

Transforming agriculture for development in Malawi

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Key challenges to food systems transformation in Malawi

1. Subsistence as a food security strategy
2. Small and shrinking farm sizes
3. Volatile and unpredictable markets
4. Severe and protracted macroeconomic crisis
5. Lack of incentives to diversify

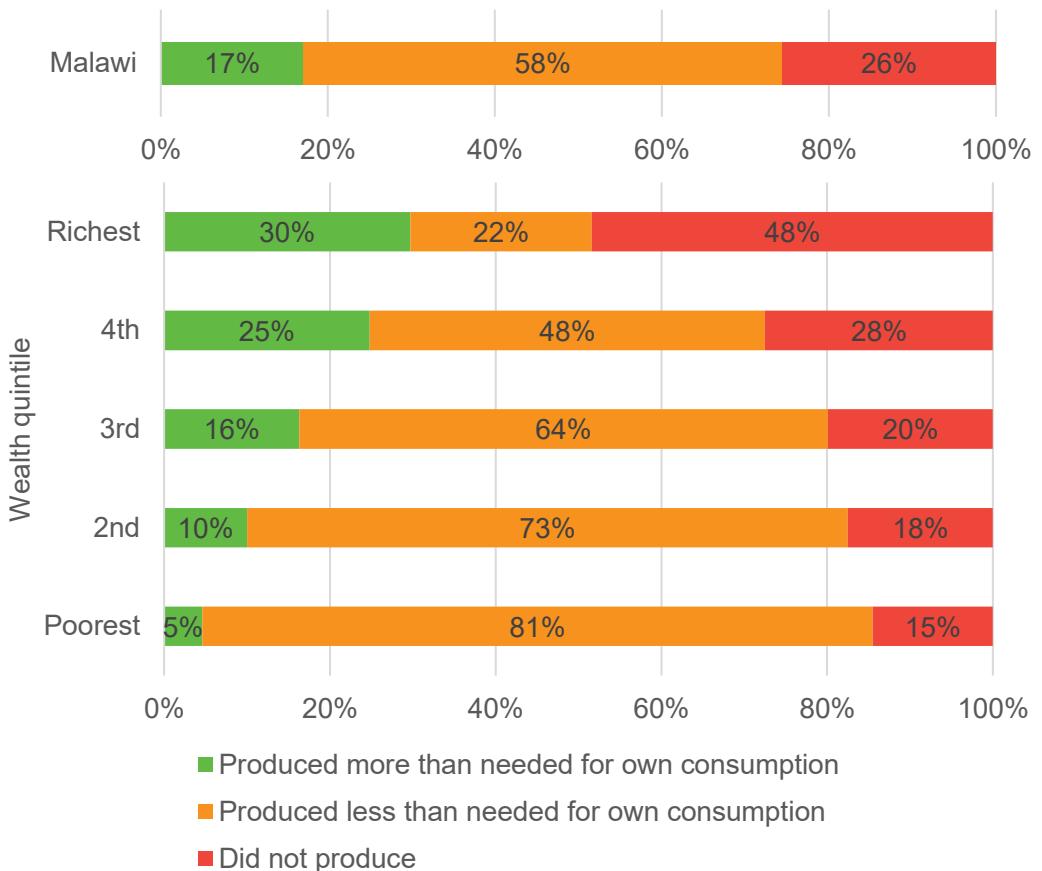
1. Subsistence as a food security strategy

Misconception:

- Most Malawians can grow maize to feed their households.
- Food security can be achieved by helping subsistence farmers grow more.

Reality:

- Even in with good rains <20% of households produce enough maize for own consumption.
- Every year 2-5 million Malawians require food assistance.



Source: [Benson et al. \(2024\)](#).

