

A WORKSHOP ON 'EMPOWERING SMALLHOLDER FARMERS' IN MARKETS' HELD ON 13TH AND 14TH JANUARY 2009 AT CROSSROADS HOTEL, LILONGWE, MALAWI

INTRODUCTION

The workshop was held under the auspices of The National Smallholder Farmers' Association of Malawi (NASFAM) and The International Federation of Agricultural Producers (IFAP). The workshop's objective was to highlight key issues negatively impacting on Malawi's smallholder farmers in accessing markets both within and outside Malawi. Armed with this information and a national proposal, IFAP along with Malawi's FOs, would set up a common platform from which to lobby the Government of Malawi and bilateral and multilateral donors to clear such obstacles that confronted its members.

PRE-WORKSHOP

As part of the workshop process, it had been agreed that the IFAP Regional Coordinator and ECART Researcher, Mr. Bader Mahaman Dioula and Ms. Ruth Butterworth, respectively, would meet up with the 2 local consultants and the National Farmers' Organisation representative, Ms. Betty Chinyamunyamu (Director, NASFAM Development), on the afternoon of 12th January. This was duly realised when we met at the NASFAM office at 1530 hours that day. The NASFAM Board chairlady Ms. Alice Kachere and the appointed moderator of the workshop, Mr. Prince Kapondamgaga also joined us.

The purpose of the meeting was for us to acquaint ourselves with each other and iron out any 'last minute' housekeeping issues. We spent about 2 hours together. During that period we discussed, mainly, the draft agenda and also some issues that emanated from the consultants' interviews (Preliminary Studies- **see Annex 1**) of Farmers' Organisations and other key stakeholders. The moderator also clarified his role for the next 2 days.

THE WORKSHOP – DAY 1 (13TH JANUARY 2009)

REGISTRATION, INTRODUCTIONS AND OPENING REMARKS

The workshop sponsored by IFAP began at 0900 hours, after **registration** of participants (see **Annex 1A**) by Debbie Kamberengende of NASFAM.

Proceedings were begun with a prayer.

Mr Prince Kapondamgaga, the appointed moderator for the workshop, mentioned that IFAP and NASFAM had invited various players in Malawi's diverse agricultural industry to this workshop.

All participants then **introduced** themselves after which the Chief Executive Officer (CEO) of NASFAM was requested to introduce the 'top table', which included the Guest of Honour, Mr James Mussa, Director of Land Resources at the Ministry of Agriculture and Food Security.

Ms Alice Kachere, chairlady of NASFAM's Board of Directors, then began her **welcome remarks (See Annex 2)**. She mentioned that farmers are at the mercy of traders. The traders monopolise, dominate price setting and force farmers to sell at low prices. She highlighted that NASFAM has increased its revenue from US\$ 15m to 18m in the past 3 years. She mentioned that the ESFIM program will help farmers access markets along with appropriate investments and all present must participate actively at this workshop. She thanked the Ministry of Agriculture and Food Security (MoAFS) representative for being the Guest of Honour and looked forward to their support. Finally she hoped everyone present would have good and fruitful discussions at the workshop.

The moderator explained the Empowering Smallholder Farmers In Markets (ESFIM) program to the participants. He also mentioned that NASFAM and Farmers Union of Malawi (FUM) are IFAP members.

The **Guest of Honour** then addressed the participants. He explained that the Principal Secretary had to travel to the southern region on business. The Principal Secretary II also could not attend and had requested Mr Mussa to represent her instead. He welcomed the visitors from IFAP and ECART to Malawi, the Warm Heart of Africa, and also the others present. He had a special word for those who work in the agriculture sector in Malawi. It is the most important sector as it contributes 40% towards Malawi's Gross Domestic Product (GDP).

He went on to say that the agriculture sector consisted of the estate and smallholder sectors. The smallholders' contribution is huge despite their plot sizes being around 1 ha while there are a significant number whose plot sizes are less than 0.2 ha. Their production is low.

The Food and Agriculture Organisation (FAO) mention potential Maize yields of 8.6 MT/ha. Malawi's smallholders only produce 1.2 MT/ha which compares quite poorly with that standard. Issues such as lack of crop inputs, inadequate extension services, low literacy levels and poor post-harvest handling contribute to such poor yields. He said that Malawi's post-harvest losses amount to levels of almost 40% of the harvest!

