

# Farmer marketing organisations help reduce poverty

RIU

## Validated RNRRS Output.

Studies of the reasons behind the success or failure of farmer organizations in Malawi has generated new knowledge about the conditions that can help these organizations to succeed. Farmer organisations can help counter problems of market coordination and access—major obstacles in poor rural economies—by stimulating supply chain development, economic growth and poverty reduction. However, experience has shown that these organizations are not always effective or sustainable. The knowledge gained in Malawi—including best practices, institutional innovations and enabling policy environments—will make it possible to extend the scope, reach and effectiveness of farmer organizations and to identify opportunities for sustainable pro-poor development.

Project Ref: **CPH08:**

Topic: **5. Rural Development Boosters: Improved Marketing, Processing & Storage**

Lead Organisation: **Imperial College Wye, UK**

Source: **Crop Post Harvest Programme**

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## Description

**CPH08**

## Research into Use

NR International  
Park House  
Bradbourne Lane  
Aylesford  
Kent  
ME20 6SN  
UK

## Geographical regions included:

[Malawi](#),

## Target Audiences for this content:

[Crop farmers](#), [Livestock farmers](#), [Fishers](#), [Forest-dependent poor](#), [Traders](#), [Consumers](#),

**A. Description of the research output(s)**

1. Supporting Farmer Organisations for Poverty Reducing Market Access
2. Crop Post Harvest Programme
3. R8275

**Core Partners:**

- NASFAM (National Smallholder Farmers' Association of Malawi) (*Duncan Warren*)
- MRFC (Malawi Rural Finance Company Ltd.)
- Care International
- University of Malawi : Agricultural Policy Research Unit (APRU), Bunda College (*Richard Kachule*);, Department of Economics, Chancellor College (*Ephraim Chirwa*)
- Centre for Development and Poverty Reduction, Imperial College London (Andrew Dorward).

4.

Poor **market access** is a major problem in poor rural economies. **Farmer organisations** (FOs) are potentially important means for addressing critical problems of market coordination and access and hence for stimulating **supply chain development** and economic growth and poverty reduction in **poor rural areas**. Experience with FOs is, however, very mixed as regards their sustainability and effectiveness. Examples of success in some areas and activities suggest that it may be possible for FOs to extend their scope, reach and effectiveness to include support for a wider range of crops and farmers in more difficult areas. However, this requires better understanding of the nature of the problems faced by FOs, and of necessary and sufficient conditions for their success, so that organisations working with FOs can identify opportunities for sustainable pro-poor development of FOs, implement best practice to support such development, develop appropriate institutional innovations and work for an enabling policy environment.

Outputs from the project over the period 2003-2005 include:

- Identification and documentation of elements determining success and failure of FOs.
- Development and communication of **organisational lessons** for the creation and sustenance of FOs.
- Development and communication of **policy lessons** for the creation and sustenance of FOs.
- A database of Malawian organizations supporting farmer organizations, detailing their interests and resources
- FOs, NGOs, private sector and government agencies concerned with agricultural production and marketing and with rural welfare better informed about the potential, limitations, challenges, opportunities and best practice in the establishment and operation of FOs and in their relationships with them.
- Improved networking and coordination between Malawian NGOs, private sector and government

agencies concerned with FOs, agricultural production and marketing and with rural welfare.

Engagement with stakeholders and promotion of outputs has been achieved through in country stakeholder workshops, a newsletter, briefing papers published in Malawi and internationally, a database of Malawian and international resources for Farmer Organisations, and on ongoing engagement with stakeholders working in and with Farmer Organisations in the smallholder tea and cotton sectors in Malawi.

5. *What is the type of output(s) being described here?*

*Please tick one or more of the following options.*

<b>Product</b>	<b>Technology</b>	<b>Service</b>	<b>Process or Methodology</b>	<b>Policy</b>	<b>Other Please specify</b>
		X		X	

6.

The main commodities investigated were tobacco, coffee, paprika, tea, cotton, sugar but outputs are relevant to a wide range of crop and animal products

7. *What production system(s) does/could the output(s) focus upon?*

*Please tick one or more of the following options. Leave blank if not applicable*

<b>Semi-Arid</b>	<b>High potential</b>	<b>Hillsides</b>	<b>Forest-Agriculture</b>	<b>Peri-urban</b>	<b>Land water</b>	<b>Tropical moist forest</b>	<b>Cross-cutting</b>
							X

8. *What farming system(s) does the output(s) focus upon?*

*Please tick one or more of the following options (see Annex B for definitions).*