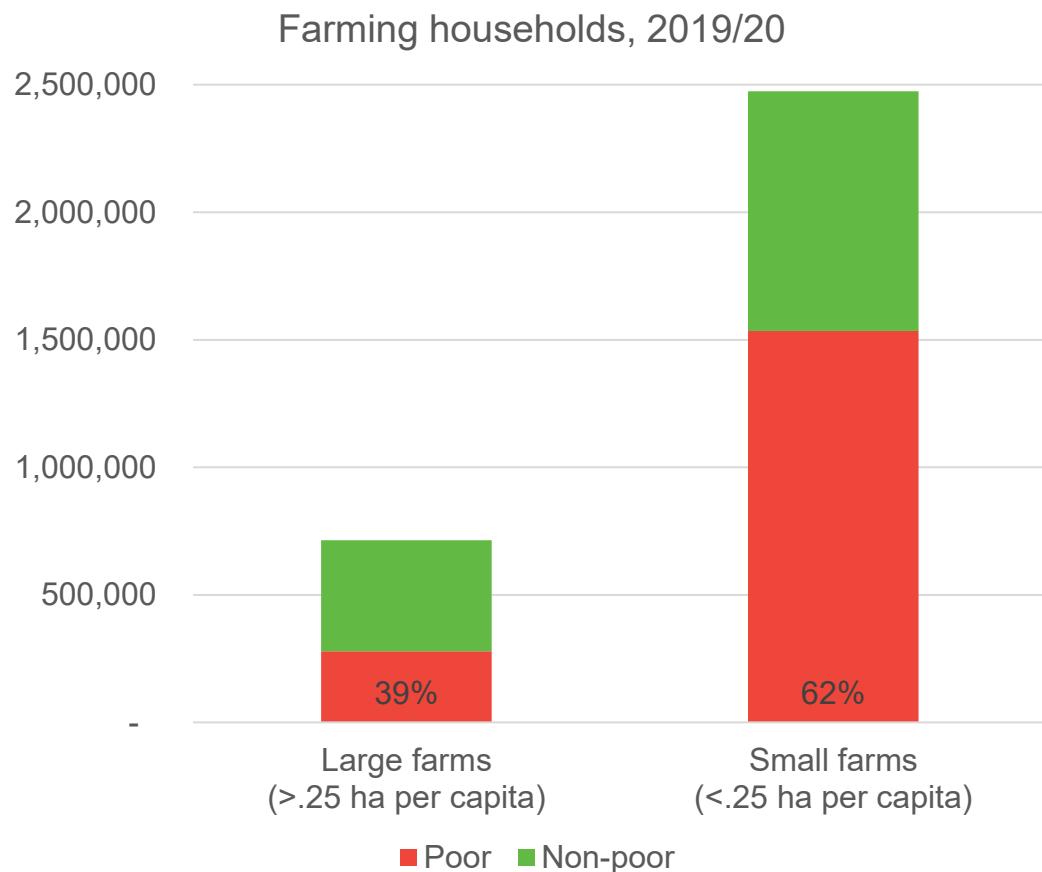
2. Small and shrinking farm sizes

Misconception:

- Most Malawians farm, so helping them farm more productively is the best investment to reduce poverty and food insecurity.

Reality:

- Farming traditional crops at higher productivity will produce meaningfully higher income only for a minority of farmers with large landholdings.



Source: Author's calculations based on [Benson & De Weerdt \(2023\)](#).

