SUCCESS IN REDUCING HUNGER

LESSONS FROM INDIA, MALAWI & BRAZIL
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International Food Security Network (IFSN) is a network working on food security in more than 30 countries in 5 continents. It works with 3 million individual right holders – including men, women and children, small food producers and others - all living with or threatened by hunger in developing countries. They can benefit from more democratic FNS policies and the implementation of RTF framework.

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This report, drawing on case studies from three continents, shows that some governments are taking decisive action to reduce hunger. India’s National Rural Employment Guarantee Act, Malawi’s Farm Inputs Subsidy Programme and Brazil’s Zero Hunger programme are all showing significant successes in reducing hunger. This study highlights the reasons for success of these programmes and points to lessons which should be considered by governments that are failing to prioritise the eradication of hunger. These case studies show, above all, that the combination of civil society pressure and government commitment to the Right to Food (see Box 2) is key to reducing the scourge of global hunger.

Government action to address the Right to Food is more urgent than ever. The number of hungry people in the world stood at 925 million in 2010, while an additional one billion are seriously malnourished. More than one third of children who die before their fifth birthday do so from hunger-related illness. In sub-Saharan Africa, just under a third of the population is chronically hungry. A full 80% of those suffering from hunger live in rural areas and half are small-scale and traditional farmers. In April 2010, the UN Human Rights Council said that “hunger constitutes an outrage and a violation of human dignity” and called on states to take steps to promote the conditions for everyone to be free of hunger.

The case studies draw on an extensive literature review and interviews with government, donors, academics, civil society organisation staff, farmers, farm workers and other beneficiaries of the programmes in India, Malawi and Brazil. In India, fieldwork was conducted in the states of Tripura, Tamil Nadu and Orissa. In Malawi, fieldwork with farmers was conducted in two districts – Salima, in the centre of the country, and Machinga in the south. In Brazil, fieldwork took place in two districts of Minas Gerais State in southeast Brazil – Espera Feliz and Montes Claros – and in the City of God, Rio de Janeiro.

Other countries, beyond the three considered in this report, show that hunger can be reduced:

- China reduced the number of hungry people by 80 million between 1990 and 2007, or from 18% to 10% of the population.
- Ghana reduced the number of people living in hunger from over 4.2 million in 1990 to 1.2 million in 2007, a massive cut from 27% of the population to 12%.
- Vietnam halved the number of hungry people between 1990 and 2007, cutting the proportion from 1 in 3 of the population to 1 in 10.
According to the UN Food and Agriculture Organization:

"The right to food is the right to feed oneself in dignity. It is the right to have continuous access to the resources that will enable you to produce, earn or purchase enough food to not only prevent hunger but also to ensure health and well-being."\(^6\)

Promoting the Right to Food for all is an obligation for the 156 states that have ratified the International Covenant on Economic, Social and Cultural Rights, which legally binds states to respect, protect and fulfil the Right to Food:

"As duty bearers, states have obligations towards the right to food. Respect prevents a state from placing barriers before those who want to feed themselves. Protect ensures that no-one interferes with another’s right to food. Fulfil means that a state should facilitate by establishing an enabling environment, eliminating discrimination wherever it exists and should provide direct food aid when situations beyond a person's control make them unable to provide for themselves. This includes soliciting international assistance when a state’s best efforts prove insufficient."\(^7\)

The duty also applies to private sector corporations, which "should ensure that their behaviour does not impair human rights and every state needs to protect its people from negative impacts that corporate activities might have on their right to food".\(^8\)

However, most states are failing to uphold the Right to Food. Only 23 countries included the Right to Food in their constitutions as of late 2010, while just 13 countries recognise the Right to Food as a directive principle of state policy.\(^9\) Some states, however, are demonstrating a heightened commitment:

- In August 2010 the new Kenyan constitution was approved by popular referendum. Article 43 says that "every person has the right... to be free from hunger and to have adequate food of acceptable quality"; the constitution also mentions the "fundamental duty of the state" to protect and promote this and other rights.\(^10\)
- The Law on Food Security and Nutrition, approved in Mexico in August 2009 by the Legislative Assembly of the Federal District of Mexico City, was one of the first in the world to implement the Right to Food at sub-national level, thus bringing the Right to Food closer to people. The new law guarantees the Right to Food for citizens of Mexico City, where half a million people are food insecure. It also creates an Integral Food Security Programme as a planning instrument to define priorities and budget allocations.\(^11\)
- In October 2007 Mozambique approved a revised food security and nutrition strategy that stipulates access to food as a matter of right and calls for the implementation of all human rights principles.\(^12\)
Evidence shows that there can be progress on reducing hunger soon after newly elected governments decide to implement national strategies, as happened in Brazil and Ecuador. Social protection programmes to combat hunger can involve cash transfers, food ration systems, free school meals or employment guarantees. Programmes associated more with agricultural policy can include state procurement of a certain amount of smallholders’ produce, subsidised credit and fertiliser subsidies. As well as the three examples of government anti-hunger programmes in this report, there are many other examples, such as: Argentina’s *Jefes de Hogar* (Heads of Household) programme, which offers households with children 20 hours of work per week; Bangladesh’s Employment Guarantee Programme, which provides 100 days of employment to two million households; and Nicaragua’s *Hambre Cero* (Zero Hunger) programme, which provides rural women heads of household with a productive voucher to purchase farm inputs.
The National Rural Employment Guarantee Act (NREGA), passed in Parliament in August 2005 as national legislation\textsuperscript{16} and renamed the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) before the 2009 national elections, is India’s flagship poverty alleviation programme. In passing the Act, India became the only developing country to enact national social security legislation to explicitly protect the legal entitlement to work.

The main focus of this unique law, which guarantees 100 days of work to each rural household, is to increase the income of poor villagers. The daily wage is currently fixed at Rs100 (US$2) per day, but it is not a mere cash transfer. Workers are provided with a range of labour-intensive tasks — for example, digging irrigation canals, de-silting ponds, repairing water tanks, building roads, etc — to create tangible productive assets. Workers are expected to be given work on public worksites within 5kms of the their village within 15 days of registering. Basic facilities such as safe drinking water, a first-aid box, shelter for rest breaks and crèche must be provided. Wages can be paid either at a time-rate, based on the number of days worked, or at a piece-rate, based on the measurement of work completed. In either case, wages are expected to be paid within a fortnight, with no discrimination based on gender. ‘Mannrega’ or ‘Naarega’ (its colloquial pronunciation in northern India) is slowly but surely becoming a household word.\textsuperscript{17}

The MGNREGA presumes that over time, work-seekers will become aware of their rights and learn how to defend them. Its design encourages a culture of accountability from the government towards its poorest citizens. Rather than awaiting the noblesse oblige of an official government declaration of availability of drought-relief works, poor Indians can now legally demand their right to work whenever they need it, including during seasons/months of lean agriculture. A legal guarantee places an enforceable obligation on the state to fulfil its responsibilities. Unlike an ad-hoc scheme, an Act cannot be easily revoked.\textsuperscript{18} As a flagship poverty alleviation programme, this sets an important precedent of rights-based entitlements, especially for the proposed national legislation on food security, which is currently being debated.\textsuperscript{19}

From February 2006, within six months of the Act coming into force, the programme began to be rolled out in a phased manner across the country, with each state having to launch a ‘National Rural Employment Guarantee Scheme’ (NREGS). The law stipulated that this should be completed in five years but central government achieved the task earlier, by 2007-08, covering all 621 districts of the country. Central government funds 90% of the MGNREGA works but the task of implementation falls to state governments. States disburse an average of around three quarters of their budgets to the lower tiers of governance for implementation of the scheme. The budget
for India's employment guarantee has naturally increased as the programme has expanded, but the annual outlay of around US$9 billion is still less than 0.75% of India's GDP and 4% of the 2009-10 budget.20

**BOX 3 Hunger and employment in India**

In India at least one in five of the population, and possibly one in three (depending on the source) are hungry – amounting to 240-370 million people; close to half of all children are malnourished.21 The World Bank estimates that the physical toll of malnutrition in India costs the economy 2-3% of GDP per year.22

In a country with excess food stocks, which routinely rot in granaries, the Supreme Court of India observed in 2003 that “in case of famine, there may be shortage of food, but here the situation is that amongst plenty there is scarcity. Plenty of food is available, but distribution of the same amongst the very poor and the destitute is scarce and non-existent leading to mal-nourishment, starvation and other related problems.”23 Hunger often emerges from demand-side or purchasing power constraints, not from a lack of production or availability of food.24 An unemployed or underemployed person, for example, may be hungry because he does not have the wages to buy or the ability to demand adequate food or work.