The Government of Malawi (GoM) is commercialising agriculture in the country and farmers are being encouraged to treat farming as a business. Such factors have indicated an upward trend in Malawi's production in recent times, despite Maize yields being only 1.2 MT/ha (previously 0.8).

Smallholders in Malawi grow many crops such as Soya bean, Groundnuts, Malawi Birds Eye Chillies and Paprika. However access to markets is insignificant. When asked, smallholder farmers say that it is only GoM or NASFAM that can help them. Markets are not always 'reachable' and the prices offered are poor. Circumstances are so dire that smallholders sometimes barter their produce for groceries at terms unfavourable to them! Therefore this initiative by IFAP is most welcome! He hoped that all present would contribute effectively at this workshop and make it a success. Each of us has a role to play in the industry.

He did not want the participants to forget livestock. This sub sector is not as developed as crops. He reminded us that when we go to a restaurant we first order our meats before the vegetable and the rice or nsima! The Agricultural Development Program (ADP) has focused on livestock as well.

Growing trees is also a must! Natural Resources Management (NRM) must be practised. Currently our soils are significantly degraded and the nutrient content is low.

With those remarks, he **declared the workshop open!**

WORKSHOP OBJECTIVES AND ESFIM

Ruth Butterworth then **presented the workshop objectives and an overview of the ESFIM program.**

Her presentation (see **Annex 3**) was distributed. Ruth works at the Natural Resources Institute, which is a member of ECART. ECART is in partnership with IFAP. ECART is a consortium of research organisations involved on this project. Phase 1 of ESFIM will look at market access issues. AgriCord is funding this first phase of 3 phases, and the project is expected to be completed between now and 2011. Phase 1 is collaborative research and will culminate with a farmer-driven national proposal being presented by Malawi and is a participatory process; phase 2 will have comparative research and phase 3 – learning through action.

OBJECTIVES

- Identify and rank key constraints and bottlenecks,
- Identify entry points for action to remove bottlenecks,
- Role of Farmer Organisations (FO) in removing such bottlenecks,
- Evaluate need for research into bottlenecks.

The moderator then went through the agenda (See **Annex 4**) with the participants.

Thereafter the participants broke up for a **group photograph and Tea.**

FARMER ORGANISATION AND STAKEHOLDER PRESENTATIONS

On resumption, **NASFAM Commercial** made its presentation (See **Annex 5**). Mr Alexander Chikapula, who is the Commercial Manager of that organisation, presented the paper and began by providing background information on how NASFAM began its operations. He explained NASFAM's corporate and field structures and their respective functions.

NASFAM has already embarked on value addition and its members' rice and groundnuts are on supermarket shelves in Malawi. Some of their produce is also exported in both primary and value added form. It also obtained Fair Trade certification for Groundnuts.

Mr Chikapula went on to mention that high finance, processing and transport costs along with meeting the stringent quality standards in developed markets as some of the challenges it faces.

That presentation was followed by that of **Ngolowindo** (See **Annex 6**); Ms Butao made the presentation.

Among other matters, Ngolowindo, informed us that it has many buyers interested in its members' produce but only one (Salima District Hospital) has a written contract with them. It was also mentioned that it had learnt that transparency and accountability were a must in business operations.

The **Grain Traders & Processors Association (GTPA)** then made its presentation (see **Annex 7**). GTPA mentioned that it has regular dialogue with GoM and donors. Maize is its major commodity and GoM is the largest buyer. Successes to date have been the feasibility study it did on the warehouse receipts system and its lobbying activities.

Some of its challenges are that:

- Trader members are not encouraged by GoM's interventions,
- There is inadequate dialogue between GOM and traders,
- GTPA's secretariat is overstretched.

Mr Brian Namata of the **Kasinthula Cane Growers' Association** was the next person to make a presentation (see **Annex 8**).

After presenting us the background and the role of the Shire Valley Cane Growers' Trust, he discussed the implications of the Cane supply agreement on its members. The shortcomings of that agreement are that it is not flexible enough, members do not understand the revenue formula and they do not benefit from foreign exchange gains.