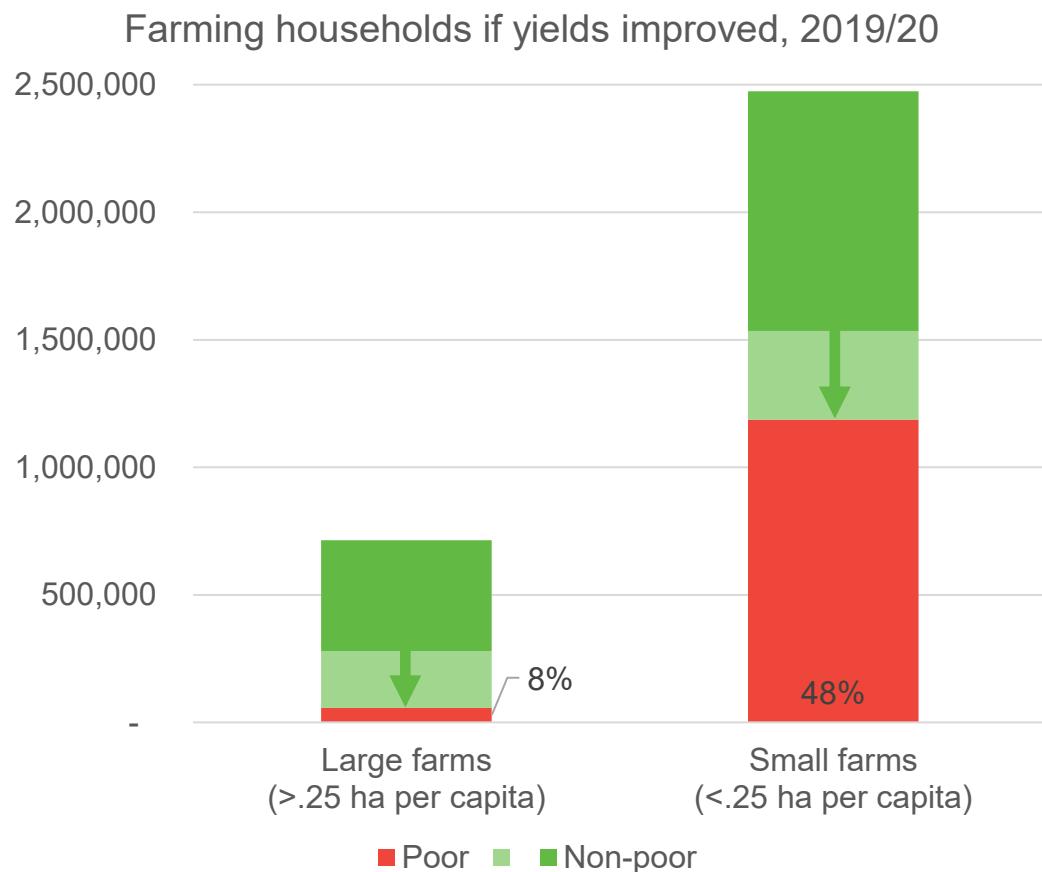
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3. Volatile and unpredictable markets

Misconception:

- Government must have discretionary powers to intervene in markets, because markets cannot be trusted.

Reality:

- Government interventions in agricultural markets are ineffective and often counterproductive.



Source: IFPRI (2023-2026). [Maize market reports](#).