Around two thirds of India’s poor reside in rural areas where the official rate of poverty is estimated by different government sources at either 28 or 42 per cent.25 Since the advent of economic liberalisation in 1991, the economy has grown by more than 6% per year. But in the decade from 1993/94 to 2004/05 unemployment was estimated to have increased from 10 to 15% in households dependent on agricultural labour.26

The majority of rural poor belong to economically and socially marginalised communities such as dalits (scheduled castes – STs) and adivasis (scheduled tribes – STs), who together constitute 24% of India’s population. Around 77% of dalits and 90% of adivasis are either absolutely landless or own marginal plots that provide little or no food security.27 Adivasis in the state of Maharashtra pinpoint the reason for their state of destitution: “kahi pan rozgaar nahi” (there is absolutely no work).28

After decades of underinvestment, Indian agriculture is in crisis.29 Journalist P. Sainath has brought to light the fact that between 1997 and 2008 more than 200,000 farmers committed suicide.30 With few alternatives, distress migration in search of employment is often the only recourse for smallholder farmers and landless labourers. Millions of seasonal migrants from rural areas routinely squeeze into buses and trains to seek work in distant farmlands, agro-industries and urban homes.31 With little bargaining power, they tend to accept any wage, often undercutting local labourers.32
Universal, not targeted, entitlements

The central feature of the Act is the 100 days of guaranteed employment each year per household. Thus, entitlements are not confined to households officially classified as ‘Below Poverty Line’ (BPL) based on official household-level surveys conducted every five years. Most worksites contain a mix of people belonging to both ‘Above Poverty Line’ (APL) and BPL households, indicating the efficacy of the self-selection mechanism. This design ensures that only those who really need the employment will undertake its physical labour and it also functions as an automatic stabiliser. There is expected to be an increase in demand for employment during natural calamities, economic recessions, lean agricultural seasons, etc. The programme will shrink when people are able to pull themselves out of poverty or find alternative employment.

Decentralised implementation

A radical departure from previous practice in India is the programme’s ban on private contractors and the use of labour-displacing machinery. Instead, the Act envisions the involvement of local governance structures and workers themselves in every step of the implementation – from the selection of works to their social audit. In 1993, a constitutional amendment legitimised a three-tier panchayati raj system to create decentralised governance structures within each district; the lowest tiers of this structure – the gram panchayats (village assembly) – are democratically elected every five years. The MGNREGA offers a unique opportunity to empower these existing panchayats by giving them responsibility for implementing a structured programme with substantial financial resources at their disposal. The panchayats, as direct implementing agents, are expected to be responsible for registering eligible households, issuing job cards, selecting and planning suitable works based on local priorities, allocating employment to work-seekers, executing works and monitoring their implementation. Today, 80% of the funds managed by any panchayat are for the MGNREGA alone.
Participatory accountability

Most poverty eradication programmes in India have been drenched in corruption, and one feature of the MGNREGA is its attempt to systematically institutionalise accountability safeguards to combat corruption. The Act contains a plethora of guidelines, which include the ban on private contractors, provision of job cards to workers to enable easy cross-checks, insistence on proactive disclosure of programme outputs on village information walls and websites, citizen access to all work records and the provision for compulsory social audits.

Box 4 The importance of pressure from civil society

India’s MGNREGA programme owes much to pressure from the country’s vibrant civil society, through a series of seminars, rallies and marches beginning in the late 1980s, to provide a right to guaranteed employment. By the turn of the millennium, the pace intensified with the genesis of a Right to Food Campaign and public interest litigation in the Supreme Court. In the 2004 elections, civil society advocates and intellectuals urged all political parties to enact national legislation on the employment guarantee. The Congress party, which was then out of power, incorporated this commitment in its election manifesto. After winning power, it released in May 2004 the Common Minimum Programme (CMP), which retained the promise to provide 100 days of guaranteed employment at minimum wage.

To implement its electoral commitments, Congress chairperson, Sonia Gandhi, created an unprecedented National Advisory Council with the inclusion of eminent civil society activists. Although this ensured political commitment to creating the legislative draft of employment guarantee, the passage of the Bill was still fraught with challenges. There was a tide of highly vocal opposition to the proposed Act, including from neo-liberal economists sceptical of its financial costs and possible corruption. In the consultative processes, several ministries also pressed for various restrictive changes in the draft bill, before the Act was eventually passed.

Success of the programme

Though precise official statistics have not yet been released, there is a consensus that the MGNREGA has revived depressed village economies and buffered rural India from the impact of the global economic recession, food price inflation and the 2009 drought. Successes include the following:

Labour-intensive job creation

In only four years, by 2009-10 NREGS provided work to roughly 33% of India’s rural population. The directive on avoiding the use of labour-displacing machinery such as earth-movers and cranes has ensured that the primary aim remains the creation of labour-intensive manual jobs. In a survey of six states in 2008, 69% of respondents stated that NREGS helped them to avoid ‘hunger’.
Social inclusion
In 2009-10, half of NREGS workers belonged to the most socially marginalised and impoverished communities (i.e., SCs and STs). In districts with a high tribal population, where levels of poverty are often higher, an average 65 days of employment has been provided to each household, far greater than the national average.38

Women's empowerment
The participation of women in NREGS has exceeded all expectations, despite the difficult manual physical labour expected on worksites. In 2009-10, almost half of NREGS workers were women, greater than the one-third quota officially reserved for them in the legislation. Many women belong to SC, ST and other marginalised communities. Even in states like Rajasthan, which have more conservative social norms, women are increasingly stepping outside their homes to work on NREGS worksites. This is contributing to multiple forms of women’s empowerment. Since NREGS wages in most states are paid into individual bank/post office accounts, women workers are being inducted into formal financial institutions, often despite their often low levels of literacy. Many women also report greater control over household financial decisions, which is vital as they also often manage food security within the home.

Although NREGS does not have an explicit focus on women, it has the effect of disproportionately benefiting women and their families. Across rural India, whether in farm or non-farm activities, women are generally paid lower wages than men. But because the employment guarantee programme does not base wages on gender, families often find it more economically viable for women to utilise the household quota of 100 days of guaranteed work, to increase their family income.

Rural empowerment
Guaranteed employment has the potential to change power relations in rural villages towards greater social equality, providing an opportunity to mobilise poor people. The social audit processes have also created greater political awareness among poor people about their rights, and unions of NREGS workers are also beginning to emerge.39

Stemming migration
If work is available in the village, many rural families do not migrate to the cities during the lean season. With each passing year, with the availability of NREGS jobs nearer home, fewer labourers are choosing to migrate, even from impoverished states of Uttar Pradesh and Bihar.40 It has been particularly effective in tribal-dominated districts, which previously had high instances of out-migration.41

Rise in rural wages
The reduction of competition from migrants and the availability of a secure source of income nearer home has increased the bargaining power of poor people. They are “no longer willing to work cheap”.42 This has also led to a rise in private agricultural and non-agricultural wage rates
for casual, unskilled labour across rural India. The Ministry of Rural Development reports that rural wages have risen 38% since 2006-07. This trend shows that more rural employers are being pressed to pay at least the minimum wage offered by the NREGS. Prior to the programme, the agricultural wage rate in Tamil Nadu was Rs100-120 for men and Rs40-50 for women. But as the government scheme is expected to pay a minimum wage uniform Rs100 with no gender discrimination, farmers have been compelled to raise the wages they pay.

'Green' jobs

Of the works specified in the MGNREGA, a remarkable feature is that 70% have been designed not only for labour intensity but also for characterisation as 'green jobs', which prioritise environmental protection. The permissible works in the legislation include watershed development, land regeneration, soil conservation, restoration of tanks and afforestation, which will sustainably improve agricultural productivity in the long run. Between 2006 and 2009 some 1.9 million NREGS works were undertaken for water conservation and drought-proofing alone. They included creating percolation pits to recharge ground water, building check dams to retain rainwater and de-silting tanks and traditional water harvesting structures. In a country where two thirds of arable land is dependent on rainfall has no proper irrigational facilities, these interventions are expected to be important in raising agricultural productivity. Central government intends to quantify these environmental benefits in terms of contributions towards climate change mitigation and adaptation. In the long run, these works could also contribute to increasing agricultural productivity.
Limits of the programme

As well as the significant benefits of the programme, there are some widespread deficiencies in its implementation.

