

**REPORT ON STAKEHOLDERS MEETING ON
FARMER ORGANISATIONS IN MALAWI HELD
AT KALIKUTI HOTEL IN LILONGWE FROM
18TH TO 19TH JUNE, 2003**

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**This report also draws on a meeting note circulated by
Kidale Consultants.**

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1 Introduction

The one and a half day consultative workshop entitled ‘Stakeholders Meeting on Farmer Organisations in Malawi’ took place from 17th to 18th June 2003 at Kalikutu Hotel in Lilongwe as part of the initial phase of the DFID-funded ‘Farmer Organisations for Market Access’ research project.

This project is being jointly undertaken by Imperial College, London, and the Agricultural and Policy Research Unit (APRU), in Malawi. Its principal aim is to promote networking and innovation amongst stakeholders working with Farmer Organisations, in order to extend their scope, reach and effectiveness in rural poverty reduction.

Specifically, the workshop sought to engage with the key stakeholders concerned about, or actively working with Farmer Organisations in Malawi, with the intention of:

- Reviewing the major issues, problems and opportunities surrounding the development and operation of Farmer Organisations in Malawi
- Considering possible solutions to the problems confronting and impeding the development and operation of Farmer Organisations in Malawi
- Identifying project priorities and potential project actions to address the issues raised
- Ensuring that as far as possible, project activities align with stakeholder interests
- Identifying potential project / stakeholder partnerships

The workshop was officially opened by Dr C. Mataya Controller of Agricultural Planning Services in Ministry of Agriculture, Irrigation and Food Security and chaired by Mr Ian Kumwenda, MASIP Coordinator. The key papers presented are highlighted in the workshop programme.

This report presents a summary of the presentations, the discussions and the way forward in implementing the project, improving performance of farmer organizations and improving access to markets by farmers in Malawi.

2 Brief Background to Farmer Organisations in Malawi

Farmer Organisations refer to those institutions such as Farmer Clubs, Co-operatives, and Associations that are established for the purpose of serving smallholder farmers in their attempts to advance their production capacity.

Farmer Organisations in Malawi date back to the Colonial era, when co-operatives were first developed under a government-led initiative. Supported by the legal framework of the 1946 Co-operative Act, and later by the 1962 Co-operative Ordinance Act and the establishment of a Co-operative College, these organisations intended to incorporate native Africans into the cash economy and the tax system, and to enhance their production and export of cash crops. Despite the initiatives put in place by the government however, co-operative development was faced with a high failure rate due to problems such as high illiteracy levels, a lack of entrepreneurship and leadership skills amongst management staff, top down administrative approaches, nepotism, delinquency, embezzlement and misappropriation of funds. In the 1970s and 1980s Farmer Clubs became a major focus of government agricultural development programmes, and the channel through which large volumes of agricultural (particularly maize) inputs were provided to farmers on credit, with extremely high repayment rates. However with widespread default

following the 1991/92 drought, and with (with market liberalisation policies and political change) undermining of the institutional and political foundations of the farm club credit system (with market liberalisation policies and political change) the system collapsed in the early –mid 1990s. Only in the late 1990s has there been a substantial re-emergence of farmer groups and associations, with a wide range structures and objectives.

Malawian Agricultural and Co-operative development policy now stipulates the promotion of co-operatives as a priority, and seeks to improve the earnings of smallholder producers through:

- Improved access to technologies
- Greater access to markets for farm inputs, and market information
- Extension facilities and the provision of training

Indeed, fostering the development of Farmer Organisations has become a key element of the Malawi Poverty Reduction Strategy Paper, and it is seen as an important way of enhancing agricultural productivity, which will in turn ensure sustained supply to meet domestic demand and help improve food security. This is a view that is very much shared by the Imperial College / APRU ‘Farmer Organisations for Market Access’ project, which sees the development of Farmer Organisations in Malawi as having great potential to address critical problems of market co-ordination and access, and therefore to stimulate economic growth and poverty reduction in rural areas. Establishing how to realise this potential and how to minimise the constraints operating upon Farmer Organisations in Malawi formed the basis of workshop discussion, and is explored here in more detail below.