**Leave blank if not applicable**

<b>Smallholder rainfed humid</b>	<b>Irrigated</b>	<b>Wetland rice based</b>	<b>Smallholder rainfed highland</b>	<b>Smallholder rainfed dry/cold</b>	<b>Dualistic</b>	<b>Coastal artisanal fishing</b>

9. *How could value be added to the output or additional constraints faced by poor people addressed by clustering this output with research outputs from other sources (RNRRS and non RNRRS)? (max. 300 words).*

The outputs were policy and organisational recommendations that need action by governments and by farmer organisations and supporting service agencies and donors, but they also addressed problems and activities of farmers, input and financial service providers, and produce traders. Wider networking among interested parties serving farmers would be beneficial, and hence a range of research outputs from different sources but focussing on different aspects of market access and different service providers could usefully be brought together.

*Please specify what other outputs your output(s) could be clustered. At this point you should make reference to*

*the circulated list of RNRRS outputs for which proformas are currently being prepared.*

The outputs from this project could be clustered with those from others concerned with promoting farmer access to input, output, and financial service markets. The cluster should be concerned with promoting institutional innovations at grassroots, district and national levels to improve the governance, coordination and efficiency of markets and thereby increase market opportunities for poverty reduction. This should involve direct work with stakeholders to develop institutional innovations and improve organizational systems, together with policy engagement to support such innovations.

It would therefore be useful to cluster these outputs with those concerning participatory market development (such as R8182, R8418, and R8084), institutional development and interventions (such as R7151, R7962, R8274, R8498, and R8334) and private sector service providers (R8438 and R8297). There may also be links to R7502 and R6306, and other projects under the heading 'market information tools' (R7494 and R8422).

## Validation

### **B. Validation of the research output(s)**

#### **10. How were the output(s) validated and who validated them?**

Outputs (in terms of principles set out in briefing papers and the directory of resources) were validated by participants in mid and end-of-project workshops conducted with stakeholders in Malawi (see project workshop reports) and outputs from plenary and group discussions fed into the project briefing papers and other reports. The findings of research on farmer organizations in the tea industry were much appreciated by smallholder tea farmers, government officials, farmer organization management, and commercial tea estate managers at a well attended workshop which has led to requests for further investigation by members of the project team.

#### **11. Where and when have the output(s) been validated?**

See above. Workshops were held in Malawi in Lilongwe and Blantyre, and involved smallholder farmer representatives, government officials, farmer organization management, private sector representatives and staff of farmer organisations and support organisations.

## Current Situation

### **C. Current situation**

#### **12. How and by whom are the outputs currently being used? Please give a brief description (max. 250 words).**

It is difficult to identify use of outputs where these are organisational and policy principles and recommendations.

- Project outputs have stimulated and added to debate in the smallholder tea industry regarding the roles of farmer organisations in the tea industry, and appropriate institutional arrangements to support those roles.
- Subsequent to the end of project workshop, a consortium of three organizations (Farmers Union of Malawi [FUM], NASFAM and Malawi Enterprise Zones Association [MALEZA]) was formed to develop a comprehensive countrywide database of Farmer Organisations, and this has now been completed with funding from EU and JICA. It is difficult to attribute the contribution of the project to this activity, but it clearly complements the database of Malawian organisations supporting farmer organisations produced by the project.
- Project findings have fed into a study of the sustainability of farmer organisations, conducted by the consortium described above.

**13. *Where* are the outputs currently being used? As with Question 11 please indicate place(s) and countries where the outputs are being used (max. 250 words).**

See above. A number of requests for project reports have been received, and the briefing paper published with ODI under NRPerspectives has been widely distributed. It is impossible to know where this has had an impact, but it has attracted some interest.

**14. *What is the scale of current use? Indicating how quickly use was established and whether usage is still spreading (max 250 words).***

See above.

**15. *In your experience what programmes, platforms, policy, institutional structures exist that have assisted with the promotion and/or adoption of the output(s) proposed here and in terms of capacity strengthening what do you see as the key facts of success? (max 350 words).***

There has recently been an increased interest in FOs among policymakers and donors. In this context the recent formation of the Farmers Union of Malawi has provided a good focal point for a coordinated consideration of roles of and policies for FO development. While this is important for the overall development of FOs in Malawi, commodity or supply chain structures are also important to link producers, buyers, and inputs suppliers into fora where they can discuss ways of pursuing their mutual interests in supply chain development. It is important that government policies are seen as supportive of this, and that cooperation between different players focuses on the benefits of coordination rather than on competition between players for shares of business or profit margins.

