

## Empowering Smallholder Farmers in the Market Malawi Project Proposal

### Summary Sheet

Project Title	Empowering Smallholder Farmers in the Market
Subject of proposal	Research in the areas related to increased market access by smallholder farmers in Malawi
Total project cost	US\$ 68,425, Of which, Administrative costs are 15%.
Project period	Two years
Project submitted to	IFAP
Project submitted by	National Smallholder Farmers Association of Malawi (NASFAM)
Key contact	Betty Chinyamunyamu Director NASFAM Development  Phone: + 265 1 772 866  Cell: +265 888 202 607  Fax: +265 1 770 858 Email: <a href="mailto:bchinyamunyamu@nasfam.org">bchinyamunyamu@nasfam.org</a> <a href="http://www.nasfam.org">www.nasfam.org</a>

## **Empowering Smallholder Farmers in the Market Malawi project proposal**

### **Introduction and rationale**

The International Federation of Agricultural Producers (IFAP) through the Empowerment of Smallholder Farmers in Markets (ESFIM) program has main goal of strengthening the capacities of FOs in developing countries to empower their smallholder farmers members in markets, creating an enabling policy and regulatory environment.

In an effort to develop FO capacity in engaging Government, a number of priority areas critical for smallholder market development were identified at a workshop for IFAP members in Malawi. Identified areas included low capacity of FOs, low productivity, micro-finance-lending, market information system (MIS), quality and standards and value-addition. However, these priority areas were further narrowed down to quality and standards, market information systems (MIS), value-addition and, low productivity focusing on how to enhance smallholder seed industry in Malawi. Choice of these prioritised areas was based on comparative advantage FOs have to easily influence change with a bit of organised lobbying and advocacy. Also, issue of finance needed for the case study was critical in these choices.

The local researchers were then engaged under direct supervision of NASFAM to come up with case study proposals that will bring information to be used by FOs assisted by IFAP for policy advocacy and lobbying in the identified areas. Three case studies on MIS, low productivity (smallholder seed multiplication industry) and, quality and standards are identified case studies based on desk research and key informant interviews. While an action research on value-adding is based on demonstrating positive impact of investing in aflatoxin reducing methods, well graded groundnuts on market access or increase unit price of groundnuts. Action research is aimed at building value for money case for investment.

## **Case study 1:**

### **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.

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 and one IFAP local focal point representative (NASFAM or FUM).

## **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**

### **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.

### **2.1.1 This case study will concentrate on answering the following questions:**

- Who are its members and selection criteria of membership? Characteristic of the members will be sought and categorised by wealth ranking if possible.
- What has been the impact of this FO in relation to its mandate i.e., seed multiplication and distribution in the country?
- Seed certification among smallholder seed multipliers
- What are the major production and marketing limitations faced by members in the smallholder seed multiplication industry?
- Has ASSMAG been able to tender and win large scale seed supply contracts and, if so, has it been able to honour its contracts?
- What are the main problems limiting ASSMAGs impact?
- What are the funding methods of this organisation and limitations/strengths of such funding methods with regard to financial sustainability?
- How has ASSMAG relied on its members to fund some of its activities?
- What role has Government and donors played to support this organisation?
- How different is the ASSMAG model from other models such as ICRISAT /smallholder seed multiplication strategies?
- How can successes of ASSMAG be replicated?
- What are the potential areas of policy advocacy and lobbying?

## **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 ECART 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.

### **Case study 3**

#### **3 Quality and standards: linking MBS to smallholder farmers in Malawi**

Quality and standards is one key area that is crucial to smallholder farmers accessing markets and also with a lot of value adding potential. While smallholder farmers might have knowledge of the potential impact if they engaged in improving quality and standards of their commodities, their actual involvement is limited by a number of factors. Some of these factors include domestic market which is largely unexploited for such crops as groundnuts is not quite sensitive to quality and standard issues. In other words, it does not pay back enough if smallholder farmers engage in improving quality and standards for their commodities, especially on the domestic markets. Importantly also, smallholder producers are quite unaware of the value addition through quality and standards especially for those markets that are quite sensitive to these issues. A third and equally important hindrance is unaffordable commercial rates charged by the MBS for the smallholder farmers. Lack of accreditation is a serious problem with MBS and quite a limitation to Malawian exporters.

All identified problems faced by both smallholder farmers on quality and standards and MBS will be documented, analysed how the weak position of MBS limit Malawian traders access lucrative world markets. Limitations will be categorised for strategic lobbying accordingly i.e., legal framework, issues of accreditation, access to MBS services, equipment and human resource, inter alia.

##### **3.1 Approach**

Desk research to summarise key issues on quality and standards confined, to current legal environment on domestic market, MBS capacity and performance, producers and consumers knowledge and perceptions. To have understanding of MBS capacity issues and involvement with smallholder farmers, we propose a field trip to Malawi Bureau of Standards (MBS) by one member of NASFAM, one member of FUM and two local researchers. External trip to one identified country with successful Bureau of Standards and smallholder farmer links (one member from NASFAM or FUM and one local researcher and one MBS staff).

