

ESFIM-MALAWI

General objective: Empowering smallholder farmers in markets

In most developing countries, smallholder farming is important in terms of poverty reduction, food security and wider rural economic development. Their importance derives from their prevalence, their role in agricultural and economic development and the concentration of poverty in rural areas. Most smallholders are vulnerable to economic and climatic shocks and spread their risk by diversifying their sources of livelihood, often including significant off-farm income generating activities. The perceived risk of these future changes is a strong disincentive to investment in agriculture. Investments in alternative crops and entering new markets that may provide them with better prospects can be extremely difficult due to the need for economies of scale. Many countries have a agricultural policy and poverty reduction strategy that explicitly supports the inclusion of smallholders in markets.

In many countries, it is not the policy, as such, but the budgetary, technical and/or administrative implementation of the specific policy that falls short and needs to be adjusted to generate positive impact for smallholders. Policy instruments and institutional arrangements have to be designed and built in a technically feasible and effective way for the objective of poverty reduction and food security to be reached. And learning between countries on the pros and cons of these instruments is key in this innovation and policy design process.

ESFIM's overall objective is to generate demand-driven action research supportive to the policy activities undertaken by farmers' organisations within the IFAP network to strengthen the capacities of smallholder farmers in developing countries to generate remunerative cash income from markets by creating an enabling policy and regulatory environment as well as effective economic organisations and institutions.

Introduction to NASFAM

The National Smallholder Farmers' Association of Malawi (NASFAM) is largest FO in Malawi. Formed in 1997, NASFAM is a farmer-directed business system based on the individual participation of close to 100,000 Malawian smallholders, most of them farming on less than 1 hectare of land

Responsibilities of NASFAM

1. Facilitate ESFIM activities in the country

- Establish a (virtual) meeting of the ESFIM Coordination Team: NFOs , AGRINATURA and (eventually) IFAP (see APPENDIX C) e.g. teleconference
- Review the ESFIM Country Proposal to adjust and adapt it to the current dynamics

2. Organize a ESFIM Country Workshop

- Convoke, organize and report on a workshop that is supportive to the ESFIM activities along the lines of the project proposal developed in the National Workshop in 2008 and/or 2009.

3. Contract and pay a local consultant

- Develop ToR for the case-study research (see APPENDIX B for the first one)
- Facilitate contact between AGRINATURA and the local researcher to review the research methodology and research output
- Report on the activities and deliverables of the consultant to the ESFIM Management Committee (see APPENDIX C)
- Two case studies will be carried out under this
 1. Promote farmer access to quality Market Information Systems
 2. Strengthening and replicating successes of the smallholder seed multiplication industry in Malawi: case study of ASSMAG and ICRISAT smallholder seed multiplication models.

Case study 1: Promote farmer access to quality Market Information Systems (MIS)

Information asymmetry was indicated as one of the major hindrances to market access by smallholder farmers in Malawi. Farmers do not have relevant information to guide their production and marketing decisions. Government efforts in gathering and distribution of market information through its own

establishment under the marketing section and donor supported Farming Early Warning Systems (FEWS-Net) are acknowledged. Mostly MIS are aimed at contributing to improved trade and marketing of agricultural commodities through:

- i. Facilitation of linkages between sellers, buyers, exporters and importers of agricultural commodities.
- ii. Empowering farmers, traders, processors and other market participants with relevant and timely marketing information and intelligence that enhances their bargaining power and competitiveness in the market place; and.
- iii. Provision of transparent and competitive price discovery mechanism.

However, FOs own assessment is that there has been little progress especially for such type of information to get to the farmers in a relevant form, and timely manner in order to facilitate their decision making process. It was reported that smallholder farmers lack information that informs them of the required agricultural commodities by volume, and where demanded, prices being offered and even quality and standards required. This type of information is not usually available to the farmers for their use and to guide their production and marketing decisions.

The Agricultural Commodity Exchange (ACE) and Malawi Agricultural Commodity Exchange (MACE) are some of the well established MIS intended to benefit smallholder farmers. Government also has MIS under the Ministry of Agriculture and Food Security (marketing section). Undoubtedly, utilisation of these MIS by smallholder farmers in Malawi has been with limited success.

1.1 Approach

It is therefore being proposed that a desk review and stakeholder key informant interviews be conducted on MIS initiatives in Malawi (focusing on all existing MIS in Malawi in order to understand causes of market information asymmetry and hindrances to full exploitation of the potential that exist in this area.

More detailed ToR will be developed in a later stage with the ESFIM Country Coordination.