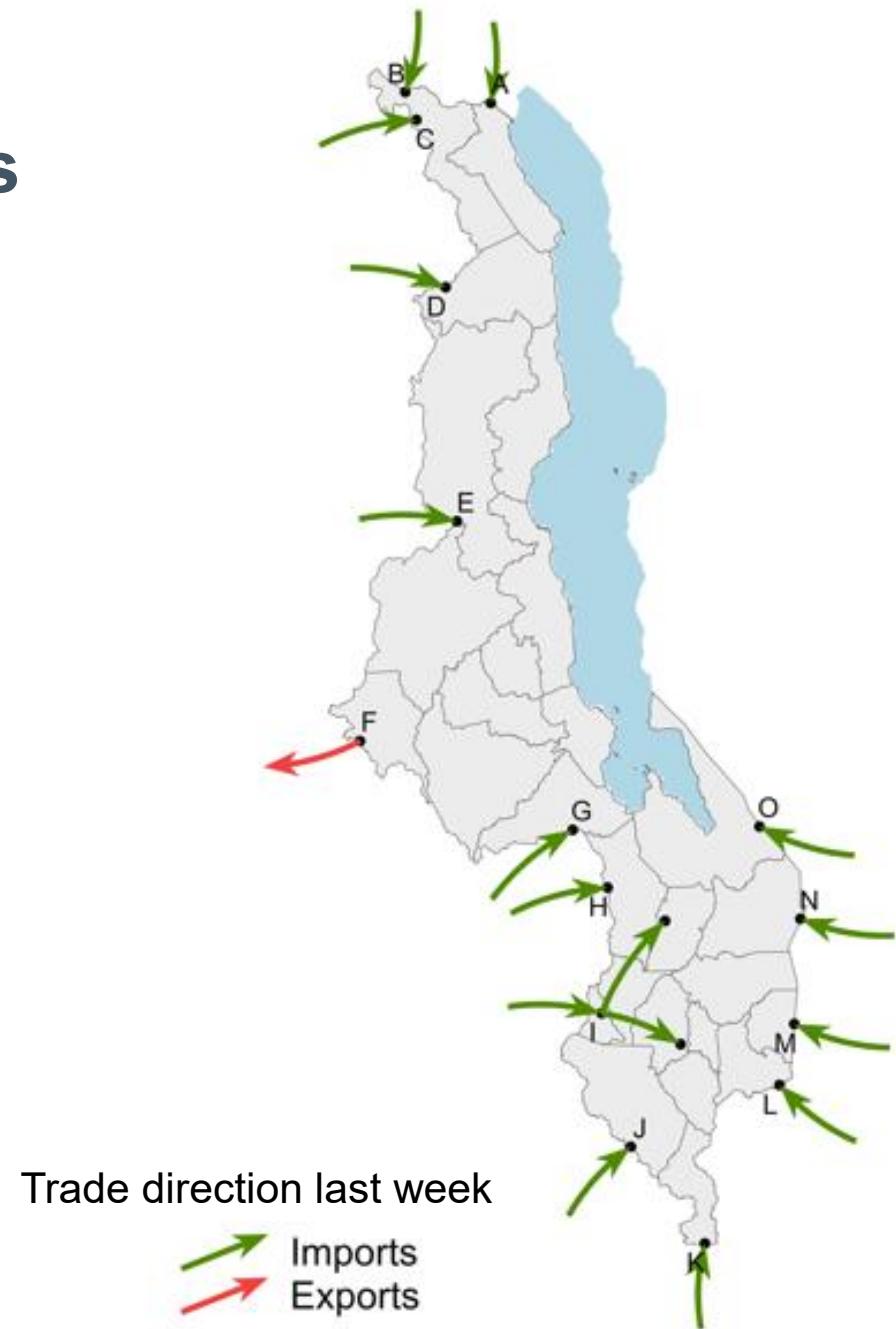
3. Volatile and unpredictable markets

Misconception:

- Government must have discretionary powers to intervene in markets, because markets cannot be trusted.

Reality:

- Government interventions in agricultural markets are ineffective, and often counterproductive.
- They create uncertainty, discourage investment, drive trade into informality, and lead farmers to focus on subsistence.



