



# Linking Farmers to Markets: Prospects and Challenges Learned from NASFAM

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A young boy with short hair, wearing a green shirt, is sitting in a cornfield. He is holding a piece of yellow fruit, possibly a mango, and eating it. The background is filled with tall green corn plants.

# NASFAM Strategies

Smallholder farmer clubs operate in a highly complex environment that has been in a process of continual change for the past twelve years.

- This complexity has brought both opportunities -- in the form of greater competition and improved access to cash earnings from specialized crops
- and hardships from greater uncertainty related to inflation, weakening of rural credit, unexpected currency appreciation, and high cost of transport.

Smallholders working with NASFAM have chosen to respond to their changing environment through expanded farmer-controlled *associations* that provide the marketing services and know-how needed by members to handle market and financial complexities.

# The Beginning and the Evolution of NASFAM

- ❖ Smallholder Burley Improvement Project (1994 – 1995)
- ❖ Smallholder Agribusiness Development Project (SADP)
- ❖ Objectives –
  - ✓ improving smallholder access to agricultural inputs
  - ✓ improving returns on agricultural sales;
  - ✓ supporting smallholder self-reliance and self-sufficiency through improved business know-how;
  - ✓ promoting collective action through commercially sound, farmer-owned associations.
- ❖ Managed by ACDI/VOCA
- ❖ Funded by USAID

# Formation of NASFAM

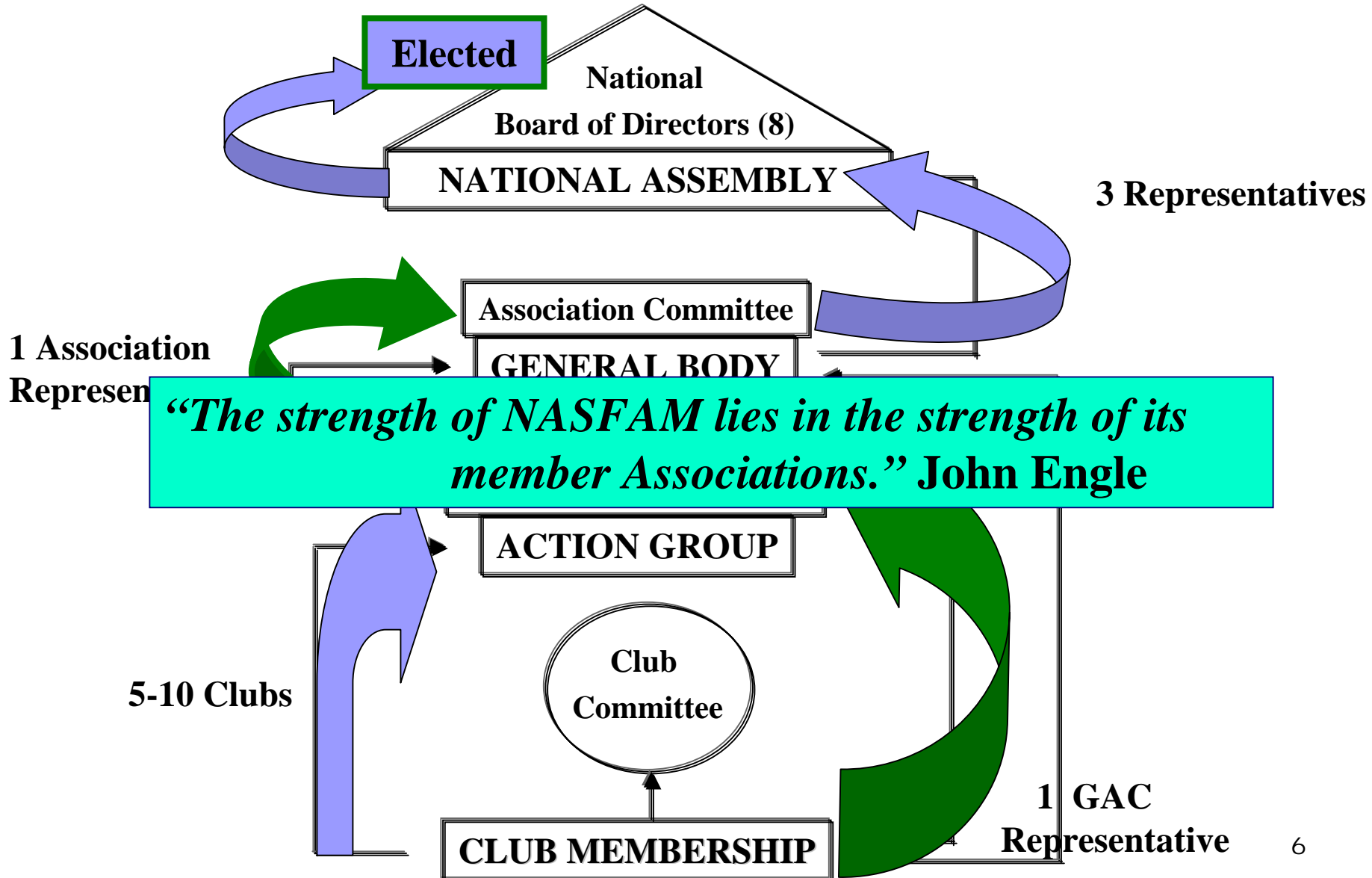
- ❖ Having realised benefits of collective action, in 1997, 14 Associations formed mother body
- ❖ Formally incorporated on February 11, 1998.
- ❖ Expansion in geographical location,
- ❖ Expansion of crops and programmes
- ❖ To date 38 farmer Associations have been formed.
- ❖ These Associations, through their elected representatives, form the foundation of the National Smallholder Farmers' Association of Malawi (NASFAM).