##### **3.2 Expected outputs**

Report that:

- Provide an independent assessment of smallholder farmers' knowledge on quality and standards and how it influences their decisions to access services from relevant service providers such as MBS.
- Provide an assessment of perception of buyers and producers on value-adding due to quality and standards;

- Assess availability and adequacy of available (if any) legal environment and enforcing mechanism in place regarding quality and standards on domestic market;
- Assess the limitations faced by smallholder farmers in accessing MBS services;
- Independently make an assessment of the challenges faced by the MBS in meeting the demand regarding quality and standards for both the domestic and export markets (choose particular crop for easy demonstration);
- Assess MBS capacity in terms of equipment, human resource and financing and how these affect delivery of key services to FOs.
- Using other workable models in the region, suggest ways to facilitate links between MBS and FOs to benefit the smallholder farmers;
- Identify potential areas for policy advocacy and lobbying related to quality and standards.
- Lobby GoM using relevant information generated through the case study on quality and standards.

#### **Case study 4**

#### **4 Action Research on impact of reducing levels of aflatoxin on groundnuts sales volume/exports**

This action research is based on studying interventions to reduce aflatoxin levels with main goal to increase market access for smallholder groundnuts. High aflatoxin levels recorded in smallholder groundnuts has been major hindrance to penetration and establishment of a reliable export market. For example, NASFAM has in the past suffered x% rejection rate at the world market due to high level of aflatoxin. In efforts to improve quality and standards of smallholder groundnut export, NASFAM and ICRISAT acquired a testing machine for aflatoxin. It is important to validate whether indeed reducing aflatoxin levels in Malawian smallholder groundnuts has or will translate into increased market access/increased sales volume (domestic/exports). Information generated will be used to lobby government by demonstrating to government that there is increased value for money by investing in this area.

## 4.1 Approach

**We propose an action research where some groups of groundnut farmers will be identified and assisted through the project to have their groundnuts tested for aflatoxin.** These farmers will also be trained by ICRISAT on post harvest handling to reduce aflatoxin levels. Groundnuts sales performance in terms of unit price, change in percentage of aflatoxin cases among smallholder farmers and changes in rejection rate before and after intervention will be tracked to down for the involved groups. The action research is aimed at initiating an evidenced based policy advocacy.

## 4.2 Expected outputs

Report with:

- Relevant information that validates suggestions that testing and other post harvest handling training indeed reduce level of aflatoxin among smallholder groundnuts.
- Evidence that reducing levels of aflatoxin to acceptable threshold indeed translate either in increased market access or increased unit price of groundnut.
- Strategies to build FO capacity of frontline staff in the process.
- Relevant information to practically demonstrate value for money in advocacy and lobbying GoM to invest in this area.

Result Matrix for action research on aflatoxin

Strategic Objective	Final outcome indicator	Current Status (2009)	Target (2011)	Intermediate outcome indicator	Current Status (2009)	Target (2011)	Action	Responsible Institution	Output Indicator	Current situation (2009)	Target (2011)
Increase smallholder agricultural commodity that meet quality and standards of export markets	Average agricultural smallholder exports increased (by commodity-groundnut) (USD)			% farmers' groundnut exports meeting std			Strengthen technical capacity of FO	NASFAM, FUM and ICRISAT	Number of farmers used as group for aflatoxin testing	X	(X+)
	Groundnut								% of aflatoxin cases identified	X%	-(X)%
				% farmers well trained in post harvest handling and storage			Strengthen capacity of FO staff in post-harvest handling		Number of FO staff trained in post harvest handling of groundnuts		
									Number of FO members trained in quality control: post harvest handling and storage, grading techniques		

							Promote agribusiness skills		Number of FO frontline staff trained in agribusiness and financial management		
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## 5 Financial Proposal

Case study	Activities involvement	Cost (US\$)
Case study 1 MIS	Desk research Local travel External travel (1 researcher+ NASFAM /or FUM) Local researcher profession fees	2500 2500 3000 3000 <b>12,000</b>
Case study 2 Seed multiplication- ASSMAG	Desk research Domestic travel (educational tour) External travel Local researcher profession fees	2500 3600 2000 3500 <b>14,000</b>
Case study 3 Action research— aflatoxin evidence building	Desk research Aflatoxin testing expenditures Capacity building training Local researchers profession fees	2500 8000 5000 5000 <b>20,500</b>
Case study 4 Quality & standards--MBS	Desk research +primary data collection Local travel +hire External travel (3 pple) Local researcher profession fees	2500 3200 3700 3600 <b>13,000</b>
	Total Administrative costs (15%)	<b>59,500</b> 8,925
	Grand Total	<b>68,425</b>

### Time Frame

All case studies will run for two years generating information through the various proposed approaches that are unique for each case study, synthesising the information into reports, isolating issues for advocacy from each case study for the intended prioritised areas.

Actual schedules (calendars) for running the case studies will be agreed with the key stakeholders, National Focal Point (NASFAM) and the local researchers.