Less than 100 days

Some 53 million households were provided NREGS work in 2009-10 according to the latest estimates. However, on average, each participating household received only 54 days of work, far below the guaranteed 100 days. Only 13% of households managed to receive the full 100-day entitlement. Since workers are paid according to the piece-rate measurement of their output, they often receive less than the stipulated daily minimum wage of Rs100. NREGS’ performance has also been highly varied across states, as the following figures shows.

![Figure 3](image)

**Figure 3** Average days of employment provided per rural households across selected Indian states, 2009-10

*Source: nrega.nic.in/ delivery monitoring unit (DMU) report/ 2009-10*

Even after five years, workers still have to fight for every one of their entitlements under the Act: to be informed of their right to demand work, to get job cards, to receive employment, to have piece-rate work measured correctly, to be paid the full minimum wage and to be paid their unemployment allowance within 15 days.
Less than Rs100
Works are often inadequately measured and workers paid less than the minimum wage of Rs100. It recently came to light that 99 workers in the Tonk district of Rajasthan were paid just one rupee a day. Further, the already low minimum wage has become of even less value due to unprecedented food price inflation. Many activists are advocating for wages to be indexed to inflation.

Payment delays
In 2008, central government directed that NREGS wages be paid through banks and post offices. Although laudable, this new method has resulted in massive delays in wage payment. Understaffed banks and post offices in remote rural areas have struggled to cope. Delays can stretch for months or even years. Tamil Nadu is the only state that is continuing to pay wages in cash each week. Action is urgently needed to overcome delays and requires political and bureaucratic commitment. Apart from improving the capacity of banks and post offices to manage increased transactions, alternatives need to be found urgently in areas with low bank use and/or presence.

Corruption and accountability
Combating corruption remains an enormous challenge, despite a path-breaking design innovation – ie, the introduction of institutionalised accountability safeguards. Safeguards include insistence on proactive disclosure, access of citizens to all work records and collective social audits, which enable the battle for the right to work and for information to be fought from village pathways and courtroom aisles up to the corridors of power. But the key is implementing these provisions. Unscrupulous officials, middlemen and local functionaries continue to exploit workers and embezzle funds. The hoarding of job cards by village officials to fudge the records and siphon off NREGS funds is common, but the 40% of funds available for capital expenditure is the main source of misappropriation. Though they are officially banned, middlemen and contractors continue to surreptitiously execute works. Political commitment to punish the culprits is often lacking. Civil society efforts to tackle corruption are often undermined; in 2008, Lalit Mehta, a social activist in the state of Jharkhand was murdered for organising social audits. Many other activists and whistle-blowers routinely face threats, harassment and intimidation.

Though social audits are mandatory under the Act, participation by activists is actively blocked. Previous audit exercises, especially in Andhra Pradesh, where it has been officially institutionalised, have been able to recover misappropriated funds and reduce petty corruption. But in other states, auditors often face a severe backlash. Grievance redressal measures also lie in disuse. Though the Act sanctions penalties on errant officials, so far only two government officers in the country have been fined for negligence. In 20 states, no worker has ever received the unemployment allowance, which must be paid when work is not provided within 15 days of demand. It is also rare for workers to receive compensation for delays in wage payment.
Malawi is one of only 23 countries whose constitutions recognise the Right to Food and it is in the process of adopting a broader Right to Food framework law. The government’s commitment to enhancing food security was inspired by the severe droughts of 2001/02 and 2004/05 and by a dependence on imported food. In 2005, a new subsidy scheme for smallholder farmers was instituted; it is now known formally as the Farm Inputs Subsidy Programme (FISP). The FISP’s basic aim is to raise household and national food security by increasing farmers’ use of inputs. Since 2005/06, the FISP has targeted 1.5-1.7 million farmers each year – around half the country’s farmers – providing them with two coupons to buy two 50kg bags of fertiliser (one basal and one top dresser) and a small bag of hybrid or open pollinated variety seeds. The fertiliser is provided at a subsidised price that in the 2008/09 programme was just 10% of the full market price. Government plans in 2010/11 are to procure 160,000 tonnes of fertiliser to reach 1.6 million maize farmers with a subsidised price of MK500 per 50kg bag. Originally focused on maize and tobacco farmers, the FISP has expanded to also target cotton, coffee and tea growers. The Ministry of Agriculture distributes the coupons to districts and traditional authorities, such as village chiefs, who distribute the coupons to identified recipients.

**Hunger and Poverty in Malawi**

Agriculture accounts for 39% of Malawi’s GDP, employs 85% of the workforce and contributes 90% of foreign exchange earnings. Ninety per cent of Malawians live in rural areas and depend on subsistence farming for their livelihoods. The country’s roughly three million small farming households produce 80% of Malawi’s food. But most cultivate very small plots of land – of less than one hectare in size; in the south, the poorest part of the country, average plots are even smaller, meaning that many farmers are in effect landless.

At the same time, much of Malawi’s best land is occupied by large agricultural estates – it is estimated that around half of Malawi’s arable land is controlled by some 30,000 estates of 10-500 hectares. With the collapse of large-estate tobacco farming, most of the estates are lying idle but legally owned.

Women make up 70% of the agricultural workforce and head around a quarter of rural households across the country but more than 45% of households in the south. Of Malawi’s population of 13 million, around 40% live below the poverty line, most of them...
women. Poverty is entrenched in the two districts where fieldwork was carried out. In Salima, 57% of the population lives in poverty, with 25% being ‘ultra poor’. Landholdings tend to be up to five acres and average annual household incomes are around MK80,000.* In Machinga, 74% live in poverty, with 38% ultra poor. Most farm households have very small landholdings, of as little as 0.5 acres, while average incomes are just MK65,000.63

Smallholder farmers find it difficult to access key inputs such as improved seed and fertiliser. The price of fertiliser is unaffordable to most farmers: for example, the cost of a single 50kg bag of fertiliser was around 10% of an average rural family’s expenditure in 2003/04.64 Most farmers also lack access to critical agricultural services. Only 13% receive extension services – 15% of male-headed households access extension, compared to only 8% of female-headed households.65 Access to credit is also low – only 14% of households in rural areas have loans; the figure for women-headed households is 11%, compared to 14% for men-headed households.66

Since the government of Bingu wa Mutharika was elected in May 2004, promising to re-prioritise agriculture, Malawi has allocated around double the proportion of its national budget to agriculture than the average in Africa. The Ministry of Agriculture and Food Security received 13% of the government budget in 2009/10 and 11% in 2010/11.67 In 2010/11, this budget amounted to MK32 billion (£132 million).

Success of the programme

The FISP has been strikingly successful in boosting maize production, showing that government intervention policies can improve the lives of smallholder farmers. The FISP has challenged aid donors, who opposed the introduction of the programme and had, in the 1990s, demanded the removal of Malawi’s fertiliser subsidy. The programme is being scrutinised as a possible model for several other African governments.68

Increases in food production

Malawi had, since the late 1980s, depended on food imports.69 The two big hunger crises of 2001/02 and 2004/05 developed from national maize deficits of 630,000 tonnes and 700,000 tonnes respectively, against the national food requirement of around 2.1 million tonnes.70 Since 2006, however, after the introduction of the FISP, Malawi has registered surplus national maize production, according to government figures.71

- In the first year of the subsidy programme, maize production doubled over the previous year, producing a national surplus for the first time since 1999/2000. The incremental maize production attributable to the fertiliser subsidy was 300,000-400,000 metric tonnes.72 In the second year of the FISP, maize production reached an all-time national record for Malawi.