3 International Experience

Key issues from the international experience were can be summarised as follows:

- Farmer organizations undertake a wide range of services including marketing, financial and dissemination of technologies. Sometimes they undertake services such as education and welfare, policy advocacy/ lobbying, managing common property resources and facilitation of collective production activities.
- Access to services is often the key reason for joining and sometimes members must meet certain criteria
- Farmer organizations differ from NGOs. The NGOs may provide services to producers but they are not membership organizations. Traditional organizations are more concerned with managing relations amongst the de facto (predetermined involuntary) such a kinship group, religious grouping or a village.
- The analysis shows that stakeholders have generally got different objectives as follows:
 - i. Farmers would like to have improved livelihood opportunities and security.
 - ii. The commercial sector is interested in knowledge and business opportunities for increased profitability
 - iii. The public sector would like to have economic growth, welfare, poverty reduction and improved service delivery.
 - iv. The NGOS are interested in improved rural service delivery, economic growth and poverty reduction.
- There are a number of inter-relations between the players

- There are a number of issues that were highlighted as follows:
 - i. There are issues that are internal to farmer organizations such as the design questions in terms of matching roles to abilities and what are rules and structures?
 - ii. Commercial policy of farmer organizations such how to deal with commercial objectives. The commercial objectives differ from private companies with respect to return on capital employed. The issue of income from members and volume of activity are also important.
 - iii. The issue of public policy is a concern by NGOs with regard to development of farmer organizations. For example is there appropriate regulatory framework? Sometimes heavy-handed interventions could inhibit development. Can farmer organizations develop robust group credit arrangements?

4 Workshop Discussion – Emerging Issues

4.1 Stakeholder Perceptions of the Opportunities Surrounding Farmer Organisations in Malawi

It emerged from workshop discussion that there are a number of opportunities to be realised in both developing, and working with Farmer Organisations in Malawi. Initial discussions sought the views of organisations with different interests in working with Farmer Organisations

➤ **Commercially Oriented Organisations:**

Those stakeholders comprising the Commercially Oriented Organisations discussion group highlighted the principal benefit of working with, and developing Farmer Organisations as being **ready access to input and output markets**. Essentially, they see Farmer Organisations as an efficient entry point to a supply base for their principal inputs, and an assured source of demand for their final products. They further identified working with Farmer Organisations as a way of **reducing business transaction costs**, given that dealing with one organisation proves to be more cost effective than conducting business separately with each individual farmer, and therefore allows maximum profit to be realised against minimum input.

The notion that Farmer Organisations may provide a viable **framework in which credit services can be advanced** in order to expand smallholder businesses was also stressed as an important opportunity arising from the development of Farmer Organisations.

➤ **Farmer Organisations:**

Those stakeholders belonging to Farmer Organisations identified a number of opportunities that may be afforded to their members through the development of Farmer Organisation activities. In particular, **improved access to input and output markets and credit services** was seen as a crucial opportunity arising out of Farmer Organisation membership, and operating as part of a group rather than individually. **Economies of scale, and pooled production and processing opportunities** were further highlighted as potential benefits of belonging to a Farmer Organisation, as was **greater lobbying power** and the chance to **secure access to market information**.

➤ **NGOs:**

The NGO discussion group identified the possibility of **empowering communities, increasing food security and encouraging sustainable livelihoods** amongst smallholder populations as benefits that could be conceivably be realised through developing, and working with Farmer

Organisations in Malawi. Farmer Organisations were seen to be a **useful entry point to reach farmers**, and through which **social capital** could be built, and the **effectiveness of community development could be greatly improved**.

➤ **Public Organisations:**

Those stakeholders representing Public Organisations identified the opportunities that lie in both working with and developing Farmer Organisations in Malawi as **cost-effective entry points to dealing with large numbers of smallholders**. They further interpreted them as **useful channels through which information could be both disseminated and extrapolated**, allowing policy and market information to filter down to farmers and local indigenous farming knowledge to be communicated up to government level.

4.2 Stakeholder Perceptions of the Critical Problems Confronting the Development and Operation of Farmer Organisations in Malawi

Whilst it was generally agreed amongst workshop participants that there are many opportunities to be realised through the development of Farmer Organisations in Malawi, it was also recognised that the operation and the development of Farmer Organisations are currently being impeded by a number of problems. These problems may be broadly categorised as those that are internal to the Farmer Organisations and their membership and those that are external, and are operating on a macro level.