# A Farmer-Directed Business System



- ❖ Largest smallholder farmers' association in Malawi
- ❖ Operating in 15 of the 29 districts
- ❖ Currently has 38 Associations
- ❖ Highest membership reached – 108,000 individual registered members
- ❖ Promoting and marketing cash and food crops – chillies, groundnuts, cotton, rice, soya, paprika, tobacco, beans, cassava, potatoes

# NASFAM Institutional Structure



## **NASFAM Vision**

‘To be the leading smallholder owned business and development organisation in Malawi that promotes farming as a business, producing economic and social benefits for its members, their communities and the country’

## **Mission Statement**

“NASFAM exists to improve the lives of smallholder farmers. Through a sustainable network of smallholder-owned business organisations, NASFAM develops the commercial capacity of its members and delivers programmes that enhance their productivity”

# Strategic Development Context

Since 2001, the whole NASFAM system has operated under the guidance of a Strategic Development Programme (SDP)

SDP I ran from 2001 to 2006 with two phases:

- ❖ 2001-2003                      Transition and Consolidation
- ❖ 2003-2006                      Growth and Sustainability

SDP II will run for five years from 2006-2011, focusing on increasing Rural Productivity and Innovation.

- ❖ **NASFAM Corporate**
  - *not-for-profit holding company*
- ❖ **NASFAM Commercial**
  - *Commercial subsidiary*
- ❖ **NASFAM Development**
  - *not-for-profit developmental subsidiary*