* $1 = MK 154 and £1 = MK 242
- National maize production has exceeded food requirements every year since the introduction of the FISP. In the first five years of the FISP, Malawi has produced over 14 million tonnes of maize compared to just over eight million in the last five years before its introduction. In the five years of the FISP, maize production has exceeded requirements by around 20%.
- Several studies confirm increases in maize productivity. One study notes that maize yields averaged 1.59 tonnes per hectare in 2005/06, doubling the 0.76 figure during the drought-affected 2004/05 season.\(^7\) According to the World Bank, maize productivity increased from 1.45 tonnes per hectare in 2004/05 to 1.8 tonnes/hectare during 2005-08.\(^8\)

**Figure 4**  
Maize production and national requirements

![Graph showing maize production and national requirements](image)

*Source: Government of Malawi, A Medium Term Plan for the Farm Inputs Subsidy Programme (2011-2016), Third Version, March 2010, Appendix 4(b)*

**Falling maize prices**

Maize prices appear to have fallen as a result of the FISP, although Malawi still faced a maize and food price crisis during the global crisis of 2008/09. According to the World Bank, the proportion of households reporting a major shock from high food prices decreased from 79% in 2004 to 20% in 2007.\(^7\) A fall in the maize price is a key success when most farmers are net buyers, rather than sellers, of maize. Until recently, only one in five maize growers produced a surplus and sold their product.\(^6\) It is also likely that lower maize prices have improved the food security of the urban poor, who are also net food consuming households.\(^7\)

**Increased agricultural growth**

The subsidy programme has had a positive impact on agricultural growth, which rose from 4% in 2004/05 to 14% in 2006/07 and 13% in 2008/09. It has also contributed to broader economic growth, of 6-10% each year from 2007 to 2009.\(^8\)
Stimulation of rural areas

There is anecdotal evidence that the programme has stimulated depressed, poor rural areas, boosting local businesses and creating new farm and non-farm job opportunities.\textsuperscript{79} The FISP has given a boost to local banks, transporters, seed companies, warehousing facilities and farmers’ organisations.

\textbf{Cost effectiveness of Malawi’s subsidy programme}

Malawi’s FISP is criticised by some, especially donors, for being too costly. It certainly takes up a large proportion of the government’s agriculture budget: spending on the FISP has risen from 47% of the agriculture budget in 2005/06 to 62% in the last two years. For 2010/11 the government has allocated MK19.7 billion (around £80 million or $128 million) to the FISP out of a MK32 billion agriculture budget.\textsuperscript{80}

The cost of the FISP has increased year on year and actual outlays have been significantly above planned budgets. In 2008/09, for example, actual expenditure was double the budgeted amount, mainly due to an increase in the quantity of fertiliser purchased following the decision to extend the programme to tea and coffee growers.\textsuperscript{81} Procurement of fertiliser accounts for around 60% of the cost of the FISP, and fertiliser prices have risen massively in recent years.

\begin{table}
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
Year & Beneficiaries (FF) & Planned Cost (MK) & Cost Archived (MK) & \% over planned budget \\
\hline
2005/06 & 1.5 million & 5.1 billion & 7.2 billion & 41.2 \\
2006/07 & 1.5 million & 7.5 billion & 12.729 billion & 69.7 \\
2007/08 & 1.5 million & 11.5 billion & 16.346 billion & 42.1 \\
2008/09 & 1.7 million & 19.48 billion & 39.848 billion & 104.6 \\
2009/10 & 1.6 million & 25 billion & & \\
\hline
\end{tabular}
\caption{Costs of the FISP}
\end{table}

\textit{Source: Government of Malawi, A Medium Term Plan for the Farm Inputs Subsidy Programme (2011-2016), Third Version, March 2010, p.29}

As a proportion of the government’s entire budget, the FISP is also significant, and has been rising. It accounted for 5.6% of government spending in 2005/06, rising to 8.4% in 2006/07, 8.9% in 2007/08 and to 17% in 2008/09.\textsuperscript{82} Budget plans indicate the proportion will be 8.1% in 2009/10 and 6.6% in 2010/11.\textsuperscript{83}

But how costly is the FISP really? Recent studies attest to its cost effectiveness. A study led by Glenn Denning of the Earth Institute at Columbia University concludes that, “the budgetary allocation... is a remarkably small price to pay for achieving national food self-sufficiency and widespread household food security”. It notes that the FISP cost US$5 per person in 2005/06, whereas the cost of importing food the previous year, 2004/05,
Limits of the programme

Ongoing hunger
Evidence suggests that food security has improved in Malawi as a result of the subsidy programme, but hunger remains a normal feature of rural life (although many available figures are ambivalent or contradictory). Before the subsidy programme, 70-80% of rural households were short of self-produced staple foods for 4-5 months a year. By 2008, the percentage of households without own food production from June 2008 (barely two months after harvest) to July 2009 was reported as ranging from 6-18%. The Welfare Monitoring Survey found that 21% of households were failing to eat their normal food three meals a day in 2008.

Many Malawians still require food assistance. During the food price crisis in October 2008, 1.5 million people were regarded as vulnerable to food insecurity. Since then, however, numbers have come down. In September 2009, USAID FewsNet service reported that 142,492 – just 1.1% of the population – needed food assistance. By June 2010, FewsNet said the number was 718,000 – amounting to just over 5% of the population: a still alarmingly high figure.

Most farmers consulted for this research say they do not produce enough food for the whole year, suggesting that either Malawi’s near national maize self-sufficiency is very unevenly distributed or the figures on national food production are overestimates. In Nkhundi village near Salima, headman Zakharia Friday estimates that only four out of 64 households have enough food for the whole year, despite the fact that 24 of the 64 households received coupons in 2009. Most people in the village endure 3-7 months of hunger. In Ndindi village, some households who receive coupons still do not produce sufficient food for the whole year. The headwoman estimates that only 50 out of 280 households produce enough food for the whole year – less than the number of farmers who received the coupons.

was US$8 per person ($110 million). A 2009 study found that the benefits (increased production and income for producers) outweighed the costs of the FISP in the three seasons from 2005 to 2008, but that the costs marginally outweighed the benefits in 2008/09. Malawi has also accrued earnings from exporting maize; in 2005/06 and 2006/07, it exported 480,000 tonnes of maize, generating close to MK20 billion, representing a return of around 53% on investment.
Corruption and diversion

Deciding who receives FISP coupons is largely left to village headmen, who in many cases favour men, better-off households or friends. The government introduced improved targeting guidelines in 2008/09 to increase transparency and to require beneficiaries to be confirmed by members of the community at public meetings. But the guidelines are not always implemented and there is still lack of clarity at local level as to who should receive the coupons. Unfortunately, a greater reliance on government officers rather than traditional authorities may be no solution; when in 2008 extension officers played a greater role in distributing coupons, local ActionAid staff and many farmers say that corruption was even worse.

Liana June, a farmer from Selemani village in Machinga district, said: “Some of the challenges that face the programme are delays in the distribution of coupons, favouritism by the village heads that are entrusted with the coupon distribution. These end up favouring their friends and relatives and that they keep more coupons for themselves either for buying more fertiliser for their gardens or for selling in order to realise more cash. There is hardly enough fertiliser in the fertiliser selling points and there are long distances to the fertiliser selling points.”

Neglect of key services to farmers

Perhaps the major issue is the large proportion of funds allocated to the subsidy programme – over 60% of the Ministry of Agriculture and Food Security’s budget. This risks undermining other crucial services for poor farmers, and is likely to create major problems in the future. The Ministry of Agriculture spends just 7% of its budget on extension and only 2% on agricultural research. Unless this improves, the subsidy programme may reinforce farmers’ dependency on handouts.

BOX 7  The need to improve agricultural services

Extension services – poor coverage, poor quality

In Malawi, less than one in seven farmers have access to extension services. Spending on extension has collapsed over the past decade, from a massive 67% from 1996-98, to 10% from 2000-04 and to just 7% now. The ratio of extension workers to farming households is just 1:3,000 compared to the Ministry of Agriculture’s recommendation of 1:500. The service is plagued by staff shortages – the Department of Agricultural Extension Services has vacancy rates of around 60% at district level. The government acknowledges that Malawi has ‘weak’ extension services, and says this is partly due to reductions in the number of staff due to HIV and AIDS.
Farmers’ groups interviewed by ActionAid say that the government’s big subsidy programme needs to be accompanied by much more farming advice through the extension service. Women farmers in the Ngolowindo cooperative near Salima town, who collectively farm 17 hectares of land, say that extension officers now rarely visit them and estimate that the local extension worker covers around 2,000 households. The farmers say that extension services have become worse in recent years; a few years ago, for example, there were veterinary officers who visited them but this is no longer the case. They say they need training on how to tackle the diseases attacking their crops and advice on how to improve farming under drought conditions and how to practise manuring, composting and conservation agriculture. None of the farmers are currently receiving extension services in these areas. There is a special need to improve extension services for women farmers. A senior Ministry of Agriculture official responsible for extension estimates that only 15% of frontline extension workers are women, and says that men are not trained specifically to reach women farmers.

