



# Role of Agribusiness Organizations on Smallholder Farmers in Malawi

Case Study - NASFAM

by Wycliffe H Kumwenda\*

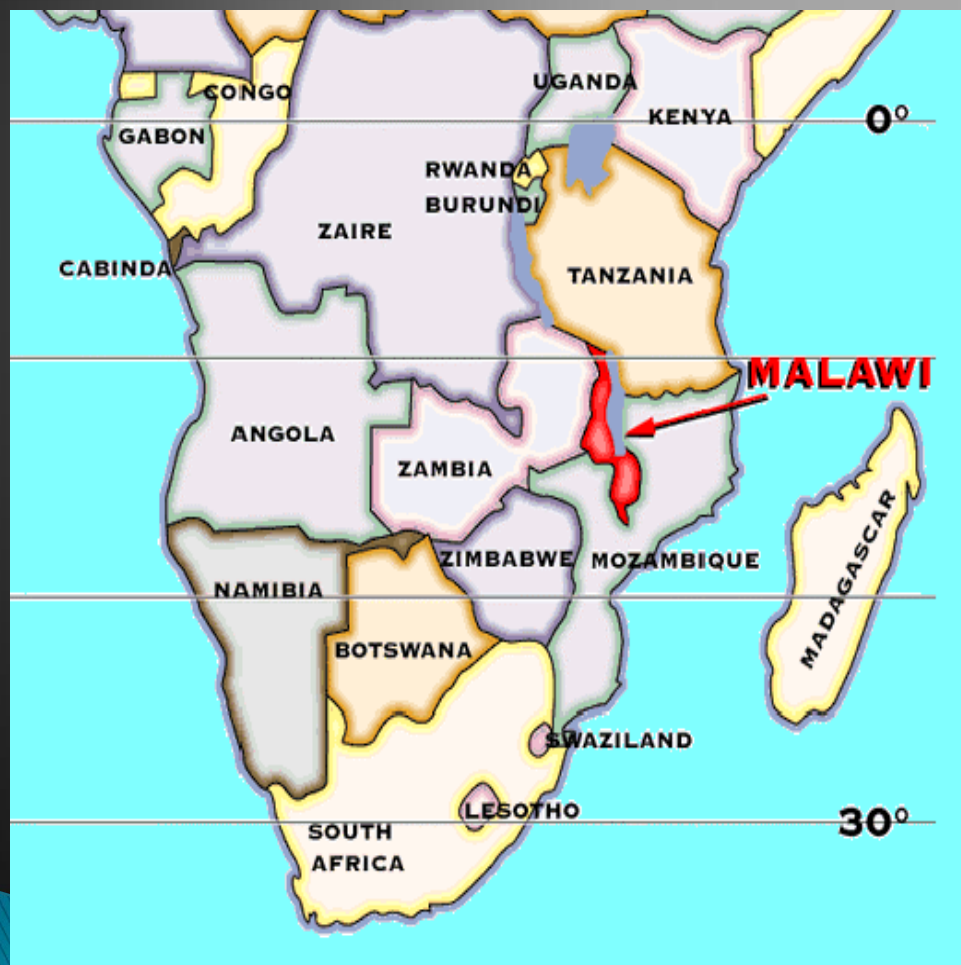
&

Allen Wysocki\*\*

# Objective of the presentation

To share on how agribusiness organizations (NASFAM) address smallholder farmers' challenges in Malawi

# Introduction to Malawi



- Population: 14 million(2008 )
  - Densely populated -200people/sq Km
  - Population growth: 3%
  - Rural population: 86%
  - Pop. below poverty line(US\$1/day): 52%
  - Economy: 166 of 178 countries
  - HIV/AIDS prevalence: 12%
  - Life Expectancy: 43 years
- Agricultural sector:**
- 75% of the labor force
  - 30 - 40% of GDP
  - 90% of foreign export earnings
  - 65% of raw material for industry

# Malawi's Agriculture Sector

**Estate Sector**

**Smallholder Sector**

Differentiated based on: legality, land-tenure, type and purpose of crops grown and marketing arrangements.



