sup>2</sup>)**, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), the International Livestock Research Institute (ILRI), and the Small-Scale Livestock and Livelihoods Programme (SSLLP) sought to support on-farm diversification and crop-livestock integration to contribute to a more efficient use of scarce farm resources, benefiting women in particular. Farm income growth through on-farm diversification is an important trajectory to build Malawi's resilience in the face of external shocks, such as climate change, food price spikes, lack of farm inputs, and small landholdings.

The project team conducted sector-specific political economy analyses for the three value chains (dairy, poultry/eggs, and goats) to uncover issues in policy and regulation.

These included

- A review of relevant policies and regulations;
- key stakeholder interviews with industry representatives, government officials, and farmers/farmer organization representatives; and
- innovation platforms and policy dialogues bringing together stakeholders to co-create knowledge and identify contextualized solutions to support income and nutrition outcomes.

## Key messages

- Smallholder-based livestock sectors (milk, poultry/eggs, and goats) should be key priority for agricultural development due to their contributions to reducing poverty, malnutrition, and food insecurity.
- Critical value chain actors (smallholders, SMEs, and poor (urban) consumers) need to participate in the policymaking process to increase understanding of and compliance to policies, and to improve alignment and harmonization of policies to meet national agriculture-nutrition objectives.
- Investments in processing and value/addition structures are necessary, which require commodity specific and inclusive business models and capacity building of value chain actors.
- Policies that improve value chain governance in terms of specifying, communicating, and enabling self-regulatory processes are needed to ensure minimum product grades and quality standards.
- Cohesiveness between agriculture and nutrition policies need to be enhanced to contribute to both improved incomes and nutrition.
- Synergies in efforts by state and non-state actors, academia and other stakeholders, through continuous collaboration, capacitation and learning are crucial for effective and adaptive solutions.

## Key issues

The key issues raised in the project include the following:

### 1. Limited policy support to the smallholder-based livestock sector

Stakeholders from various sectors indicated the lack of policy support in all three relevant livestock sectors.

**Dairy:** Industrial milk processors and development investors have been establishing milk aggregation structures in Malawi, particularly in Thyolo District, which is a high potential area for milk production. The dairy industry is the most regulated of the sectors investigated. It is the only sector with a dedicated act (the Milk and Milk Products Act) regulating milk quality and marketing arrangements amongst others. The act rules that raw milk can only be sold through milk bulking groups and industrial processing facilities, which has three main implications. First, smallholder dairy producers are restricted to sell to only bulking centers, making alternative marketing arrangements illegal. Second, smallholder dairy producers often have little power to exert influence on price and value addition as milk bulking groups hold disproportionate market power. Third, unclear milk quality standards has resulted in wastage of milk and income loss for farmers, and a dynamic and growing informal raw milk market.

**Poultry/eggs and goat sectors:** Both the development of the poultry and goat value chains are limited by farm-gate sales and spot market transactions. In the absence of market infrastructure for aggregation, value chains are inefficient. Price quality mechanisms provide no incentives for farmers to invest in quality. Therefore, prices for poultry, eggs and goat meat are low and farmers often struggle to cover production costs. Since most transactions to urban buyers usually go through local traders, farmers often remain without information about market requirements and demand trends. These sectors neither have separate acts nor policies. Instead, they have been integrated in the general livestock policies. Enabling stipulations are missing. Insufficient support for the development of markets, grades and standards, including inputs into feed, animal health, and breeding material, three compounding consequences emerge. First, farmers are faced with significant losses due to low animal productivity and high animal mortality. Second, the supply of quality products remains significantly below the quantity demanded (no/limited price differentials). Third, inadequate food quality, hygiene and animal welfare affect consumers, especially the poor who depend on low-cost products.

### 2. Public expenditure to the livestock sector remains comparatively low

In support of Malawi's goal to commercialize the smallholder sector through competitive and inclusive value

chains and SMEs providing healthy and nutritious food (NPC, 2020), there is need for commitment and investment towards creating the right preconditions, addressing specific bottlenecks to the performance of livestock value chains. Expenditure and extension support to the livestock sector is far behind those for crops such as maize (the dominant food security crop) and tobacco (the dominant cash crop). A policy review by FAO (2015) finds that between 2006 and 2013, only 1.2% of agriculture specific public expenditure was allocated to livestock compared to 71% allocated to maize production. Furthermore, extension support to marketing, business planning and capacity building, and inspections at the farm level remain low. Generally, fewer extension officers are available to livestock farmers compared to crop farmers.

