Role of Agribusiness Organizations on Smallholder Farmers in Malawi

Case Study - NASFAM

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Objective of the presentation

To share on how agribusiness organizations (NASFAM) address smallholder farmers’ challenges in Malawi
Introduction to Malawi

- Densely populated - 200 people/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

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
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)

• 1st NASFAM Association certified in 2004

• 1st NASFAM exports of peanuts to UK in early 2005

• 1st 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”