The association was Malawi's first participant in the Fair Trade market.

Mr Namata was of the view that there must be a national policy on contract farming.

At the end of the presentation, the moderator invited a few other participants to make presentations as well, due to some time savings made.

Mr Peter Njhiko of the **Coffee Association of Malawi** began his presentation and informed us that their smallholders are located mainly in the north of the country. The association's smallholders produce 400 MT out of Malawi's total production of 2,500 MT. They grow an organic crop whose cost of production is very high.

Some of the challenges facing his members are that:

- The time gap between export and payment to members is quite long,
- Required crop inputs are quite expensive,
- Unlike the Tea Association, the association does not have the support of a Research Institute,

- Diseases are imported when uncertified crop inputs such as seed are imported.

He also mentioned that the association is getting close to becoming Fair Trade certified.

The next speaker was Mr Richard Kachule of the **Centre for Agriculture Research and Development (CARD)** located at Bunda College of Agriculture.

He mentioned that they were also known as the Agriculture Policy Research Unit (APRU). His unit also includes the Agriculture Policy Analysis Training Unit, funded by the World Bank.

CARD's mandate is to carry out independent research on policy issues for GoM and the private sector in Malawi. Such research includes:

- Agriculture trade and marketing,
- Food security,
- Natural resources and environment,
- Bio fuels and climate change.

Such research is done in collaboration with foreign and local institutions while planning is done together with stakeholders. Their facilities include housing for trainees when they are hosted for various courses and a good computer network which is utilised for training and data processing.

CARD's notable successes are:

- An investigation on Informal Cross Border Trade,
- Best modalities of implementing a subsidy program,
- Training of research personnel in private and NGO sectors.

CARD's main constraint is funding while not all recommendations are palatable to their clients. The more bitter recommendations tend to be ignored and consigned to limbo!

Mr Steven Gondwe of **Malawi Bureau of Standards (MBS)**, the next speaker, introduced his organisation and mentioned that the relevant legislation for that organisation were the MBS Act and Weights and Measures Act. MBS does certification of both products and processes. He mentioned that all organisations and the public, in general, must espouse the causes of standards and certification.

MBS's challenges includes:

- High staff turnover,
- Defective equipment, and
- Relevant legal Acts not in tandem with current trends.

The **Agricultural Commodity Exchange for Africa (ACE)** was represented by Mr Ian Goggin. ACE has members from South Africa, Zambia and Zimbabwe in addition, of course, to Malawi.

ACE was set up in Sept. 2004. It needs support from its members to reach out to the markets but that is lacking. USAID had stopped funding its operations last year.

A Warehouse receipts program could be beneficial to Malawi. The cost of doing business in agriculture is costly in Malawi.

Seed varieties available in Malawi need to be improved. Market information is key but so is its timing and reliability. ACE has 14 contracts with the required quality standards attached. The agriculture industry requires a common set of standards.

Contract farming is necessary for farmers.

The pre-lunch presentations had now been completed. The moderator, being the Executive Director of Farmers Union of Malawi (FUM), mentioned that FUM was the lobbying vehicle and worked closely with NASFAM in this regard. It also carried out research on various aspects of agriculture.

The moderator then asked the participants for their reaction to the presentations and the issues that emerged.

- a) It was clear that there was inadequate coordination pertaining to most agricultural issues related to smallholder farmers. It was also noted that lobbying, as a team, will be more helpful.
- b) It was suggested that MBS should fast track its certification process, to be ready for the imminent implementation of SADC and COMESA protocols.

After a one-hour break for lunch the consultants made their presentation (see Annex 9). Heshan Peiris, highlighted Emerging Issues based on the Preliminary Interviews that Dr Nakhumwa and he had had with FO s and other stakeholders. It was noted that the morning's presenters had already highlighted some of the issues. This presentation was to be the beginning of the participatory process of highlighting significant market access issues, at this workshop.

GTPA mentioned that the consultants had excluded Traders in the Preliminary Study interviews. Heshan mentioned that it was mainly due to the short time that was available to them.

Participants noted that quality is key to ESFIM and that issues must be addressed holistically, rather than on a piecemeal basis.