➤ **Internal Problems:**

- **Poor Conceptualisation** – It was felt by the majority of stakeholders that Farmer Organisations in Malawi suffer from the outset, from poorly defined objectives and development strategies. They lack clarity in both *what* they aim to achieve, and *how* they aim to achieve it. This seriously compromises both their sustainability, and their ability to deliver benefits to their members and the stakeholders with whom they engage. It also encourages a situation whereby member expectations often diverge considerably with what the Farmer Organisations have actually set out to achieve.
- **Governance Issues** – Weak governance and leadership was also defined as a severe problem that is currently facing Farmer Organisations in Malawi; encompassing issues of fiscal mismanagement, corruption and embezzlement, poor business acumen, and a lack of commitment and cohesion between, and amongst leaders and members. Combined, these issues all detract from the scope and impact of Farmer Organisation activities.
- **Capacity problems** – In addition to ill-defined objectives and poor management structures, workshop participants identified a number of internal capacity problems such as high illiteracy levels, poorly trained management and members, and inadequate financial backing as compromising the ability of Farmer Organisations to function to their full potential. Quite simply, they lack the capacity to realise their objectives. Issues of ‘Donor Dependency’ also led many workshop members to question the long-term sustainability of Farmer Organisations.
- **Inadequate Sharing of Information** – Workshop discussion also highlighted the fact that Farmer Organisation structures are often failing to deliver market information on prices, marketing strategies, product demand, and processing opportunities to their members. This can act as a considerable disadvantage to smallholders when in the marketplace, and can result in them trying to sell their produce in already saturated markets, and in them missing out on opportunities to realise greater financial returns from their activities.

➤ **External Problems:**

- **Poor Communication and Co-ordination between Farmer Organisations** – Stakeholders identified a distinct lack of cohesion between Farmer Organisations as being a huge impediment to the effectiveness and development of Farmer Organisations in Malawi. At present, networking and knowledge sharing between Farmer Organisations is minimal and rather than working together, Farmer Organisations and the stakeholders with whom they have ties, tend to work independently. This has led to a number of missed opportunities for the members of Farmer Organisations that could have been prevented simply by the sharing of knowledge and market information. Equally, this fragmented approach has in some regions caused unnecessary instances of duplicated effort and conflicting activities, further reducing the scope and effectiveness of Farmer Organisations.
- **Inadequate Infrastructure** – Workshop discussion suggested that perhaps one of the largest problems facing the operation and development of Farmer Organisations in Malawi is poor or lacking infrastructure –in terms of road networks, transport facilities, warehouse / storage capacity and communications. Infrastructure provision in Malawi is disproportionately concentrated within urban areas, and as such confines the activities of rural smallholders to serving only local and poorly developed markets, and to the production of low-profit commodities. The extent to which Farmer Organisations can stimulate economic growth and poverty reduction in rural areas is therefore severely compromised.
- **Economic Context** – Fiscal policies and trade policies were also considered by workshop participants to constitute barriers to the operation and development of Farmer Organisations in Malawi. In particular, concern was voiced over the inability of smallholder agricultural production to conform to stringent international trade controls on toxin levels, which act to exclude them from certain export markets. High interest rates and high collateral demands in return for credit were also stressed as big problems, on account of the fact that smallholder groups lack of collateral have limits their borrowing power with which to access capital to expand their businesses while high interest rates make borrowing very unattractive and difficult, again making capital inaccessible.

The various problems discussed above represent a cross-section of a wide range of issues deterring the growth and development of Farmer Organisations in Malawi that were highlighted during workshop discussion, and are by no means intended to be exhaustive. Other problems highlighted by the workshop included cultural barriers to business –such as jealousy, poor security and HIV / AIDS.

4.3 Stakeholders’ Proposed Solutions to the Problems Facing Farmer Organisations in Malawi

In addition to drawing attention to the problems confronting the operation and development of Farmer Organisations in Malawi, the workshop groups also discussed at length a number of possible solutions to the difficulties experienced by Farmer Organisations, their members and the stakeholders with whom they engage. Effort was also made to tentatively earmark those institutions that may be well placed to help address some of the problems facing Farmer Organisations in Malawi. These are discussed in detail below:

