



DRAFT FARMER ORGANIZATION DEVELOPMENT STRATEGY (FODS)

PRESENTED AT A NATIONAL VALIDATION WORKSHOP

SUNBIRD CAPITAL – LILONGWE MALAWI

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MICHIGAN STATE UNIVERSITY



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Background

1. Farmer Organizations (FOs) are recognized in the NAP as being critical for commercializing agriculture in Malawi
2. Priority area #8 of the NAP highlights support for development of professionally-operated and efficient FOs as one of its key policy statements
3. The NAP is being implemented through the NAIP
4. The NAIP has allocated ~US\$16 million (~0.5% %) for strengthening FOs in Malawi
5. The farmer organization sector in Malawi is pluralistic – which could be potential source of confusion

Brief History of the Farmer Organization Movement in Malawi

1. Colonial era (before 1964)

Cooperatives were promoted to:

- ❑ incorporate indigenous Malawians into cash (or export) crop production;
- ❑ encourage self-reliance and discourage labour migration to Rhodesia and South Africa; and
- ❑ extract agricultural produce from Malawi;

2. The Special Crops Act was enacted in this era (in 1963) to promote special crops through Special Crops Authorities

Brief History of the Farmer Organization Movement in Malawi, Cont..

3. **Post-colonial era (1964 – 1993)**

- ❑ Increased direct role of the state in agricultural development
- ❑ De-emphasis on agricultural cooperatives and emphasis on state owned enterprises in the agriculture sector;
- ❑ Creation of ADMARC in 1971 as state agent in agricultural production and marketing; and
- ❑ Closure of Mpemba Cooperative College in 1966.

4. **Multiparty era (1994 to to-date)**

- ❑ Implementation of SAPs in agriculture (from early 90's)
- ❑ Introduction of the Cooperative Development Policy in 1997 and Cooperative Societies Act (CSA) in 1998

Situation Analysis of FOs in Malawi,

1. About 51% of cooperatives in Malawi are in the agriculture sector, in the grain and legumes sub-sector (MoITTT Register of Cooperatives, 2016)
2. The number of newly registered cooperatives increased sevenfold in the past two decades (FUM Diagnostic Study, 2016)
3. Compared to SACCOs and other multi-purpose cooperatives, agricultural cooperatives were found to be most unsustainable (FUM Diagnostic Study, 2016)

Situation Analysis of FOs in Malawi, Cont..

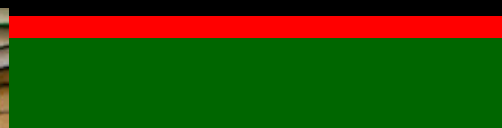
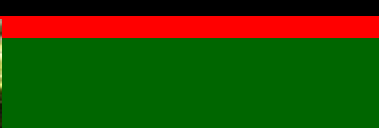
4. Malawi is yet to substantially invest in human resource capacity for FO development
5. Leadership and governance structures in FOs are too weak to address specific needs of FOs
6. Farmers' access to finance is limited due to:
 - Riskiness of the agriculture sector
 - Financial sector unresponsiveness to the needs of farmers

Situation Analysis of FOs in Malawi, Cont..

7. Average production and productivity of most crops is far below potential due to subsistent nature of production
8. Agricultural commodity markets in Malawi are dysfunctional partly because they are mostly informal
9. The FO sub-sector is characterised by unstandardized regulatory frameworks and policies for FO development
10. The FO sub-sector in Malawi is fragmented, resulting in uncoordinated and sometimes competing FO development efforts.

Process of Developing the FODS

1. Farmer Organizations event (June 2016) –(182 participants -22% females) from 129 farmer and civil society organizations
2. Literature Review with a focus on:
 - Theory of cooperatives
 - Status of agricultural cooperatives in Malawi
3. FODS Stakeholder Consultations conducted by NAPAS (28 organizations)
4. Stakeholder Mapping Study, 11th-12th Oct. 2017 at BICC (about 35 participants from Govt, NGOs, DPs)
5. National Consultation on the Zero Draft, 27th Feb. 2018 at Lilongwe hotel (76 participants: 58 males, 18 females)



Guiding Principles

There are four principles that guided the formulation of the draft FODS:

1. Demand-driven Approach to FO Development
2. Shared Vision, Strategic Partnerships and Collaboration
3. Mutual Accountability and Honesty
4. Inclusiveness (women, youth, vulnerable groups & the environment)

Content of the FODS

Goal of the FODS

The goal of the FODS is to promote agricultural transformation through self-sustained farmer organisations that will generate incomes and employment in a sustainable manner.



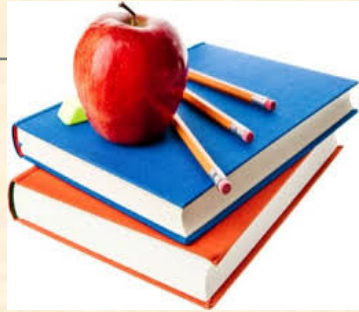
Objective of the FODS

To promote development of professionally operated, market oriented and sustainable farmer organizations that are contributing significantly to growth and development of the Malawi economy



Broad Strategic Outcomes of the FODS

1. Human resource capacity and partnerships for effective management of FOs enhanced
2. Leadership and governance of FOs strengthened
3. Production and productivity in FOs increased
4. Access to output markets by FOs increased
5. Access to agricultural finance by FOs increased
6. Coordination, representation and partnerships between FOs and partner organizations strengthened
7. Policy and regulatory frameworks of FOs improved



Strategic Pillars

The Draft FODS has 7 Strategic Pillars



Strategic Pillar 1: Human Resource and Partnerships Development

Strategic statements

1. Facilitate skills development in agribusiness and cooperative development in relevant Ministries, such as, MoAIWD and MoITT and NGOs.
2. Provide personnel to the units/departments in relevant Ministries for the FO development and technical support.
3. Promote establishment of strategic partnerships between FOs and other service providers, among others, for technical backstopping.
4. Promote collaborative research between research institutions (RIs) and FOs.