The desk study will also be complimented by exchange visit to one identified country within Africa, where MIS has effectively been utilised by smallholder farmers. The team shall comprise one local researcher, the AGRINATURA researcher and one IFAP local focal point representative (NASFAM or FUM).

The team shall coordinate with CIRAD as part of the ESFIM Comparative Research on MIS.

1.2 Expected outputs

- Report that summarises the potential that exists within the current MIS;
- Highlight major hindrances to full exploitation of the potential within the current MIS;
- Summarises major limitations with the current MIS and suggest ways to improve and make MIS relevant to smallholder farmers' needs;
- Present MIS models that have worked effectively with smallholder farmers elsewhere and identify areas that can be replicated to improve our MIS in Malawi;
- The report will be shared and discussed with IFAP local focal organisations to isolate key areas for policy advocacy and lobbying with Government.

Case study 2: Strengthening and replicating successes of the smallholder seed multiplication industry in Malawi: Case study of ASSMAG and ICRISAT smallholder seed multiplication models

Low smallholder agricultural productivity in Malawi is among others attributed to poor quality seed. Further, progress in crop diversification has stalled in Malawi due in part to lack of quality seed. Most multinational seed producers operating in Malawi have only concentrated on hybrid and OPV maize. Other potential cash and food crops, especially legumes have been ignored leaving farmers with limited option for diversification.

Since most multinational seed companies focus on maize only and not other grains and legumes, any successful smallholder seed multiplication industry is therefore crucial to the production of quality seed of these less prioritised crops and therefore their increased productivity.

Smallholder farmers involved in seed multiplication have had limited success and impact. ICRISAT has been in the forefront involving smallholder farmers in multiplication of groundnuts, sorghum and other pulses.

2.1 ASSMAG model

ASSMAG is the only local farmer organisation that has survived and demonstrated resilience in the seed multiplication industry. A case study will be done on the ASSMAG model in order understand the limitations and opportunities that exist in the seed industry especially for smallholder farmers.

ASSMAG will be studied in terms of its sources of funding, management structure and operations and membership. ASSMAG model will be analysed and compared with other models within the country and the region or beyond. The case study should ultimately highlight weak areas that can be strengthened for maximum impact and areas of strength that can be replicated elsewhere.

2.2 ICRISAT Model

ICRISAT has promoted farmers in research. In Malawi this research based institution has linked farmers to current research in legumes and even some grains like sorghum. ICRISAT is currently conducting research trials on new groundnut varieties with some smallholder farmers. This approach will be studied and identify synergies with the ASSMAG model.

2.3 Proposed approach

Local researchers will do the case studies of ASSMAG and ICRISAT models. Key informant interviews with ASSMAG management team, EU, Irish Aid, GoM, ICRISAT, Seed Traders Association of Malawi (STAM), Chitedze Research Station and other stakeholders including other seed producers will be done. Desk research of other smallholder seed multiplication institutions/farmer organisations outside Malawi will be done in order to provide platform for comparison and learning opportunities. Policies in place to support such farmer organisations in those countries will also be studied. Report will be shared and discussed with IFAP national focal point and AGRINATURA researcher to identify areas for policy advocacy and lobbying.

Two exchange field trips will be done. First trip, a few selected ICRISAT supported farmers will be taken to some identified ASSMAG plots. ASSMAG farmers are already in seed multiplication business and will therefore be good role models. One ICRISAT researcher will be requested to accompany their farmers during this field visit in order to also provide technical support to the already established ASSMAG members.

Second trip, selected Association of Smallholder Seed Multipliers Action Group (ASSMAG) members will be given opportunity of visiting ICRISAT research trial plots. This will be more of a refresher course for the ASSMAG members. In both trips IFAP local focal points and one of the local researchers will accompany the group.

Successful smallholder seed multiplication model in the region will be identified. One local researcher, one ASSMAG member, one NASFAM member and one FUM member will go on study tour to learn from this model.

2.4 Expected outputs

Report that:

- Assesses market and production variables that hinder potential of smallholder seed multiplication (legumes) as viable business for smallholder farmers in Malawi;
- Based on evidence gathered suggest what would make a successful seed multiplication model for smallholder farmers in Malawi;
- What regulatory measures should be considered to protect and promote smallholder seed multiplication in the country;
- Identify other priority areas for policy advocacy and lobbying with Government, aimed at promoting and protecting ethics of the smallholder seed multiplication industry in Malawi.
- The case-studies will also be included in ESFIM comparative research on incentive structures in collective marketing, highlighting effective ways to handle with opportunistic behaviour between members and group