# NASFAM Association Programmes

**Crop Production and Marketing**

**Farm Supply Shops**



**Capacity Building**

**Policy and Advocacy**

**Food Security**

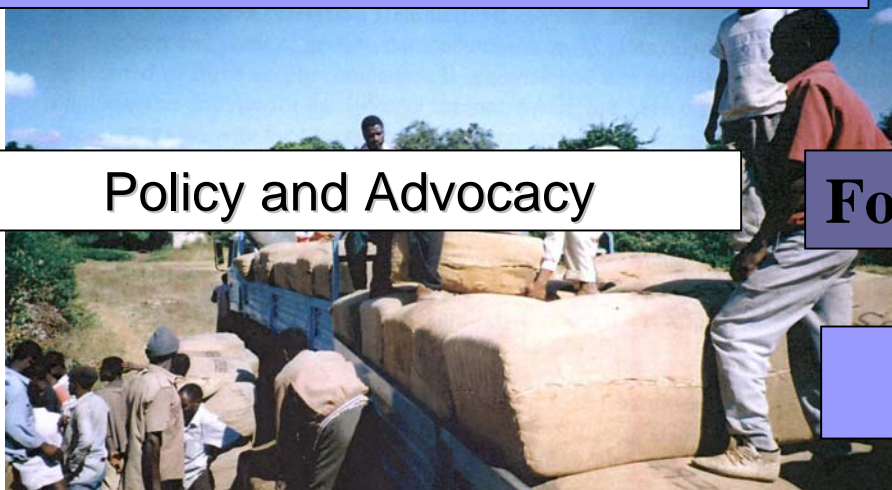
**HIV/Aids & Gender Integration**

**Information and Communication**

**Adult Literacy/Numeracy**

**Rural Infrastructure Development**

**Linkages to Service Providers**



# Achievements – Unleashing the Potential of Smallholder Farmers

1. Income Security
2. Farm Input Sales and Usage
3. Rural Financial Services
4. Policy and Advocacy
5. Capacity Building
6. Food Security

# Smallholder Farmers Breaking into End Markets



# Eight Pillars for Successful Linkage to Markets

1. Conducive Policy Framework
2. Farmer-directed Smallholder Farmer Associations working with Market-oriented Technical Assistance
3. Financial and Audit Management
4. Stronger Linkages to Input Output Markets and Suppliers of Services
5. Business Skills/Functional Literacy & Democracy Training
6. Research and Technology Transfer
7. Value-Adding and Entry into Fair Trade Markets
8. Rural Community Development for Improved Member Livelihoods

# Challenges in Linking Smallscale Farmers to Markets

- ❖ The journey of NASFAM in linking smallholder farmers to markets has not been smooth-sailing.
- ❖ Several challenges have been encountered and can be summarised into four areas as informed by a process of monitoring and evaluation conducted towards the end of 2005/2006 season.

# 1. Increasing Membership Loyalty and Participation

- ❖ Improving outreach and delivery of services that members want and need
- ❖ Expanding membership base
- ❖ Reaffirming the key role of Associations and members

## 2. Increasing Crop Production in Terms of Quality and Quantity

- ❖ Technical and post-harvest support, including seed varieties, equipment and irrigation
- ❖ Training members on how markets work so that they understand why NASFAM suggests certain crops
- ❖ Increasing crop productivity per unit area and total aggregate output of members
- ❖ Improving quality of extension staff at Associations level
- ❖ Expansion of farmer to farmer training programme