➤ **Solutions to Internal Problems:**

- **Poor Conceptualisation** – The problems of poor conceptualisation noted seem to be originating from the Farmer Organisation constitutional framework. Most of the Farmer Organisations do not have defined objectives, goals that would act as benchmarks in implementing the objects for which the Farmer Organisation are set. The stakeholders’ discernment was that the Farmer Organisation constitutions should be developed in such detail that they would give as much clarity as possible to the executive and the general members. Besides instituting a comprehensive constitutional framework, members emphatically pursued the importance of training at all levels within the Farmer Organisations. Training would ensure that people realise the objectives set within the strategic plan. This promotes a wider contribution from the members as training exposes them to leadership skills. Participants also stated that the recruitment of a permanent and qualified trainer would be an effective way of addressing the long-term training needs and sustainability problems of Farmer Organisations, particularly if they were to be organised in clusters.
- **Governance Issues** - A wide range of problems ranging from fiscal mismanagement, corruption and embezzlement have become so rampant amongst Farmer Organisations that they are having a crippling effect. This has occurred because of a number of different, and often conflicting motives that drive people to join them. The basic question to ask is “ what are the factors that lead individuals to join Farmer Organisations?”. Do they want money, services, institutions’ resources or other personal benefits? To counteract the problem of poor governance, stakeholders proposed the formation of a special audit committee that will be part of the Farmer Organisation’s main committee but will have constitutional backing to control the funds. Participants also suggested that committee leaders should be restricted to serving for short periods only, and should be elected democratically from the membership body. Thorough screening of all members during the start-up phase of the Farmer Organisations was put forward as one way of ensuring that they each have a vibrant committee endowed with the capacity to envisage the future sustainability of the Farmer Organisation.
- **Capacity Problems** - The capacity problems observed by participants were basically those arising from the level of educational attainment by most members. The literacy level for most of the people in areas where Farmer Organisations are found is very low. This affects the capacity of Farmer Organisations to adopt new skills that would initiate change for their betterment. Participants noted that high illiteracy levels could perhaps be averted by engaging in adult literacy education. This could subsequently help enhance the capacity of members to acquire both management and administrative skills, and to explore the strengths and opportunities of Farmer Organisations by utilizing the locally available resources. This would then reduce the likelihood of Donor Dependency Syndrome. Participants also advocated the need for stakeholders to engage in the sharing of research, knowledge, and information as a means of strengthening capacity.
- **Inadequate Sharing of Information** – It was widely felt amongst workshop participants that Farmer Organisation members currently lack access to the information that could enable them to penetrate new markets. Farmers need to know what commodities are currently in demand, market prices, where viable markets for their produce are located, technology development information and management information and at present, they receive little of this information. It was therefore agreed that every effort should be made to try and put in place a central mechanism through which information can be shared, and made accessible to all stakeholders. The exact form that this information sharing mechanism should take was not established, however workshop members agreed that there is a need to move beyond simply providing limited information on commodity prices in newspapers to providing comprehensive market information to rural smallholders. Stakeholders had some problems

on agreeing what information really ought to be shared and with whom, questioning integrity issues such as confidentiality and misuse of information by other members. Commercially oriented institutions were particularly pessimistic about openly sharing information as this could compromise the privacy of their business ventures, thereby exposing their weaknesses to other business competitors. Workshop participants agreed, however, that there could be significant benefit from the development of a database that documented farmer organisation support and training materials and the organisations which held these materials. The project could make an important contribution to farmer organisations if it could support the development and dissemination of such a database.

➤ **Solutions to External Problems:**

- **Poor Communication and Co-ordination between Farmer Organisations and their Activities** – The independent nature and operation of activities by Farmer Organisations has had a far-reaching and damaging effect upon the development of Farmer Organisations in Malawi. Workshop participants noted that Farmer Organisations have the potential to accrue massive benefits if only their activities were highly co-ordinated and integrated, and therefore stressed the need to improve the channels of communication between Farmer Organisations and the stakeholders with whom they engage. One such mechanism for doing so could be the concentration of Farmer Organisations in a given locality, into clusters. This could enable greater communication and co-ordination of activity, as well as improving the quality and accessibility of market information.
- **Inadequate Infrastructure** – The problems emanating from inadequate infrastructure provision were perceived by workshop members to have a significant impact upon the development of Farmer Organisations in Malawi. They noted that the concentration of infrastructure in urban areas has failed to yield the trickle down effects to remote rural areas that were expected, and that therefore supporting the work being carried out by MASAF to upgrade rural road networks must be considered a priority in helping to improve communication and market accessibility for Farmer Organisations. It was also considered that the government has a primary obligation to improve telecommunications and warehousing facilities across rural areas, particularly since donor projects have neither the financial capacity nor geographical scope to do so.
- **Economic Context** – Trade barriers and fiscal and monetary policies that largely constrain the credit accessibility and market opportunities of Farmer Organisations were viewed to be problems far beyond the reach of Farmer Organisations. However, participants proposed the formation of an apex body, which would have the mandate to lobby on behalf of all Farmer Organisations for policies, treaties and regulations that are better suited to their needs and capacities. It was also suggested that such an apex body could have the power to borrow funds from international institutions at low interest rates so that it may be able to facilitate the injection of finance into Farmer Organisations, and therefore enhance their sustainability.