Credit – almost non-existent
Private banks in Malawi do not offer loans to smallholder farmers at low interest rates and also require collateral such as land titles. Farmers mostly take out loans informally with relatives, neighbours or non-governmental organisations (NGOs); only a fifth have them with the government-backed Malawi Rural Finance Corporation (MRFC). The MRFC, with 122 offices around the country, is run on commercial lines but with the government as the sole shareholder and has the worthy aim of providing credit, mainly in rural areas, to those unable to access mainstream banks. But its operations are tiny in relation to need. Its total loan portfolio amounts to MK3.3 billion, which is provided to 52,000 people (of whom 34% are women). Yet only half of those receiving loans are using them for agriculture-related activities, meaning that the MRFC reaches barely 1% of the country’s farmers. The MRFC interest rate – 33% per year for first-time borrowers – is lower than other banks, but still high (even a senior bank official says: “the interest rate is quite a burden”); borrowers must also provide 20% of the value of the loan themselves.

Agricultural research and development (ARD)
Malawi’s spending on ARD (around 2% of the agriculture budget) is low and has been static for the past five years. The government says that ‘major investments’ are needed and that these will come from the agriculture sector-wide approach (ASWAP) plan. But it is unclear in the ASWAP how much will be spent on research, and there are no signs it will be more than the current 2% allocation. Improvements in smallholder productivity are likely to depend, however, on improved crop and technology research targeting women especially, the majority of the country’s farmers. Most of this cannot be imported ‘off the shelf’ since it must reflect local needs, crops and soil.
Failure to target women

Malawi's subsidy programme makes no efforts to target women. Indeed, even though women comprise the majority of farmers, they are less likely to receive fertiliser coupons than men. Consideration should be given to targeting women farmers to receive fertiliser coupons.

Emily London, aged 33, and one of 70 farmers in the Tiyende Pamodzi women’s cooperative in Mphungu village in Salima district of Malawi, says men receive around three quarters of the fertiliser coupons, yet most of the farming work, done on plots of land of just 1-1.5 acres, is undertaken by women. Redemption of coupons can also be more difficult for women because their childcare responsibilities limit the time they can spend away from their homes queuing for fertiliser.

Many farmers interviewed for this research believe that women use fertiliser more productively than men. Kapuzira village, 30kms north of Salima, consists of 79 farming households, each with 2-6 acres of land planted to maize and other food crops as well as cotton and tobacco. In 2009, 32 of the households received subsidy coupons, most of which went to men as the head of household.

ActionAid researchers asked a focus group of 39 of Kapuzira’s farmers – roughly equal numbers of men and women – whether men or women, or neither specifically, should be targeted to receive the coupons. After much discussion, a final vote showed 30 saying women should receive the coupons, compared to seven for men, with two saying either. Thus, most men (as well a women) farmers were supportive of women being targeted. The reason given, by men, was that women can be trusted more to use the coupons to apply fertiliser (and not sell them), and that their responsibilities to feed their families means they are more ‘serious' and ‘responsible’ in improving food production and they work longer on their land. The farmers also believe that women produce more food than men on the same area of land. This view accords with some academic evidence suggesting women farmers are, on average, more productive than men.

In Nkhundi village, the (male) village headman targeted ten women, rather than their husbands, to receive the coupons, believing they would use fertiliser more productively. Indeed, there is a strong case for the coupons to be targeted more – and even primarily – at women. There should be few problems in prioritising women farmers groups and women heads of household, for example. Targeting women farmers in male-headed households may be more problematic as a general strategy but needs consideration as a way to reform the FISP.
Reforms needed

Need to address sustainable agriculture and land reform

Another challenge is that government and donors must ensure that farming in Malawi does not become fertiliser-dependent and that a strategy for promoting sustainable agriculture is made a priority. Malawi’s dependence on importing expensive chemicals is clearly a major issue in terms of the future sustainability of the programme, not only in financial but also in ecological terms. It raises a fundamental question as to whether a fertiliser-based subsidy programme is, in the long term, a better use of resources than a political commitment to develop sustainable, ecological agriculture and to invest in methods to improve soil fertility. There is considerable evidence that organic fertiliser, for example, a cheaper and more effective way of improving soil fertility.

Land reform in Malawi must become a serious political issue and must be addressed as part of agriculture policy. Malawi has one of the most unequal land distribution systems in the world but this issue appears to be largely off the country’s mainstream political agenda. It is hard to see how sufficient numbers of smallholders, farming an average of just one hectare, can become viable commercial farmers even with inputs provided under the subsidy programme.

Better targeting

The government needs to target more carefully the FISP at farmers who need the inputs most and can benefit from them. Although many of the poorest farmers are allocated coupons, not all are capable of using, or want to use, chemical fertiliser, either because they lack physical energy or because their landholdings are too small. Neither are some able to afford even the subsidised price. Thus some sell their coupons in order to buy food. For the poorest farmers, cash transfers or other forms of social protection may be more appropriate than fertiliser coupons. But there are also problems with wealthier farmers receiving coupons, some of whom can afford to buy fertiliser at market prices. Estimates are that 30-40% of subsidised fertiliser purchases are made by farmers already buying fertiliser at market prices.\textsuperscript{105} It is very important that the FISP targets the economically productive group between the poorest and the wealthiest smallholder farmers. Consideration should be given to targeting women farmers.

Crowding in the private sector

The FISP needs to be managed carefully to allow the private sector to supply key inputs in competitive markets in such a way that farmers will pay low prices. This is a major challenge; the government argues that even if the fertiliser market were very competitive, the high transport costs in land-locked Malawi would still make fertiliser costs high and difficult for many or most farmers to afford.\textsuperscript{106} Donors, in particular, have long expressed concerns that the government’s subsidised fertiliser is crowding out the private sector. Lack of trust between the government/parastatals and the private sector is a big hurdle that has to be overcome to improve
the efficiency of the FISP. The business and donor communities have raised concerns about the displacement of commercial sales — i.e., the extent to which subsidised fertiliser displaces purchases farmers would have made without the subsidy. However, this must be weighed against the social impact of achieving national food security.

Ensure markets for selling
Farmers’ groups interviewed in Salima and Machinga complain that, although they have been able to increase food production, the absence of either local markets or guaranteed good prices means they are unable to sell their surplus. The Malawian government, similar to many others in Africa, has a careful balancing act to perform: it must ensure low food prices so that the poor, the majority of whom are net food buyers, can afford food, while at the same time ensuring an adequate price for sellers. Fertiliser subsidies should be combined with output marketing policies to maintain maize prices within a band that is both remunerative to producers and affordable for poor consumers. The government sets a minimum price for maize but compliance is not universal and there are few enforcement mechanisms or penalties for those not complying.

Develop an exit strategy
The government should also develop an exit strategy for the FISP. Over time, input subsidies should be decreased gradually and replaced by smallholder-focused credit. At the same time, farmers should be helped by much improved extension and agriculture research services.
Although previous Brazilian governments made attempts to reduce hunger, the Zero Hunger (Fome Zero) programme, launched in 2003, is the most far-reaching initiative to do so in the history of the country.

Zero Hunger started as a programme to fight hunger but has progressively broadened to attempt to guarantee the Right to Food. Zero Hunger now involves 53 initiatives implemented by 11 different ministries and comprises four main issues: access to food; strengthening family agriculture; income generation; and partnership promotion and civil society mobilisation. One key initiative is the National School Meals Programme, providing 47 million free meals a day at public schools to students aged up to 18. It is the only regular meal that many children and adolescents have. In 2006 a law was enacted that established a National Food and Nutritional Security System, which has been a benchmark for many other countries.