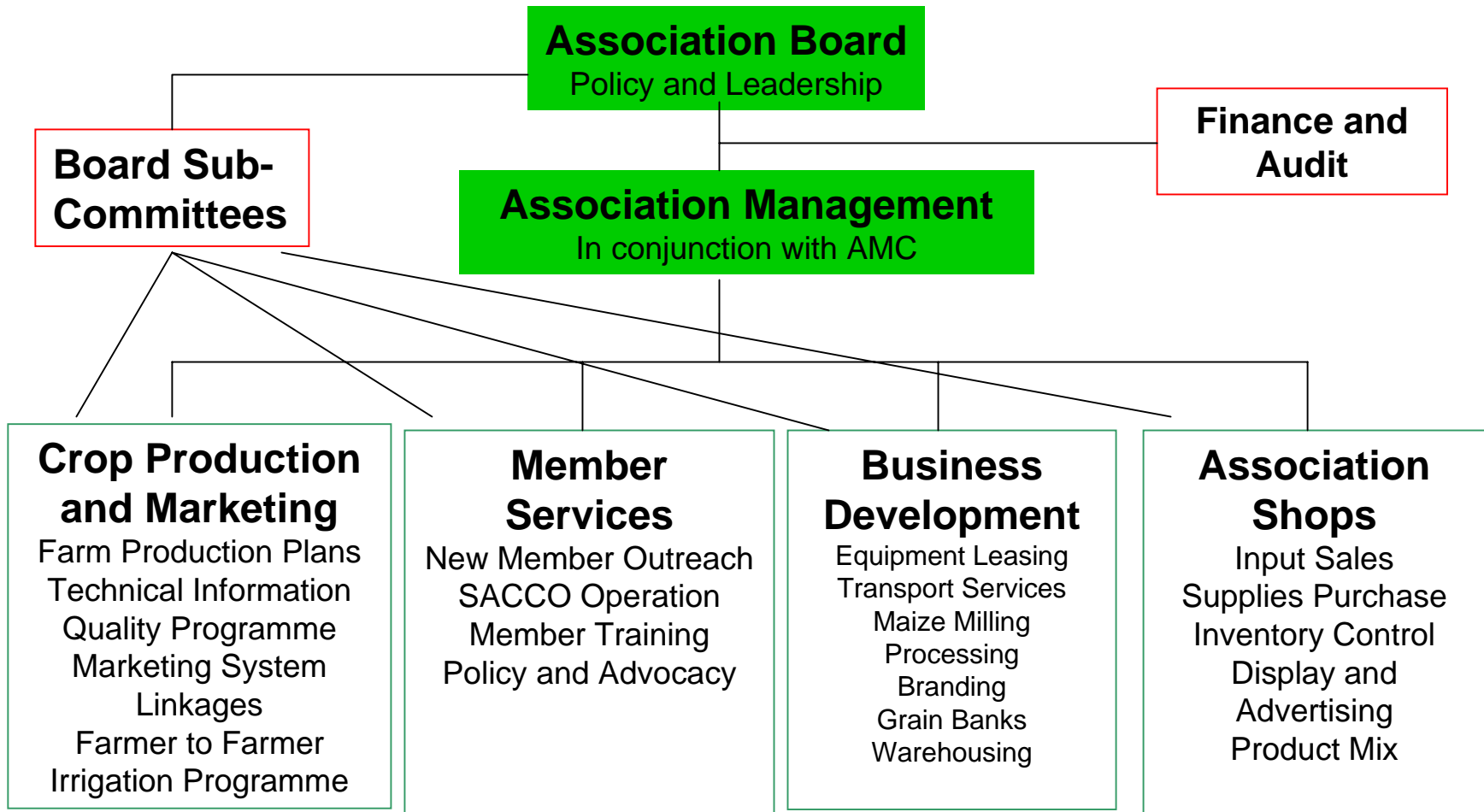
### 3. Increasing Market Access and Participation

- ❖ Informing members of market trends so that they understand and trust information given by NASFAM
- ❖ Securing reliable contracts and customer base
- ❖ Accessing affordable working capital to finance crop marketing
- ❖ Increasing income earned for members from crop marketing contracts

## 4. NASFAM Sustainability

- ❖ NASFAM has partnered with various donors ever since it was a project to the present. A question is often asked on when it will be sustainable. Sustainability of NASFAM is not only financial but also leadership, management, governance, organisational, institutional, socio-cultural and environmental.
- ❖ Within the holding company and its subsidiaries the focus is different:
  - NASFAM Commercial – covering all operating costs
  - NASFAM Development – diversifying funding base
  - NASFAM Associations – covering own core operational costs and being able to attract and manage donor funded projects
- ❖ Financial sustainability - *ability to generate or attract external resources to support important operations without total dependence on donor funds for key staff positions and recurrent costs*

# Association Business Model



**Platform for African Green Revolution**

# National Smallholder Farmers' Association of Malawi

*“The future belongs to the organized”*

**Thank You**

Visit us at [www.nasfam.org](http://www.nasfam.org)

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