5 Summary and Way Forward

The background information indicated that farmer organizations have been in existence for a long time. During colonial times cooperatives were developed under government-led initiative. Despite the initiatives put in place by the government however, co-operative development was faced with a high failure rate due to problems such as high illiteracy levels, a lack of entrepreneurship and leadership skills amongst management staff, top down administrative approaches, nepotism, delinquency, embezzlement and misappropriation of funds. Farmer clubs played a very specific role in agricultural development programmes in the 1970s and 1980s, but could not sustain this role in the face of drought and policy and political changes in the early 1990s. The late 1990s have seen a massive re-emergence of interest in farmer organisations. However, a number of problems still remain to be tackled both internal and external to farmer organizations.

The international experience reveals the various roles that farmers organizations can play in addressing some of the problems faced by farmers. However, a number of issues still need to be resolved. The issues of design of farmer organizations, the regulatory framework, matching the roles to abilities are some of them.

It was clear from the workshop discussion that participants viewed Farmer Organisations as having the potential to play a key role in the future development of rural economies in Malawi and in tackling rural poverty. Views on what this role should be, however, often differ between different types of player – for example commercial firms, farmer organisations themselves, NGO, and government agencies have differing and sometimes complementary and sometimes conflicting views regarding the principle roles that Farmer organisations can and should play in development. However, it emerged that in order for these roles to be realised there first needs to be a concerted and united effort made on the part of Farmer Organisations, the Government, NGOs, and other interested stakeholders, to overcome the numerous problems currently hampering the operation and development of Farmer Organisations in rural Malawi. In particular, emphasis was placed on the need to work together, to communicate and to share knowledge and information – the principal focus of the ‘Farmer Organisations for Market Access’ project. Improving the provision of transport and infrastructure in rural areas was also highlighted as an important priority for action.

It was agreed that the project would coordinate the development of a database documenting farmer organisation support and training materials which could be used in Malawi, together with the organisations which held these materials and which had access to training resources. .

Workshop discussions generated only limited recommendations for concrete project actions, and this reflected the complexity of the problems facing farmer organisations, the importance of an improved economic environment for their success, and the need for access to resources for improved training and establishment of FOs. These difficulties in turn reflected the need for greater lobbying power and effectiveness. Many participants therefore felt that stakeholders should be moving towards the creation of an apex body for Farmer Organisations, capable of lobbying on their behalf, facilitating the sharing of information, and helping to co-ordinate their activities. It should be noted however, that as not all Farmer Organisations were represented at the workshop, further consultations are needed on this issue. The workshop was however, considered to have played a valuable role in bringing together organisations interested in working with FOs, and there was broad support for the research activities and processes proposed by the project.

ANNEX 1: GROUP DISCUSSIONS, SESSION 1

(groups arranged by interest/ ownership structure)

GROUP 1: COMMERCIALY ORIENTED ORGANISATIONS

1. Why are we interested in FOs?

-Easy and most effective input-output and finance market.

2. What is special about FOs?

-They are organised

-They promote good framework to work with

-Less transaction cost

-you meet few individuals

-Facilitate credit

-Assured of quality and quantity in regular supply

-Easy to introduce change and supply services

-It is easy to have security and high degree of transparency accountability

-There is a sustainable market.

GROUP 2: FARMER ORGANISATIONS

1. Why are we interested in FOs?

1. Access to output market

2. Access to input markets

3. Coordination of credit

4. Increased production

5. Start up point for development growth

6. Advocacy louder voice

7. Collective processing and value adding

8. Representatives of a larger group – info, networking, technical transfer, risk management

2. What is special about FOs?

1. Collective Action

-Increased efficiency

2. Economics of scale

-Increased bargaining power

3. Addresses need and demands of farmers themselves

4. Advocacy and lobbying

-'The one who shouts loudest is heard'

5. Development of trust and confidence

-Quality, volumes, reliability

GROUP 3: NGOs

1. Why are we interested in FOs?

-Food security and sustainable livelihoods

-Empowerment of farmer's research and dialogue

- Networking
- Providing funding and technical support to local NGOs
- All are stakeholders in socio-economic development

2. What is special about FOs?

- Entry point to reach farmers (conduit)
- Improves effectiveness of community development
- Social capital
 - sense of belonging
 - group collateral
- Symbiotic relationship between development practitioners and communities.