Pressure from, and engagement of, civil society organisations was crucial in putting food and nutrition security at the centre of government policy. The UN Special Rapporteur on the Right to Food notes that the participatory nature of the anti-hunger programmes is “remarkable” and that the country’s success in combating hunger and malnutrition “bears witness to the contribution that such participatory strategies can make”. One key actor has been the Brazilian Forum of Sovereignty, Food and Nutritional Security (FBSSAN or Fórum Brasileiro de Soberania e Segurança Alimentar e Nutricional), which was created in 1998 and is a national network of social movements involved in food and nutrition policy. Most notable is the government’s adoption of a law that makes CONSEA (National Food and Nutritional Security Council) central to government food policies (see Box 9).

**BOX 9 Brazil’s CONSEA**

CONSEA has been central to recommending, designing and monitoring public food policies. The Programme for Food Acquisition, for example, was largely designed by CONSEA, with significant involvement from civil society. Indeed, CONSEA’s success is largely due to the fact that the majority of its members, and its president, are representatives of civil society organisations that have long been involved in the fight against hunger. They have brought added expertise and experience to government policy making, and are also able to bring new issues to the government’s attention, especially from the perspective of poor people themselves. None of this would work without the government championing such civil society participation in policy making.
This study focuses on two important components of Zero Hunger: Family Grant and the Food Acquisition Programme.

Family Grant programme

The Family Grant (Bolsa Familia) programme is a cash transfer programme, distributing small sums of money each month to food-insecure families, many of whom have never had a regular income before. The programme benefits 12.5 million families across the country, representing more than 48 million people, or a quarter of the country’s population. Beneficiaries are families with incomes of R$70 (US$40) per person per month and families with incomes per person between R$70 (US$40) and R$140 (US$81) who have children. The basic grant is R$68 (US$39) per family per month, plus R$22 (US$12) per child under 16 and R$33 (US$19) per adolescent, up to a maximum of R$200 (US$115). The law creating the programme stipulated that women (mothers) would be the preferred recipients of the grants and usually they are, although some recipients are men.

The grants are given to families on condition that:

- the children remain at school and attend classes 85% of the time for 6-15-years-old and 75% of the time for 16-17-year-olds
- they observe basic health procedures, such as vaccinations required for children from 0-6
- pregnant and breastfeeding mothers follow pre- and post-natal examinations.

Families that do not comply with these conditions can lose the benefits or have them suspended.

The programme budget has been increasing significantly. From 2004 (when the programme reached 6.6 million families) to 2009, the budget has increased from R$3.8 billion (US$2.2 billion) to R$12.5 billion (US$7.2 billion) per year.

City of God

City of God is a district of Rio de Janeiro whose shantytown is home to 65,000 families living with food insecurity, poverty and unemployment. Patricia Coutinho da Silva, age 36, has lived there for more than seven years. She, her husband and four children (aged from one to nine) live in a house of 20 square metres, with kitchen, one bedroom, one living room and a toilet. The family survives with the money from the Family Grant together with whatever work Patricia and her husband are able to earn. The programme gives her family R$134 (US$73) a month, which Patricia normally spends on milk, medicines, bread, rice, pasta and materials the children need for school. Although the programme card is in the name of her husband, she receives the money. Family Grant is the only benefit the family receives. “I see many people complaining about the Family Grant. They say that the resources are not enough to sustain the family. It is not too much but I do not complain. I can do miracles with it,” says Patricia.
Food Acquisition Programme

The Food Acquisition Programme (PAA or Programa de Aquisição de Alimentos) is a national scheme that buys food from smallholder farmers’ organisations at market prices and distributes it to hospitals, schools and families in need. Established in 2003, it aims to “guarantee access to food products in the quantity, quality and frequency needed for individuals in condition of food and nutritional insecurity and promote social inclusion in rural areas by strengthening the family agriculture”. Food is bought from farmers and their associations by the National Food Supply Company (CONAB), and either forms government food stocks or is distributed by local social organisations to food-insecure people. Some food supplies popular restaurants, community kitchens and food banks.

The programme is vital since, with the exception of some successful examples of collective access to local markets, most smallholder farmers find it difficult to sell their produce. Usually, their farms are located far from main markets and are served by very bad roads. Local and regional markets are also generally controlled by exploitative middlemen who pay low prices for produce. The PAA provides a guaranteed market for farmers at fair prices. Research shows that the PAA is a stimulus for the production of more food, which in turn motivates farmers to look for new market opportunities. The PAA is supposed to pay 30% more for agro-ecological products, which provides an incentive to promote sustainable agriculture; however, in practice this premium price is not universally applied.

**Box 11 PAA – The benefits to COOFELIZ**

One of the beneficiaries of the PAA is the Cooperative of Smallholder Farmers of Espera Feliz (Cooperativa de Produção da Agricultura Familiar de Espera Feliz or COOFELIZ) in the municipality of Espera Feliz, in Minas Gerais State. Espera Feliz has a population of 20,000 inhabitants and, thanks to its climate and altitude (more than 760 metres above sea level), is a major coffee producer. COOFELIZ was established in 2005 and aimed to enable smallholder members to sell their produce in local markets.

In 2006, COOFELIZ designed and negotiated its first contract with CONAB, which was a major challenge given the lack of previous experience. CONAB received several proposals from other organisations at the same time and took eight months to begin buying COOFELIZ’s produce. This contract was worth R$45,000 (US$26,000) and involved 21 smallholder families. The cooperative is now engaged in its second contract worth R$383,000 (US$221,000) and involving 109 smallholder families. Once a week, farmers bring their produce to the cooperative, which then distributes the produce to schools and other institutions.
Farmers note several benefits from their involvement in the PAA. The programme has encouraged them to increase production since they have a guaranteed market; this also helps them sell produce in other local markets. Many farmers are also selling their produce directly to consumers. COOFELIZ has also started to make use of a new opportunity: since 2009, local governments have been required by national law to buy at least 30% of the food used in school meals from smallholder farmers, as part of the National School Meals Programme. Juseleno Anacleto da Silva, Finance Coordinator of COOFELIZ, says:

“This possibility of selling food to local government opens up a huge market for our products. COOFELIZ has decided to participate on this new project with a small number of people, as a learning process. Our proposal is to increase the number of farmers involved, in a slow and continuous movement. It is a challenge that the government has put in our hands. It is not going to be easy for smallholder farmers to supply the necessary food to cover 30% of the whole meal.”

Paulo and Teresa Lourenço, smallholders working a 5-hectare farm and members of COOFELIZ, sell lettuce, cassava and banana through the PAA programme and estimate that these sales provide around 15% of their income. They are about to start selling fruit to the local government for local schools. Teresa says:

“I think PAA is an incentive to smallholder farmers. Before PAA, people did not grow more because they did not have a way to sell it. Now, they can grow more things, to bring to PAA and also to sell on the open market. It is important to remember that coffee is harvested once a year, but the Food Acquisition Programme is every month.”

Paulo adds: “PAA has helped people to recover the enthusiasm to plant, to produce. Before PAA many people produced only coffee. Today they are producing many other products; we have a guaranteed market now. PAA helped a lot.”

**Success of the programme**

The Zero Hunger programme has contributed to substantial reductions in poverty, malnutrition and inequality. The UN Special Rapporteur on the Right to Food, Olivier de Schutter, notes, for example, that Brazil has made “remarkable progress” in combating hunger, and especially child malnutrition, since the programme began.112
• The percentage of the population defined as extremely poor (on incomes of R$70 (US$40)) fell from 22% in 1990 to 17% in 2003 and to 9% in 2008. However, the Social Programs Single Cadastre, which registers families entitled to receive the Family Grant (see below), indicates that 19 million families, comprising more than 70 million Brazilians, survive on less than R$140 (US$81) per capita per month.

• Chronic malnutrition in children under five was halved between 1996-2006, falling from 13% to 7% in the whole country and in the northeast, the country’s poorest region, from 22% to 6%. The infant mortality rate also fell during the same period, from 39 to 22 deaths per 1,000 live births.