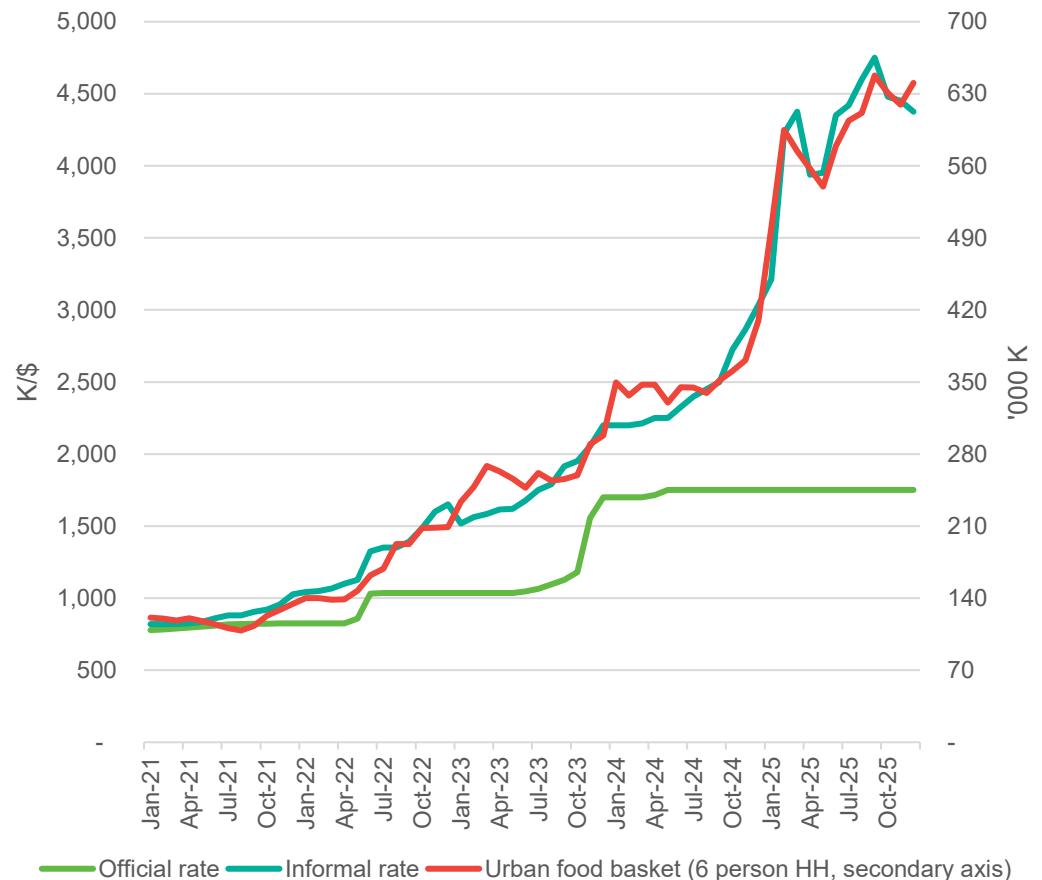
4. Severe and protracted macroeconomic crisis

Misconception:

- Fixing the price of the kwacha below its market-clearing rate keeps prices low in Malawi.

Reality:

- Food price inflation follows the parallel exchange rate.
- Overvalued kwacha pushes exporters into informality or out of business.



Source: Reserve Bank of Malawi (official rate), Commodity Insights Africa (informal rate), Centre for Social Concern (urban food basket).