GROUP WORK – EMERGING ISSUES

Participants were asked to write down 3 main ‘bottlenecks’ that they all felt were hindering smallholder farmer access to markets. The issues were categorised into 9 common thematic areas. The themes were:

- Coordination,
- Quality and standards,
- Policy and regulation,
- Capacity building,
- Value addition,
- Marketing infrastructure,
- Cost of production,
- Low capacity of FO s,
- Technology.

Participants were placed in 3 groups. Each group had to choose 5 key themes, which hindered market access.

After 45 minutes the groups returned and a summary of their presentations were as follows:

Coordination

1. Lack of coordination among farmer organisations
2. Limited coordination by different stakeholders
3. Coordination and participation of smallholder farmers in trade and market issues
4. Need for holistic approach
5. Need for an integrated approach which recognises linkages / interactions between the different issues (holistic approach)
6. Poor coordination among all stakeholders involved in smallholder marketing
7. Agricultural industry needs to work together

Policy

1. Forex policy
2. Unpredictable government interventions on policy affecting agricultural produce
3. Lack of consultation on policy by the government
4. Government policies and policy interventions
5. Policy and regulation on crops
6. No deliberate efforts to support the small farmer
7. Policy and regulatory mechanisms
8. Poor commitment by the government to implement enabling policies
9. Issues of side selling
10. Lack of national contract farming policy

Quality and standards

1. Lack of value addition of farm produce
2. Lack of good standards inhibits market development
3. Quality and standards (non-compliance)

4. Quality control and standards
5. Seed propagation and varietal improvements R & D needed
6. Quality standards need to be common
7. Improved quality product
8. Lack of grades and standards
9. Lack of accreditation of MBS

Capacity Building

1. Strengthening organisational capacity
2. Lack of general good agricultural practices from extension workers
3. Lack of national farmer associations that could lobby and influence policies and markets
4. Low level of output by individual producers and lack of collaborative action to achieve larger, combined volumes
5. Technical expertise / lack of understanding of issues (literacy as well) – issues of quality and standards
6. Lack of funds
7. Poor capacity of smallholder farmers to advocate for the issues affecting them
8. Lack of regulation guiding the marketing of most commodities
9. Limited farmer capacity - marketing – capital base
10. Lack of capacity – production technical skills, negotiation skills, financial skills
11. Smallholder farmers' capacity to produce

Cost of Production / cost of finance

1. Availability of/ expensive finance to buy member produce
2. Lack and cost of financing
3. Cost of production (inputs + packaging + transport)
4. Farm inputs are very expensive. Smallholder farmers failed to buy it in order to have quality

Value Adding

1. Value addition issue a must

Market Information

1. Need for market intelligence to help determine the best crop to grow
2. There are no consistent and guaranteed markets for crops. This demoralises a lot of smallholder farmers
3. Poor infrastructure e.g. roads
4. Transparency in markets need to be encouraged and developed
5. Storage and other marketing related infrastructure
6. Lack of infrastructure that could enhance marketing activities
7. Market tools such as warehouse receipts need to be introduced urgently
8. Lack / limited market information

Technology

1. Lack of technology

Following the above summarised group presentations in a plenary session, participants were requested to list the top 5 issues from the combined group selection.

During this session Mr Jack Wilkinson, the former President of IFAP and champion of ESFIM, arrived. While he participated in the proceedings his address to the workshop would take place on Day 2.

The moderator concluded the day's proceedings by announcing that Day 2 would commence with Jack Wilkinson's address followed by a Summary of proceedings of Day 1.

THE WORKSHOP – DAY 2 (14TH JANUARY 2009)

The day's proceedings were begun with a prayer.

Mr. Jack Wilkinson began by saying that he wanted Africa's light to shine bright! The new President of IFAP makes him work hard for ESFIM. IFAP members' fees had increased significantly in the past 3 years. Two thirds of IFAP members are from developing countries. However that income was inadequate for programs like ESFIM. When funds stop, projects grind to a halt. AgriCord had agreed to fund ESFIM for the next 3 years.

Many developing countries are green but are not that productive. Some contributory reasons are lack of technical knowledge and education. He said that IFAP works directly with FO s. The FO s design research priorities. If The International Fund for Agricultural Development (IFAD) appreciates the approach taken and progress made by ESFIM, it might have a positive effect on the US\$ 500m IFAD spends annually, to ESFIM's benefit.