GROUP 4: PUBLIC ORGANISATIONS

1. Why are we interested in FOs?

- Cost-effective e.g. contacts
- Easy follow-up
- Market information/communication
- In depth knowledge of the farmers
- Training
- Appreciation of the roles of the service provider.
- Foundations for formation of an apex body

2. What is special about FOs?

- Indigenous knowledge of FOs can help in national agenda setting
- Improved coverage
- Capacity to exert peer pressure – (loan repayment etc)
- Lobbying both government and Farmer Organisation advocacy
- Production control by FOs
- Price stabilisation

ANNEX 2: GROUP DISCUSSIONS, SESSIONS 2 & 3 (MIXED GROUPS)

GROUP 1

CRITICAL PROBLEMS FACING FOs

- **LACK OF FINANCIAL SUPPORT**
 - Start up capital
 - Sustaining (in the initial period)
- **LOW LITERACY LEVELS**
 - Majority of members
- **LACK OF TRAINING**
 - Management skills
 - Period limitations
- **POOR POLITICAL BACKGROUND**
 - Top bottom approach
- **EXTERNAL INFLUENCES**
 - Meeting specific objectives of part. NGOs, Associations, etc.
- **COMMITMENT**
 - Pre-qualifying factors
- **LACK OF CONTROL OF FUNDS**
 - Savings
 - Further investments
- **INABILITY TO RECOGNISE THE SWOT**
- **MEMBERSHIP FLUCTUATIONS**
- **STRATEGIC PLANNING IS DIFFICULT**
 - Setting activities, goals etc.
- **OVER AMBITIONS**
 - Need international markets
 - Forex
- **LACK OF COORDINATION**
 - On produce
 - Experiences
- **JEALOUSY**
 - Preceding executive on the new one (succeeding)

SOLUTIONS

- FINANCIAL PROBLEMS
 - Spirit of saving
 - External support
- LOW LITERACY LEVELS
 - Adult literacy
 - Broadening their understanding
- INADEQUATE TRAINING
 - Equip everybody (member) with skills
 - Employ fulltime trainer
 - Continued training
- POOR POLITICA BACKGROUND
 - Political transformation
 - Civic Education
- EXTERNAL INFLUENCES
 - Abide to the Constitution and the Strategic Planning
- LACK OF CONTROL OF FUNDS
 - Audit and Finance Committee
 - Monitoring and Evaluation
- COMMITMENT
 - Constitution must be elaborate (FOs)
- OVER AMBITIOUS PLANS
 - Accountability mechanisms
 - Criticking plans for FOs.
- INADEQUATE COORDINATION
 - Institute Market Committees
 - Strengthen Role of Market Facilitation in a Liberal Economy
- JEALOUSY
 - Literacy
- NON-COMPLIANCE OF THE CONSITITUTION
- LACK OF ABILITY TO SCREEN VP/LIGIBLE MEMBERS
- LACK OF COMMITMENT TO THE CAUSE OF FOs BY MEMBERS
- CASUAL APPROACH TO THE FOs ACTIVITIES
- STAKEHOLDERS – MANAGEMENT AND INTEGRITY PROBLEM
- MISSING LINKAGES BETWEEN THE TECHNOLOGY GENERATORS AND USERS (FOs)
- LACK OF CAPACITY IN CASE OF EXTENSION ORDERS
- LACK OF TRUST AMONG MEMBERS

GROUP 2

CRITICAL PROBLEMS IN START UP PHASE

- External Initiative
- Dishonesty of management
- Overzealous and unrealistic expectations
- Lack of clear vision goals and development strategies
- Limited entrepreneurship spirit/skills

INTERMEDIATE AND LONG TERM

- Lack of appropriate governing regulations (checks and balances)
- Lack of transparency and accountability
- Inability to submit to collective goals (conflict of interests)
- Poor credit servicing culture
- Lack of management skills