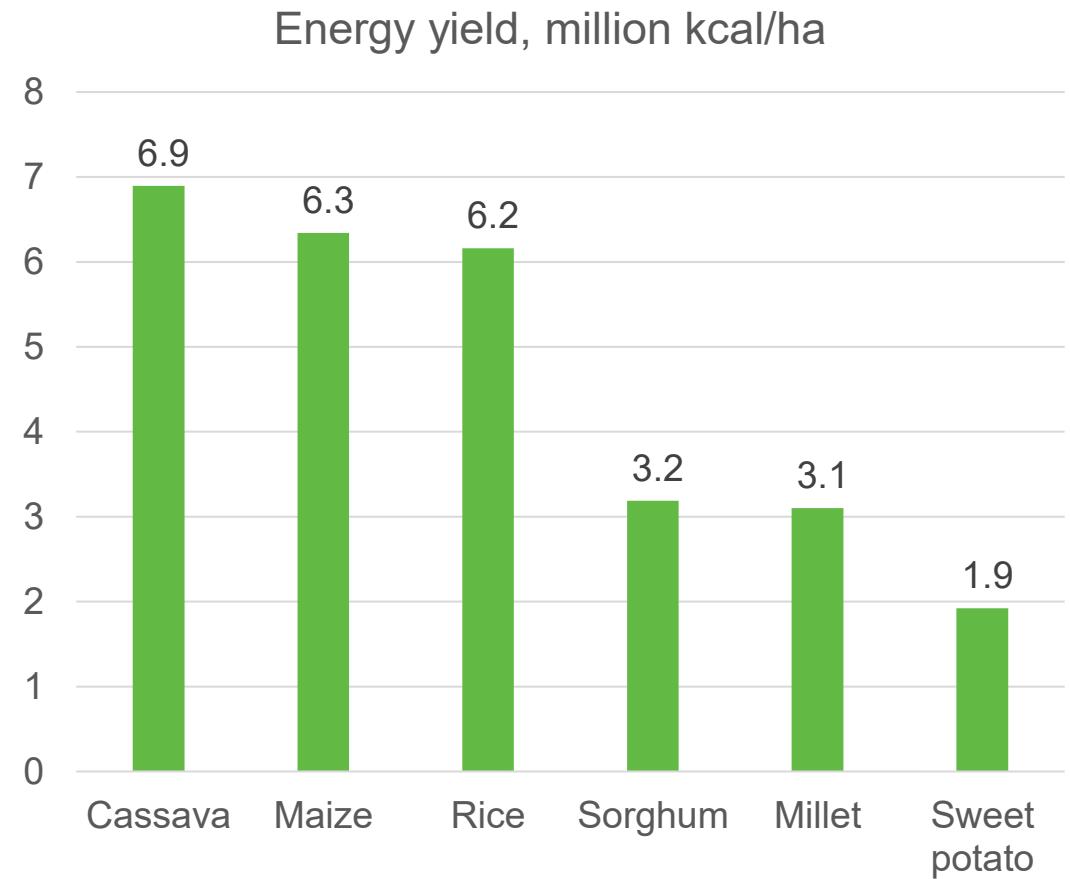
5. Lack of incentives to diversify

Misconception:

- People grow and eat maize just because they like it.
- Mindset change alone can ensure diversification.

Reality:

- Maize produces more calories per hectare than other crops.



Source: Author's calculations based on [Benson \(2021\)](#).

5. Lack of incentives to diversify

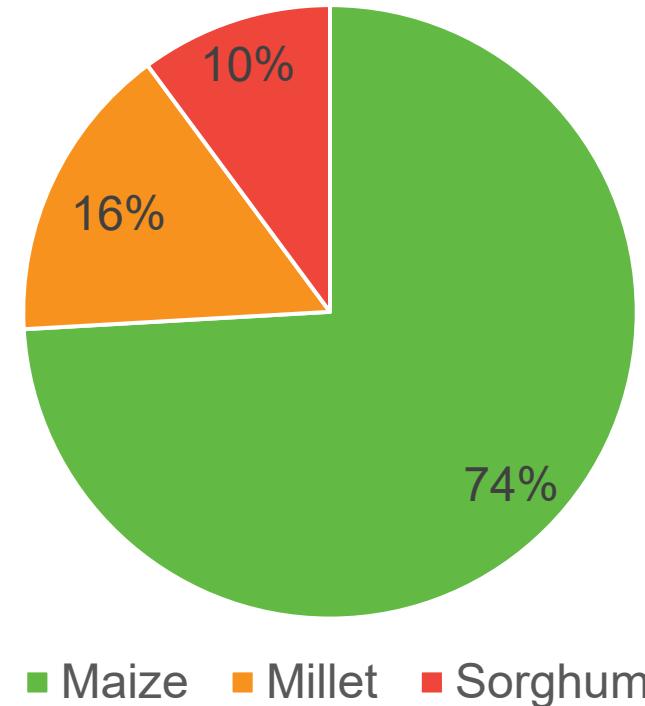
Misconception:

- People grow and eat maize just because they like it.
- Mindset change alone can ensure diversification.

Reality:

- Maize produces more calories per hectare than other crops.
- Maize is the cheapest source of calories.

Source of cheapest energy,
99 markets Apr 2020 – Dec 2024



Source: Author's calculations based on WFP data.

Key take aways

1. Subsistence farming cannot ensure food security.
⇒ **Reform policies that push people towards subsistence and away from commercial farming and off-farm work.**
2. Farmers need enough land to live off it.
⇒ **Focus on \$/ha instead of kg/ha.**
⇒ **Enable land consolidation and invest beyond farming.**
3. Government interventions make agricultural markets unpredictable, discourage commercial farming and push businesses into informality.
⇒ **Limit interventions to transparent, rules-based mechanisms.**
4. An overvalued kwacha does not prevent inflation but hurts exporters.
⇒ **Ensure that Malawi kwacha trades at market rates.**
5. Malawians fail to diversify away from maize because of economic incentives.
⇒ **Reform policies that make maize production artificially cheap and invest in the productivity of other crops.**

Thank you!

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