Canada was 'bush' 100 years ago and the government did not provide any handouts. Farmers became organised and built their own telephone system and credit unions. It was not easy. He said that farmers need to take action and get down to work on their own priorities.

In Canada, smallholders and commercial farmers do not have separate marketing systems. He wanted the participants to think about that. Farmers need to be strategic. Governments will come and go but farmers have to move on with life and business. He wished the participants and farmers good luck.

The moderator thanked Jack for his words of encouragement and then presented his **summary** (see **Annex 10**) of Day 1.

Ms Ruth Butterworth prepared a table of ranked issues and the result emerged as follows:

	Group 1	Group 2	Group 3	Total
Policy and regulation	*****	*****	*****	15
Capacity building	****	**	***	9
Quality and standard	***		****	7
Market infrastructure	**	****	*	7
Coordination		***	**	5
Value addition	*			1
High cost of production		*		1

Ranking Key: 5* = 1st; 4* = 2nd; 3*=3rd; 2*=4th; 1*=5th

Participants agreed on:

- Policy and regulation, and
- Capacity building as the first 2 issues.
- Quality and standards tied with Marketing infrastructure – Marketing infrastructure was selected as number 3.

There was a debate on if the workshop should restrict itself to 3 or 4 issues because of the importance of quality and standards. It was noted that quality and standards is a cross cutting issue and so would be some of the others.

Groups needed to decide on key activities for each issue. The 3 groups reassembled to come up with research recommendations (**action proposals**) for each issue.

When the groups came back together the following was presented:

Key issues	Group 1	Group 2	Group 3	Common Issues
Policy and regulation	<ul style="list-style-type: none"> - Lack of contract farming policy (cotton, tobacco, maize and paprika) - Forex policy management and its impact on agricultural development - An integrated advisory committee on policy issues (formulation, implementation, monitoring etc) - Policy on banking services targeting the rural sector - “Best-Buy Malawian” policy 	<ul style="list-style-type: none"> - What policies and regulations are there? - Consultative policy development - Policy implementation 	<ul style="list-style-type: none"> - Extension services - Access to finance and business services - Participatory policy development / formulation 	<ul style="list-style-type: none"> - Participatory policy development / formulation and implementation - Access to finance - Forex policy management and its impact on agricultural development - “Best-Buy Malawian” policy - Extension Service
Capacity building	<ul style="list-style-type: none"> - Improving productivity and quality extension services - Improving capacity of farmer organisations for sustainability - Improving farmer skills on policy analysis, lobbying and advocacy 	<p>Specific for farmers</p> <ul style="list-style-type: none"> - improve productivity - access to finance and other services - access to information on market and standards - negotiation skills for markets - value addition - access to mechanisation 	<ul style="list-style-type: none"> - Quality and standards - Productivity and production - Extension services - Policy analyses and advocacy skills for farmers and their organisations - Access to finance and business services - Post-harvest handling - Value addition 	<ul style="list-style-type: none"> - Improving productivity and quality extension services - Improving capacity of farmer organisations for sustainability - Improving farmer skills on policy analysis, lobbying and advocacy / negotiation

Key issues	Group 1	Group 2	Group 3	Common Issues
		Specific for FO <ul style="list-style-type: none"> - leadership – corporate governance, visioning, strategic planning etc - sense of ownership and responsibility towards the organisation - technical skills 		<ul style="list-style-type: none"> - Access to finance, business services, market information and standards - Post harvest handling / Value addition capacity building - Capacity for coordination
Market Infrastructure	<ul style="list-style-type: none"> - The possibility of independent unit to undertake market information systems (e.g. crop production estimates, prices) - Possibility of developing and management of village grain banks and WRs favourable for smallholder farmers - Improve the energy supply through renewable energies - Develop cold chain management for horticulture - Develop a best model for public-private partnership arrangements 	<ul style="list-style-type: none"> - Market intelligence systems - Tools for marketing (grain banks, WRs etc) - Value addition - Standards and certification skills - Access to finance 	<ul style="list-style-type: none"> - Transparency - Quality and standards - Coordination - Access to Market Information systems and intelligence - Access to finance and business services - Market tools - Transport and communication - Storage and bulking 	<ul style="list-style-type: none"> - Access to finance and business services - Access to Market Information systems and intelligence and possibility of independent unit - Developing and managing tools for marketing (grain banks, WRs, storage and bulking etc) - Value addition & Standards and certification skills - Improve the energy supply through renewable energies - Develop cold chain management for horticulture - Develop a best model