• Between 2001 and 2008 the income of the poorest 10% of the population grew six times faster than the income of the richest 10%.\textsuperscript{113}

According to the National Secretary of the Ministry of Sustainable Development, Lucia Modesto, the Family Grant programme increased the average income of beneficiaries by an average of 48% between 2004 and 2006.\textsuperscript{114} Several surveys conducted by the government and civil society organisations illustrate the Family Grant programme’s contribution to reducing food insecurity. The Brazilian Institute of Social and Economic Analyses reported that 87% of beneficiaries spent the money on food, 46% on school supplies and 37% on clothing and shoes. Around 74% of beneficiaries say their families have had more food after starting to receive the benefit. Most beneficiaries (64%) are Afro-Brazilian and only 44% had paid work during the month before the research.\textsuperscript{115} An evaluation of the Family Grant programme by the Ministry of Sustainable Development in August 2010 shows that child beneficiaries have a 6% higher attendance rate at schools than non-beneficiaries. The programme has also helped reduce the prevalence of underweight children and increased the number of children being vaccinated: the proportion of children receiving their first vaccination after birth was 15% higher than in non-beneficiary families.\textsuperscript{116}

In seven years, the Food Acquisition Programme has spent R$2.7 billion (US$1.5 billion) on purchasing 2.6 million tonnes of food, has involved 168,000 families of smallholder farmers and has benefited more than nine million food-insecure people. In 2009, the programme spent R$590 million (US$341 million) on 509,000 tonnes of food produced by 137,000 families of smallholder farmers.\textsuperscript{117}

The PAA is a relatively small, and indeed experimental, programme in comparison with the size of the farming community but for the beneficiaries it is a significant one. Some of the benefits are hard to quantify, but interviews for this research indicate that many farmers now feel more like producers, rather than a ‘social problem’, and are more confident about selling their produce. Even a relatively small programme like the PAA is engendering a new relationship between farmers and markets, and selling through the PAA has given farmers some independence from exploitative middlemen.

The benefit to consumers is that the programme offers, free of charge, high-quality, locally produced food in the quantity and frequency needed for people in food insecurity.
The main benefits of the PAA to smallholder farmers are:

- The guarantee of a continuous market for their produce at fair prices. Farmers can thus plan their production and increase their income.
- The premium price of 30 per cent for agro-ecological produce encourages farmers to promote sustainable production systems.
- The programme incentivises the purchase of local, traditional food products, contributing to local biodiversity.
- The programme encourages the preservation of traditional seeds, in that CONAB buys traditional seeds produced by smallholder farmers and distributes them through a network of social organisations to farmers who are food insecure, urban communities involved in agriculture projects and to seed banks.

Limits of the programme

Despite Brazil’s success in reducing poverty, and that it is a major food producer and exporter, hunger and food insecurity are widespread. Official data indicate that 35% of all households – representing more than 72 million people – suffer from food insecurity.* Inequality has declined in recent years but remains significant. While the poorest 40% of the population survive on 10% of national income, the richest 10% have 40% of the national income. Smallholder farmers produce over 70% of the food consumed in the country and generate 74% of jobs in rural areas, yet access to land is extraordinarily unequal. Some 2.4 million small farms (representing 47% of the total) with less than ten hectares cover only 2.7% of agricultural land, whereas 47,000 large properties (more than 1,000 hectares) representing only 1% of farms, cover 43% of the land. According to the 2006 Agricultural Census, the concentration of land in the hands of agribusiness and large landlords has actually risen over the previous decade.¹¹⁰

Fundamental policy changes are needed to eradicate hunger and empower the rural poor. Vast inequalities in income and land ownership remain massive problems, often involving widespread private ownership claims over land farmed by indigenous communities and the use of state-sanctioned force in support of those claims.¹²¹ Large-scale infrastructure projects – eg dams, transportation and energy distribution networks – deprive communities of land. Also, slave labour exists on, for example, sugar plantations. Although programmes like the Family Grant are important in dealing with immediate food needs, the structural causes of food insecurity need to be addressed. Cash transfer programmes must be better connected to other social protection programmes like free medicines, housing and education.

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* 16 per cent are considered to live in light food insecurity (representing 8.3 million people); 12 per cent in moderate food insecurity (more than 6.4 million people) and 6.5 per cent with serious food insecurity (representing 3.4 million people). (R.Maluf, Segurança alimentar e fome no Brasil: 10 anos da Cúpula Mundial de Alimentação, CERESAN, 2 August 2006, p.13)
The UN Special Rapporteur on the Right to Food noted that a major problem with the Zero Hunger programme generally relates to Brazil’s highly regressive tax structure. According to one estimate, families with an income amounting to less than two minimum wages pay an average of 46% of their income in indirect taxes, while families earning over 30 times the minimum wage pay 16% in indirect taxes. De Schutter concludes that, while the various Zero Hunger programmes are impressive, “they are essentially funded by the very persons whom they seek to benefit, as the regressive system of taxation seriously limits the redistributive impact of the programmes”.122

Although the Family Grant programme has raised incomes and increased food consumption, one study notes that “it does not guarantee satisfactory indices of food security, a question that is associated with a much more complex framework of poverty”.123 Although the programme benefits 12.5 million families, data from the Social Programmes Single Cadastre (a register system coordinated by the federal government) shows that more than 19 million families survive on less than R$140 (US$81) per month. In the City of God district of Rio de Janeiro, only around 10% of the 65,000 families receive the Family Grant; some families do not have the necessary documents, do not know about the benefits, or have difficulties complying with the programme’s criteria.

The Zero Hunger programme amounts to just 1% of the national budget. As noted by the UN Special Rapporteur on the Right to Food, this contrasts to the 48% of the 2009 budget earmarked for the issuance, rescheduling and servicing of the public debt.124

The Family Grant programme has been criticised for the time it takes for families to start receiving the money after registration – more than six months in some cases. More fundamentally, although some observers attribute part to the programme’s success to the existence of criteria, others argue that criteria can be a barrier, as people who have the most difficulty complying are precisely those who are most food-insecure. Some advocate for the transformation of the Family Grant into a minimum income programme that would guarantee a minimum amount of money to everyone, without conditions, to guarantee the Right to Food.

The Programme for Food Acquisition reaches a relatively small number of Brazilian farmers and there are calls in Brazil for it to be scaled up. There are also criticisms of the programme’s bureaucracy, the demand for farmers to produce official documents, which many find difficult, and CONAB’s lack of capacity to deal with many projects simultaneously. Project approvals can take months and payments by CONAB are also delayed.
REASONS FOR SUCCESS AND LESSONS TO BE LEARNED

Reasons for success

Our research shows four main reasons why anti-hunger programmes in India, Malawi and Brazil have been successful.

1. Government commitment and promotion of the Right to Food

All three governments have shown political commitment to introduce and deepen the programmes and promote the Right to Food, to varying degrees:

- Brazil’s Zero Hunger has received the highest-level political commitment, from the President down. In 2006, for example, Brazil adopted a framework law on the right to food and in February 2010 the Chamber of Deputies cast the final vote needed to amend the Constitution to guarantee the Right to Food.
- In India, a debate is ongoing about introducing a National Food Security Bill but the National Rural Employment Guarantee legislation already places responsibility on the government to deliver on work guarantees. This demonstrates the strength of rights-based legal entitlements which cannot be easily revoked or downsized and has begun to empower workers to use the media, the courts and social audits to ensure the fulfilment of their entitlements.
- In Malawi food production increased with effective government intervention. The case study shows that, when given support, poor farmers with little land can significantly improve farm production and food security, belying the arguments made by many donors, and others, over the past two decades, that large-scale farming, such as on large estates, is key to agricultural development in Africa.

2. Pressure from civil society to introduce and improve the programmes

Civil society organisations have been key to introducing the programmes and in pressing governments to promote the Right to Food in the three countries. In Brazil, pressure from, and engagement of, civil society organisations was crucial to the Lula administration putting food and nutrition security at the centre of government policy. The introduction and shape of India’s MGNREGA programme also owes much to pressure from the country’s vibrant civil society that began in the late 1980s. This experience offers a key lesson for other governments around the world reluctant to listen to civil society or involve it in implementing social programmes.
3. Decentralised implementation and participation

Closely related to the involvement of civil society in introducing these programmes is peoples’ participation in implementing policy. India’s experience is that a functional democracy helps ensure that legal entitlements translate into meaningful guarantees. This enables political commitment from the top to be combined with social pressure from below to ensure that the right to employment is respected in the letter and the spirit of the law. Decentralised programmes offer avenues to deepen democracy by fostering greater grassroots political participation, including for marginalised communities. Indeed, implementation of the employment guarantee is better in the southern states, which have a history of socio-political movements pressing for social justice. Similarly, a pillar of Brazil’s Family Grant programme is the participation of social movements and NGOs in its implementation, evaluation and monitoring, including in forums such as CONSEA.