CROSS CUTTING CONSTRAINTS

- Market problems
- Limited capacity base due to HIV/AIDS
- Cultural dimension

| PROBLEM | POSSIBLE SOLUTION (S) | RESPONSIBILITY |
|---|--|---|
| Inadequate" appropriate" education and information to various levels of FOs | <ul style="list-style-type: none"> - Review current GOM policies on appropriate education to FOs - Conduct appropriate education at various levels of FOs | <ul style="list-style-type: none"> - NGOs and interested parties - MoA, MCI, private sector |
| Market Problems <ul style="list-style-type: none"> - Infrastructure - Information sharing - Trade Policies | <ul style="list-style-type: none"> - Improve feeder roads - Communication facilities - Warehouses - Networking of FOs - Expand MIS in MoA to encompass information needs of FOs | <ul style="list-style-type: none"> - NRA, MASAF, DONORS - FOs - GoM,NGOs,FOs |
| Inadequate Credit <ul style="list-style-type: none"> - High Interest Rates - Poor Economic Management | (linked to education) <ul style="list-style-type: none"> - Train FOs to access cheaper credit - Creation of credit systems at FO level - Advocacy for improved macro economic management | <ul style="list-style-type: none"> - NGOs, FOs - FOs, NGOs |

GROUP 3

ACTIONS TO BE TAKEN TO ADDRESS THE PROBLEMS AND BY WHO

WHAT ARE THE CRITICAL PROBLEMS FACING THE FOs?

1. Governance
 - weaker leadership
 - corrupt
2. Poor conceptualisation
 - No valid objectives and start up of FOs
 - Lack of spirit of volunteerism
 - Unclear terms of reference
3. Institutional set up which does not involve key stakeholders
4. Lack of capacity building
5. Lack of trust and confidence within the membership and leadership and management
6. Lack of technical, material and financial support
7. The technical advisors hijack the process
8. Different appreciation and understanding between the initiators and the implementers
9. Fiscal mismanagement
10. Supplementary and conflicting programmes
11. Problem of sustainability
12. Lack of coordination and networking within various FOs.
13. Lack of capacity of FOs to adapt to changes
14. Dependency syndrome.
15. Problem of infrastructure (poor infrastructure or no infrastructure)
16. Lack of cohesion within FOs
17. Third party interest
18. Fiscal and monetary policies
19. Trade policies that are prohibitive
20. Lack of user friendly information
21. High illiteracy level.

| PROBLEM | SUGGESTED SOLUTIONS | WHO TO DO |
|---|---|--|
| INSTITUTIONAL SET-UP <ul style="list-style-type: none"> - Poor conceptualization - Inadequate, material and financial support - Technical Advisors hijack the process - Different appreciation between initiators and implementers - Supplementary and conflicting programs | <ul style="list-style-type: none"> - Targeting of members - Be owned and managed by members - Set clear and agreed upon targets, goals, TORs, strategies - Adequate consultation - Have a clear constitution | <ul style="list-style-type: none"> - Members and the Technical Advisors |
| INADEQUATE CAPACITY | | |

GROUP 4

WHAT ACTIONS SHOULD BE TAKEN

1. MARKET ACCESSIBILITY

- POOR ROADS: Rehabilitate and construct roads
 - Bring awareness to the communityResponsibility: Community, FOs, Government and Donors

- TRANSPORT: Hiring and access to credit for purchase
Responsibility: FOs

- W/H - Hiring, building construction
Responsibility: FOs

- COMMUNITY: Lobby for installation of telephone facility in rural areas.
Responsibility: FOs and Government

2. BORROWING POWER

- Build well functioning FOs
 - Develop good track record of screening members
 - Build relationships with third parties eg. Banks.
 - Mobilise savings, values
 - Provide for education
- Responsibility: NGOs, Donors and FOs

- High cost of borrowed capital
- Lobby for Policy
- Have competitive farm markets

3. IGNORANCE OF OWN CONSTITUTION

- Sensitization on formulation of constitution
 - New members to be appraised on constitution contents
- Responsibility: FOs, Board, other stakeholders.

4. MISSING LINKAGE

- Create forum for discussion on new technology
 - Build extension workers capacity
- Responsibility: Government, FOs and other stakeholders.

WHAT ARE THE CRITICAL PROBLEMS FACING FOs?