Key issues	Group 1	Group 2	Group 3	Common Issues
	-Moving beyond research recommendations to policy actions			for public-private partnership arrangements - Transport and communication

Ms Ruth Butterworth prepared a presentation that summarised the 3 groups' findings. There was a need to identify the most important of these issues. 5 issues needed to be prioritised.

After lunch the prioritisation process took place

Areas of focus	Issues	Group 1	Group 2	Group 3	Total	Rank
Policy and Regulation	Participatory policy development / formulation and implementation	*****	*****	*****	15	1
Capacity Building	Improving capacity of farmer organisations for sustainability		***		3	4
	Post harvest handling / Value addition capacity building			**	2	5
	Improving farmer skills on policy analysis, lobbying and advocacy / negotiation	**			2	5
	Improving productivity and quality extension services		*		1	6
Market Infrastructure	Developing and managing tools for marketing (grain banks, WRs, storage and bulking etc)	*****	**	***	9	2
	Access to finance and business services		****	****	8	3
	Access to Market Information Systems and intelligence and possibility of independent unit	***			3	4
	Develop a best model for public-private partnership arrangements	*			1	6
	Improve the energy supply through renewable energies			*	1	6

Ranking Key: 5* = 1st; 4* = 2nd; 3*=3rd; 2*=4th; 1*=5

Due to lack of time, the ESFIM coordination team were assigned the task of finalising the 3 items to be prioritised. Feedback will be given to all participants.

The moderator gave out a workshop evaluation form (see **Annex 11** for results) for participants to give their comments. Thereafter the **closing remarks** began.

Mr Jack Wilkinson stated that the follow up documentation must be properly done so that effective lobbying can be done. It's upto us to make it better for the farmer. Bader or he should be kept abreast of any problems that may arise. IFAP will also follow up.

Thereafter the CEO of NASFAM spoke. He thanked all present for open and frank discussions and constructive participation. There was a lot of passion on display. We all want to improve the lot of farmers.

Grouping and prioritisation was not easy but was done. Coordination – we need to do that ourselves and follow up and implement.

Finally he thanked IFAP for their guidance. The next time , we need to talk of different issues and progress on these issues. There must be relevant action taken by the right people at the right time.

With those remarks the moderator closed the workshop with a prayer, at 1440 hours. Ms Chinyamunyamu thanked the moderator for a job well done.

POST-WORKSHOP (COORDINATION TEAM)

The coordination team met at 0830 hours on 15th January 2009 and had its wrap up meeting.

The following were present:

- Prince Kapondamgaga
- Betty Chinyamunyamu
- Jack Wilkinson
- Bader Mahaman Dioula
- Heshan Peiris
- Ruth Butterworth, and
- Ted Nakhumwa

The coordination team was assured that the consultants would have the workshop report finalised by 30th January 2009.

The Country Study paper and draft national proposal must be done by 7th February 2009.

Participants discussed the three areas that had been ranked for research as part of the national proposal. The three areas are:

- Policy and regulation
- Capacity building, and
- Market infrastructure.

It was noted that not enough was done on policy formulation at the workshop and that policy issues must all be related to market access. It was also noted that FOs need to build capacity at grass roots level. Such capacity building must involve multi-skilling of FO front line staff and strengthening of governance structures. The reasons for low productivity must also be addressed under capacity building. Availability of micro finance and the ability to access the same should also be addressed.

Agricultural finance, utilisation of credit unions, banks in rural areas are aspects that must be covered under Access to finance.

Under marketing tools, quality and standards must focus on domestic and international markets as regards smallholder output.

It was agreed that the areas to be researched are:

- Market Information
- Quality and standards, and
- Access to finance.

Finally it was agreed that the proposal would concentrate on market information and access to finance – whether these would be commodity specific or general needs to be decided.

The wrap up meeting closed at 1045 hours.