4. Cost-effective programmes

The annual budget for India’s employment guarantee of around US$9 billion is less than 0.75% of GDP and 4% of the 2009/10 budget, even though the programme now covers all 621 districts of the country. The Zero Hunger programme in Brazil amounts to just 1% of the national budget. In Malawi, the subsidy programme has been criticised by some, especially donors, for being too costly, but recent studies attest to its cost effectiveness in achieving food production increases, especially compared to alternative policies. Indeed, many public works programmes around the world have proved to be an affordable food security intervention. In almost all the countries implementing such schemes, be they middle income countries like Argentina, South Africa or India or low income countries like Ethiopia and Bangladesh, the cost has rarely been more than 1-3% of GDP. Indeed, public works programmes can increase GDP through the circulation of money, especially since poor people have a high marginal propensity to spend. For example, Argentina’s Ministry of Labour has estimated that the Jefes de Hogar programme, costing around 1% of GDP, would generate a multiplier augmentation of 2.2-2.5% of GDP.

Lessons to be learned

Experience from India, Malawi and Brazil offers three major lessons, which could be useful for reforming their own country programmes and for improving the design of similar programmes in other countries.
1. The technical details of programmes are crucial, either to better target beneficiaries and/or ensure programmes are implemented with few delays and minimal bureaucracy

The three case studies highlight both the need for improvements in policy design as well as in implementation, and the different programmes offer different lessons based on country circumstances.

- In Malawi, the major reforms needed concern policies to ensure better targeting of farmers who most need the subsidy, to ensure the crowding-in, rather than crowding-out, of the private sector, and to develop an exit strategy.
- In India, key reforms must include ending delays in payment for work and ensuring decent wages.
- In Brazil, reforms are needed in the Family Grant programme to reduce delays in payments and to review its conditionality features, while in the Programme for Food Acquisition the amount of bureaucracy needs to be reduced and project approvals and payments need to be speeded up.

2. These programmes are, by themselves, no magic bullet to ending hunger, and must be complemented by broader policy changes

Although the programmes can boast successes in the three countries, poverty and food insecurity, along with vast inequalities, remain widespread. For anti-hunger programmes to be successful they must be complemented by broader, often far-reaching policy changes that challenge vested interests. In Brazil, even more fundamental policy changes are needed to eradicate hunger and empower the rural poor, especially in relation to the vast inequalities in income distribution and land ownership that successive governments have repeatedly refused to address seriously. In Malawi, the danger is that the subsidy programme will reinforce farmers' dependency on handouts if it is not accompanied by much-improved extension, research and credit policies, alongside land reform and a strategy for better developing sustainable agriculture.

3. Corruption and weak local governance must be addressed

In India and Malawi, corruption in the programmes remains a key problem (although there is little evidence that in Brazil’s Family Grant programme, for example, corruption is significant ). Improved safeguards and monitoring need to be introduced but, as in the case of India, actually implementing the provisions that already exist for minimising corruption, ensuring grievance redressal mechanisms and enhancing the work of social auditors remain the priorities.
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3. ibid, para 15
4. ibid, para 10
5. FAO, State of Food Insecurity in the World 2010, Table 1, pp.50-52
6. FAO, ‘What is the right to food?’, www.fao.org
7. ibid
8. ibid
13. Olivier de Schutter, ‘Countries tackling hunger with a right to food approach’, Briefing Note No.1, May 2010, p.2
15. Olivier de Schutter, op cit, p.10
16. The Maharashtra EGA, 1979 as a state-specific legislation did not specify the number of days guaranteed and therefore was technically progressive as it had no caps imposed. But it was applicable to one state – Maharashtra.
17. In the southern states it is referred to differently, based on the verbatim translation of “a hundred days’ work” or “government work” in respective local languages, in Andhra Pradesh as nooru rojula pani, in Tamil Nadu as noor naal velay. In the northeastern states, eg Tripura, it is referred to as rega.
19. India has many programmes for poverty alleviation, but most function as separate schemes: the Indira Gandhi National Old Age Pension Scheme is for the aged, the Integrated Child Development Scheme caters to children under the age of six years, and the public distribution system distributes subsidised grains and procurement from farmers at minimum support prices. The National Food Security Act, currently being debated, proposes to integrate several food security schemes in a new legislation.
25. The government’s Tendulka report on poverty estimates the rural poverty rate at 41.8% (Government of India, Planning Commission, Report of the Expert Group to Review the Methodology for Estimation of Poverty, November 2009, p.3). Official poverty headcounts of 28.3% rural and 25.7% urban were previously estimated by the Planning Commission based on estimates of monthly per capita consumption expenditure of 2,400 calories per day for rural areas and 2,100 calories per day for urban areas.


27. According to the draft paper of the Ninth Five-Year Plan, quoted in http://www.empowerpoor.org/background.asp?report=162

28. Bavadam Lyla, ‘No Jobs, No Food’, Frontline, 10-23 April 2010


31. NCRL, National Commission of Rural Labour, Report, New Delhi, 1991

32. Jan Breman, ‘The great transformation in the setting of Asia’, 29 October 2009, lecture at the International Institute of Social Studies of Erasmus University, Rotterdam

33. The ‘Right to Food Campaign’ is an informal network of organisations and individuals committed to the realisation of the Right to Food in India.

34. For more detailed discussion, see MacAuslan I. (2007) ‘India’s National Rural Employment Guarantee Act: A case study for how change happens’, Background paper for Green D. (2008) From Poverty to Power, Oxfam International. Among the restrictive demands favoured by the Finance Ministry, which were overridden, was a clause stating that the guarantee of employment could not be terminated by administrative decree; another that employment would not be restricted to applicants holding Below Poverty Line cards; and one that permitted the arbitrary stoppage of funds to the scheme if there was evidence of corruption (which would surreptitiously incentivise the administrative machinery to not expose corruption). The Rural Development Ministry’s emphasis on implementing the scheme through state bureaucracies was also overruled in favour of panchayats.


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40. Sharma, ‘Punjab farmers reap bitter NREGA harvest, Chandigarh’, Times of India, 13 June 2010

41. The Centre for Social Development conducted a study in tribal dominated districts of Chhattisgarh, Orissa, Jharkhand and Andhra Pradesh and found that out-migration from villages to distant places for manual work has decreased as a result of MGNREGA works. ‘Migration of rural people’, Ministry of Rural Development, 9 August 2010

42. Subrahmaniam, ‘Social and political dividends from NREGA’, The Hindu, 19 October 2009

43. GOI, ‘Average wages paid under MGNREGS’, Ministry of Rural Development, 10 August 2010

44. ‘They don’t see a drought’, Financial Express, 17 August 2009
45. Mukherjee, K. 'Govt to quantify climate benefits from NREGA', Reuters, 29 May 2009; Naqshbandi A., 'Rural job plan a carbon-credit spinner?', Hindustan Times, 15 December 2009

46. The actual number of people who would have worked on worksites, however, would be more than 53 million as there is no restriction on the number of people within a household who can apply for work, the guarantee is valid for each household to collectively receive only 100 days.

47. nrega.nic.in/delivery monitoring unit (DMU) report/ 2009-10

48. After getting clearance from the Law and Finance Ministry, central government on 1 January 2009 issued a notification to effectively freeze the state-wide daily wage of NREGA workers at Rs100. In this context, a working group on NREGA wages set up under the Central Employment Guarantee Council of the Ministry of Rural Development wrote to the ministry in May 2010 about its concerns of the 'overriding of the Minimum Wages Act, 1948', as it had effectively switched from Section 6(2) to Section 6(1) of NREGA as the basis for setting wage rates. They have sought an amendment in NREGA to avoid it from potentially overriding the Minimum Wages Act, 1948. Section 6 (2), which was originally followed, said until a wage rate was fixed by central government in respect of any area in a state, the minimum wage fixed by each state government under Section 3 of the Minimum Wages Act, 1948, for agricultural labourers shall be considered as the wage rate.

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