**Dairy:** The sector struggles in maintaining adequate quality of raw milk (Revoredo-Giha and Renwick, 2016). The struggle is exacerbated by insufficient extension support to dairy production; cost-effective feed systems, veterinary services, animal housing and hygiene are needed. Frequent rejections of raw milk in the formal sector not only result in significant income loss for smallholders, but can jeopardize public health as rejected milk is generally sold in informal markets. Stakeholders also lament the lack of public investment in the dairy



Photo: S Homann-Kee Tui, ICRISAT

Micro-dairy processing SMEs set up to improve local economies.

value chain such as supporting dairy processing SMEs in the procurement of processing equipment, feed processing equipment and quality breeds, as well as the government's reluctance to include dairy (products) in public procurement.

**Poultry/eggs and goat:** Despite growing demand for eggs and local meat, small scale producers and SMEs in these sectors receive little extension and marketing support. Lack of support widens the gap between industrial poultry producers and smallholders. Smallholders experience high productivity losses as basic animal health control is not implemented and rural producers are unable to access veterinary health services (such as those needed for New Castle Disease vaccination for poultry, or veterinary drug administration for goats), jeopardizing farmers' efforts to improve animal housing and feed management.

### 3. Policy incoherence between agriculture and nutrition

Even though income and nutrition goals of smallholders are mentioned across agricultural and nutrition policies, we find little integration of the objectives outlining how both income and nutrition can be achieved despite significant trade-offs. The new Affordable Inputs Program (AIP) focuses predominantly on food security by subsidizing maize production, missing to integrate previous existing policy efforts to strengthen nutrition security and dietary diversity. As such, the AIP is counteracting on-going farm diversification efforts. At the same time, industrial dairy and poultry/egg production is rampant, producing highly processed foods high in fats and sugar such as sweetened yoghurt drinks and deep-fried chicken accessible mostly to urban consumers. Stakeholders repeatedly indicated the need to more effectively integrate institutional structures to align agriculture and nutrition objectives, most notably agricultural extension services and care groups at the district levels.

### 4. Policy implementation gaps and insufficient consultation with stakeholders

Policies are usually designed at the national level with little to no consultation with lower-level governments, whilst policies are implemented at the district level. Often, issues of policy ownership and contrasting priorities between district and national levels arise. For example, national policy makers tend to prioritize food security concerns by focusing predominantly on supporting the maize sector (see e.g. the AIP). While maize is certainly a key crop in the food security of Malawi's rural population, this overemphasis on maize disregards existing on-farm diversification and adaptation to local agro-ecological conditions. For instance, in Balaka District, goat production

does not receive adequate support, despite its potential to balance frequent food deficits. In Thyolo District, despite being the major producer of dairy in the country, local dairy processing SMEs have faced stiff competition from industrial processors and private milk bulking groups, notwithstanding the wastage of milk. Simultaneously, Thyolo District exhibits low levels of milk consumption, with malnutrition above the national average. Policies and regulations are generally not developed and implemented in consultation with its stakeholders, most notably smallholders, transporters and processors. Smallholders and SMEs in the poultry/egg and goat value chains are generally not organized into structures, such as commodity associations. This results in very limited influence of stakeholders in the policy process.

As a result, large gaps in policy design and implementation exist, leading to unrealized potential to derive food and nutrition security benefits from the livestock sector. The slow implementation of decentralization restricts district councils and extension services in effectively providing services and support measures which would increase the resilience of farmers. This is further exacerbated by the significant under-resourcing of district councils and extension services. In addition, key informants strongly highlighted the lack of policy support for improved aggregation, transport, marketing, extension, animal welfare, product grades and quality standards, and producer prices. In addition, researchers find that more policy support is needed to promote the consumption of animal-based protein for vulnerable households.

### 4. Insufficient quality control

Capacitation on quality standards, cost-effectiveness, as well as grades and quality standards, human and animal health and animal welfare control and enforcement at the point of production by the Malawi Bureau of Standards remain minimal. Producers, traders and processors need to understand quality requirements from consumers' point of view and self-organize supply of quality products, self-regulate and ensure minimum grades and quality standards. Price quality rewards and premiums are that can incentivize higher quality production of foods are generally not accessible to smallholders. All three sectors continue to suffer from significant product quality issues.