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## Current Promotion

### **D. Current promotion/uptake pathways**

**16. Where is promotion currently taking place? Please indicate for each country specified detail what promotion is taking place, by whom and indicate the scale of current promotion (max 200 words).**

See above. There is continued engagement in Malawi with stakeholders in the tea and cotton industries [funded through the Future Agriculture consortium], with policy makers in the Ministry of Agriculture, and with organizations supporting FOs.

**17. What are the current barriers preventing or slowing the adoption of the output(s)? Cover here institutional issues, those relating to policy, marketing, infrastructure, social exclusion etc. (max 200 words). Policy changes and uncertainty**

A lack of attention to organisational and institutional issues in FO development by stakeholders and high staff turnover in stakeholder organizations. Lack of focussed investments in fora and networks where emerging FOs and other stakeholders working with them can learn from more established FOs and their partners, with exchange of information across stakeholders working in different commodity chains and countries.

**18. What changes are needed to remove/reduce these barriers to adoption? This section could be used to identify perceived capacity related issues (max 200 words).**

Greater understanding of policy issues by policy makers and interaction between policy makers and farmer organisation leaders and supporters in defining roles of farmer organisations in agricultural supply chain development in different contexts and for different types of product / supply chain. Particularly important is clarification of expectations of different stakeholders (Farmer Organisations, Government, Donors, Private sector suppliers and buyers) of what they can expect from and offer to each other.

Greater continuity in staffing and a higher priority to organisation and institutional learning in FO support (there has been a high wastage among attendees at workshops as regards their continued employment tenure).

**19. What lessons have you learnt about the best ways to get the outputs used by the largest number of poor people? (max 300 words).**

Individuals in stakeholder organizations [including NGOs, commercial firms, and government and donor agencies] need to recognize both the potential and the limitations of Farmer organizations for market access, and see it in their own interests to support the development of Farmer organizations to fulfill their potential, thus permitting the development Farmer organizations, wider membership, and an increasing impact in poor rural economies.

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## Impacts On Poverty

### **E. Impacts on poverty to date**

**20. Where have impact studies on poverty in relation to this output or cluster of outputs taken place? This should**

*include any formal poverty impact studies (and it is appreciated that these will not be commonplace) and any less formal studies including any poverty mapping-type or monitoring work which allow for some analysis on impact on poverty to be made. Details of any cost-benefit analyses may also be detailed at this point. Please list studies here.*

No formal studies have attempted to determine the impacts on poverty from the project: this would not be appropriate. The study findings themselves (eg Kachule and Dorward farmer survey report) suggest that while FO members are generally found among the relatively less poor in rural Malawi, they would nevertheless often be classed among the 'moderate poor' according to the Hopley and Jones categorisation, and significant and widespread livelihood improvements through extended and more effective FO activities would benefit people among the extreme vulnerable poor living in the same communities.

*21. Based on the evidence in the studies listed above, for each country detail how the poor have benefited from the application and/or adoption of the output(s) (max. 500 words):*

See above.

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## Environmental Impact

### **H. Environmental impact**

*24. What are the direct and indirect environmental benefits related to the output(s) and their outcome(s)? (max 300 words)*

*This could include direct benefits from the application of the technology or policy action with local governments or multinational agencies to create environmentally sound policies or programmes. Any supporting and appropriate evidence can and be provided in the form of an annex.*

Current agricultural practices of very intensive land use and 'soil mining' in staple food production in Malawi are leading to declining soil fertility, declining soil organic matter content and structure, and hence increasing susceptibility to erosion. This is accompanied by extension of cultivation into marginal and previously forested lands. Changes in livelihood opportunities that increase access to inorganic fertilisers, increase agricultural and non-agricultural incomes, and reduce pressure on the land should all have beneficial impacts on the environment. There are potential economic and environmental benefits of complementary use of organic and inorganic fertilisers.

There are however also serious environmental issues around the intensification of cash and food crop production, which include:

- a. Increased use of agro-chemicals, with possible effects on soil quality, pollution of water, direct poisoning of farmers and health of consumers.
- b. Burley tobacco is associated with extraction of poles annually to construct curing barns. In some

areas this is contributing to deforestation – although old barn poles are used for firewood

25. *Are there any adverse environmental impacts related to the output(s) and their outcome(s)? (max 100 words)*

See above

26. *Do the outputs increase the capacity of poor people to cope with the effects of climate change, reduce the risks of natural disasters and increase their resilience? (max 200 words)*

Increases in wealth and assets (physical, financial, natural, and social capital) associated with improved market access, together with improved opportunities to diversify cropping and livestock production activities, and non-farm activities, should provide poor people with some increased resilience in the face of natural, economic and political shocks. Wider economic growth should also increase the wider capacity of society to resist and cope with shocks through both formal and informal mechanisms.

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