# Smallholder Farming in Malawi



- Average farm size - 1 hectare; with the hand hoe as the main tool
- Employs 80% of the population
- Accounts for more than 85 % of agricultural production
- Primarily subsistence farming
- Main food crop is corn(maize – Zea mais), supplemented by rice, cassava, sorghum, pulses and sweet potatoes

# Challenges for Smallholders

- Lack of access to markets
- Limited access to credit and high interest rates
- Limited access to inputs, particularly certified quality seed
- Weak bargaining power and low product prices
- Lack of voice to defend smallholder social and economic interests
- Insufficient access to technology, equipment and knowledge
- Weak institutional linkages and extension structure
- HIV/AIDS and women exclusion



# The NASFAM System

- NASFAM - the largest, democratic, non religious, non political and independent smallholder organisation in Malawi.
- USAID provided funding for inception
- Steered to sustainability by John Engle
- 108,000 members in 38 associations
- Founded on the principles of collective action and is democratically governed by its members



## NASFAM's Key Result Areas (6)

- Increased commercial revenues and profit
- Improved crop quality and quantity
- Enhanced Association performance
- Expanded member livelihoods
- Expanded influence on policy
- Enhanced system performance



# NASFAM Membership

## A NASFAMer is typical of smallholders in Malawi

- They farm on less than 1 ha of land to support an average family size of 6 people
- They grow 60% cash crops, 40% food crops
- Members are both sex
- Membership: 18,000(1997)  
108,000(2009)





# NASFAM Programs

- Capacity Building

- Crop Production & marketing

- Farm Supply Shops\*

- Policy and Advocacy

- Information & Communication\*

- Food Security\*

- HIV/Aids & Gender Integration

- Adult Literacy/Numeracy\*

- Linkages to Service Providers

- Rural Infrastructure Development

# Gender and HIV/AIDS Programme

## Participation of women:

- 36% of membership
- 31% of Association Committee members
- 38% of NASFAM Board members (directors) including the Chairperson

- Works to address the impact of HIV and AIDS on the farmer members through interventions such as;
- Training and awareness raising on HIV/AIDS
- Impact mitigation projects for infected and affected households
- Training in nutrition and Permaculture



# NASFAM Infrastructure Program

## Association Offices:

Sponsorship started with DANIDA now later by NORAD

- 20 offices

## Marketing Centers:

Through EU sponsorship has built:-

- 10 market centers

## Warehouses:

Through NORAD & USAID Sponsorship:-

- 3 field warehouses

## Feeder Roads Improvement

- Through EU

# Policy and Advocacy Programme

- NASFAM is the voice of smallholder farmer
- Lobbying Government on their behalf by improving smallholder capacity to make direct impact and
- Contributions to policies and programs that affect their livelihood.
- Commercialization of agriculture in Malawi (price setting), infrastructure (rural roads) and taxation)
- Successfully advocated for removal of Withholding Tax (WHT), hessian tax, and tax on some farm equipment





# Training (Farmer to Farmer Programme)

- Key objective is to increase household income of farmer members through increased crop yields, hence production, through;
- Enhancing farmers' crop production knowledge, skills and technology transfer
- Stimulating farmers to share skills, knowledge and experience
- Establishing demonstration plots as a tool for technology transfer.

**(currently: 1376 Farmer Trainers, of which 480 are female)**

# Marketing – (Fair-trade Nuts)

- 1<sup>st</sup> NASFAM Association certified in 2004
- 1<sup>st</sup> NASFAM exports of peanuts to UK in early 2005
- 1<sup>st</sup> Fair-trade peanuts into the UK retail sector in 2006 and then Tesco





# NASFAM Successes

- Geographic coverage - across 65% of Malawi
- Reduced over reliance on maize and tobacco through promotion of a diversified crop portfolio for improved household food and income security
- Processing and adding value to smallholder produce for retail – Rice and Groundnuts/peanuts
- Entry into European Fair-trade system
- Brokering credit for members from financing institutions
- Successful representation on behalf of members on policy issues
- Adult Literacy training to over 31,000 members
- Infrastructure development – bridges, feeder roads, warehousing, office facilities



# NASFAM Challenges

- Crop finance to allow Associations buy adequate quantities in good time
- Buying Centres facilities at the Association level are not adequate.
- Marketing/Storage facilities for whole NASFAM
- High demand for further expansion of the Farmer to Farmer Programme
- AFO – Extension (area) and Mobility
- Business training for members and Association staff



*“The future belongs to the organized”*

The End