## Policy recommendations

Multiple key policy implications can be drawn from our research.

- The Government of Malawi should significantly increase investments in the livestock sector in order for the sector to fulfill its potential as key contributor to income growth, food security and nutrition and strengthening

the resilience of rural households as well as local economies. Relevant ministries should regularly update existing policies in coordination with research-based evidence and key stakeholders to ensure their relevance, particularly to smallholders, SMEs and poor consumers. Such efforts need to enhance the application of inclusive multi-stakeholder-driven coordination processes through the Decentralized Agricultural Extension Services System (DAESS).

- Promote local value-addition, marketing and processing including appropriate technologies for dairy and meat processing, business coaching, mentoring and capacitation of farmer groups and SMEs. Alternative marketing arrangements could include public procurement of livestock products for institutional markets like school feeding schemes, universities, hospitals and other government institutions.
- Support the development and implementation of business models and group approaches that combine raising goats/chicken with local feed production and processing, cost-effective supplementary feeding, and community-wide disease control. This requires revision of drug administration regulations to graduate community-based health workers for treatment of goats.
- Promote starter kits, essential financial support for equipment and materials, jointly defined and with contribution by business groups and SMEs, to start their entry into livestock markets and value chains as a more sustainable alternative to formal financing mechanisms. This can be vital to nurture entrepreneurial skills and confidence, and is thus critically important for stimulating agri-businesses.
- Mainstreaming nutrition awareness regarding dairy, chicken and/or eggs being part of dietary

requirements, budgeting for dairy, chicken and/or eggs as priority food purchases and messaging about dairy, chicken and eggs in nutrition programs. Addressing per capita consumption of animal-based foods among low income groups is an important area to stimulate farm diversification and improve productivity and income.

- Value chain actors, particularly smallholders and SMEs, with strong representation of women and youth, should become part of the policymaking process, which requires the organization of producers and SMEs into interest groups.
- The Malawi Bureau of Standards (MBS), the Ministry of Trade, the Department of Agriculture Extension and the private sector should collaborate more closely to effectively train smallholders in product differentiation, market requirements, animal welfare and quality standards. Efforts should be increased to develop self-regulatory quality-based pricing and control processes to increase consumer confidence, demand for livestock products and facilitate the development of price quality mechanism and premiums.
- Policy coherence between agriculture and nutrition policies need to be enhanced to contribute to improved productivity, incomes and nutrition. The Government of Malawi should bring relevant ministries together to define and integrate agriculture-nutrition considerations in policymaking.



Access to improved dual purpose chickens, e.g. Kuroiler, as most direct pathway to improve nutrition locally.



Goat value chains upgraded to raise income and thereby improve nutrition locally.

## Implications for agriculture-nutrition impact pathways

Two main impact pathways to improve nutrition can be identified in the three livestock sectors.

1. **Income pathway:** Includes interventions to increase producer incomes, allowing households to purchase food of higher quality and in more appropriate quantities.
2. **Own-consumption pathway:** This rests on own agricultural production as a food source.

**Dairy sector:** The income pathway to improve nutrition has the highest potential as local value addition may become available and feed costs are reduced. However, even though higher production of dairy may enable farmers to consume more of the milk produced from their farms, dairy products remain often unaffordable for rural consumers and the availability and accessibility of dairy products remains limited in rural areas.

**Poultry sector:** The own-consumption pathway to improve nutrition is the most likely as many households own chicken and prices are comparatively low. With increased production, farmers can afford to consume more chickens and eggs.

**Goat sector:** The income pathway to improve nutrition is the most likely. Demand for goat meat is increasing and prices are currently higher than beef.

Further research is needed to examine the extent to which households are faced with pressures of consuming animal-based protein versus selling their livestock to earn income.

**About CLIM<sup>2</sup>:** The project is working to strengthen diversification and integration in crop-livestock farming systems in three districts of Malawi. The project is funded by the European Union under the Farm Income Diversification Programme (FIDP) Phase II – Agribusiness. It is implemented by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) as the lead

agency, in collaboration with the International Livestock Research Institute (ILRI) and Small-Scale Livestock and Livelihoods Programme (SSLLP); and several departments within the Malawi Ministry of Agriculture, Irrigation and Water Development.

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