1. Market accessibility
 - Infrastructure issues
 - Poor roads
 - Transportation capacity
 - Ware housing
 - Communication facilities

2. Limited borrowing power
 - Lack of collateral

- High cost of capital
3. Lack of Financial
 4. Ignorance of own constitution

ANNEX 3 :WORKSHOP PROGRAM

DAY 1

- 8.30 –9.00 am Registration, Opening (PS Agriculture to be invited)
- 9.00 –9.45 Introduction to the Research Project and International review, conceptual framework - Imperial College
- 9.45 –10.30 Malawi experience with FOs APRU
- 10.30-11.00 Coffee break
- 11.00-12.30 'Viewpoint' papers on the critical issues in FOs (reasons for interest, successes/ problems, the way ahead: 5-10 minutes each
- Government Mr. Tolani (Ministry of Agriculture)
- NGO Mr. Jim Goodman (Concern Worldwide)
- Farmers Rep. Mr. Abel Banda
- Farmer Organisation Mr. L. Nkhukuzalira (PAMA)
- Private sector Mr. Shemu (Norsk Hydro)
- Donor Mr. Harry Potter (DFID)
- 12.30-12.45 Briefing on break-out groups (after lunch)
- 12.45-13.45 Lunch
- 13.45-14.30 Break-out groups (1), groups organised by type of organisation: Why is each type of organisation interested in FOs?
- 14.30-15.30 Plenary report back and discussion
- 15.30-16.00 Tea
- 16.00-16.45 Break-out groups (2), mixed groups: What are the critical problems facing FOs?
- 16.45 Close day 1

DAY 2

- 8.30 –9.30 Plenary report back and discussion on break-out groups (2)
- 9.30 –10.15 Break-out groups (3), mixed groups: What actions should be taken by who to address problems identified earlier?
- 10.15-10.45 Coffee break
- 10.45-11.45 Plenary report back and discussion on break-out groups (3)
- 11.45-12.45 Conclusions, action points, workshop close.
- 12.45 Lunch, departure

Annex 4: List of Workshop Attendees

- Mr E. Kalonga AFRICARE
- Mr Richard Kachule APRU
- Mr. C.J. Khalapuwa ARET
- Mr A. Banda ASSMAG
- Mr Hardwick Tchale Bunda College of Agriculture
- Dr J. Mangisoni Bunda College of Agriculture
- Mr Victor Mhoni CISANET
- Mr Senard Mwale Concern Universal (Dedza)
- Mr Steven Tsoka Concern Worldwide
- Mr R. Chapweteka CNFA
- Ms Tafadzwa Sibanda Crop Post Harvest Programme (Natural Resources International)
(Regional Co-ordinator, Southern Africa)
00 263 4 780 844 tafadzwa@cphpsa.org.zw
- Mr Charles Dhewa Crop Post Harvest Programme (Natural Resources International)
(Communication Officer, Southern Africa)
00 263 4 780 844 charle@cphpsa.org.zw
- Mr O. Chamdimba CRS
- Mr S. Konyani CSR (Zomba)
- Mr S. Munthali Evangelical Association of Malawi (EAM)
- Dr C. Chinkhuntha Freedom Gardens (Dowa)
- Mr A. Likoswe Grain Legume Project
- Dr. Andrew Dorward Imperial College a.dorward@imperial.ac.uk
- Mr Julian Cadot Imperial College
- Dr J. Kydd Imperial College j.kydd@imperial.ac.uk
- Mrs E. Manda IDEAA
- Mr L. Schatz IFDC
- Mr D. B Kamchacha IFDC
(Market Development Specialist)
265 0 1 773 901 / 109 dkamchacha@ifdc.org
- Mr Kelvin Storey IPRAD (Blantyre)
- Mr I. Kumwenda Kadale Consultants (Blantyre)
- Miss S. Ward Kadale Consultants (Blantyre)
- Mrs M. Mgomezulu LADD
- Mr H. Mfunu MALEZA / Harvest Help
- Mr Ian Kumwenda MASIP
- Mr P. Chienda MATECO (Mulanje)
- Mr Tolani Ministry of Agriculture
- Mr F. Kaimila MRFC
- Mr A. Ngwira MUSSCO
- Mr Hazwell B.K Banda Mzuzu Coffee Ass. Trust
- Mr Duncan Warren NASFAM
- Mr Alex R.G Shemu Norsk Hydro
- Mr M. Mphande Plan International
- Mr S. Thondoya Zipatso Association (Mwanza)