Strategic Pillar 1: Human Resource and Partnerships Development

Strategic statements

5. Facilitate FOs and private sector partnerships for business-oriented opportunities.
6. Provide adequate resources for development of FOs.
7. Capacitate FO leaders, managers and staff on effective running of FOs.
8. Integrate FO training in the curricula at all levels of the education system.

Strategic Pillar 2: Leadership and Governance

Strategic statements

1. Promote sound leadership and governance capacity development processes in the FOs.
2. Capacitate FOs to conduct reflective learning, monitoring and evaluation in the FOs.
3. Capacitate FO leadership capacity to engage in policy advocacy, networking and partnerships.
4. Capacitate FOs to mobilise resources for their operations

Strategic Pillar 2: Leadership and Governance

Strategic statements

5. Capacitate FOs to mobilise resources for their operations
6. Capacitate FO leadership to adapt to changing environment for the sustainability of the FOs.
7. Capacitate FO leadership to enforce and monitor FO adherence to standards.

Strategic Pillar 3: Production and Productivity

Strategic statements

1. Increase access to agricultural inputs and capital equipment.
2. Increase productivity at FO level.
3. Promote sustainable irrigation development
4. Promote agricultural zonation schemes based on ecological comparative advantages
5. Revitalise agricultural research, extension and advisory services delivery.

Strategic Pillar 3: Production and Productivity

Strategic statements

6. Promote land aggregation among FO members
7. Instil a culture of competitive market-oriented production in FOs.
8. Promote integrated soil fertility management practices

Strategic Pillar 4: Output Marketing and Markets

Strategic statements

1. Promote use of structured markets in key agricultural value chains
2. Facilitate consolidation of available market information systems (price, quantity, quality, market etc.) and promote their effective use by the FOs.
3. Promote agro-processing and value addition in upstream industries.
4. Institute deliberate policy for government market institutions to buy certain output through FOs

Strategic Pillar 4: Output Marketing and Markets

Strategic statements

5. Build capacity of FOs to research market opportunities both locally and internationally.
6. Promote use of contract farming arrangements in FOs.
7. Promote good post-harvest handling practices and adherence to quality standards to meet market requirements.
8. Facilitate formalization of FOs as legal entities to access formal markets.
9. Promote market-oriented extension and advisory services to FOs.

Strategic Pillar 5: Agricultural Financing

Strategic statements

- 1.** Promote a savings and investment culture among FO members.
- 2.** Facilitate innovative financing mechanisms for FOs (e.g. matching grants, PPP arrangements – e.g. for loan guarantees).
- 3.** Facilitate linkages and partnerships between FOs and financing institutions.

Strategic Pillar 5: Apex Farmer Organization Bodies

Strategic statements

4. Facilitate coordination of secondary level FOs and apex organizations.
5. Provide a platform to facilitate coordination of FOs and NGO activities.
6. Create a joint learning platform for NGOs and FOs.
7. Facilitate win-win partnerships between FOs and private actors to produce under contract

Strategic Pillar 6: Apex Farmer Organization Bodies

Strategic statements

1. Promote provision of market-oriented extension and advisory services by apex organization to secondary level FOs.
2. Provide a platform for lobbying and advocacy for secondary level organizations
3. Increase accountability of existing FOs to their members (e.g. profits earned by companies owned by institutions that represent farmers should trickle down to farmers)

Strategic Pillar 7: Policy and Legal Framework

Strategic statements

1. Facilitate development and standardization of regulatory frameworks and policies for farmer organization development processes
2. Streamline registration process of FOs
3. Provide an enabling marketing policy environment for agricultural commodities both for domestic and export markets
4. Institute a deliberate policy, through government, to buy a certain proportion of grain directly from FOs (e.g. 50%) when stocking the strategic grain reserves (SGRs)

Strategic Pillar 7: Policy and Legal Framework

Strategic statements/activities

5. Scale-up effective linkages between FOs and public institutions for policy direction
6. Institute a deliberate policy to mandate investments towards FOs development by all sector players
5. Coordinate, monitor and evaluate existing DP/NGO/public support for FO development to ensure sustainability

Implementation Arrangements

❖ MoAIWD

- Provide leadership, coordination, monitoring and evaluation (M&E) of the FODS
- Develop regulatory frameworks relevant for FO development
- Mobilize resources for the implementation of the FODS

❖ MoITT

- Provide coordination, monitoring and evaluation (M&E) of the Cooperative Societies Act and Cooperative Development Strategy in line with the FODS
- Fast-track the development and implementation of subsidiary regulations of the Control of Goods Act



Implementation Arrangements

❖ **Min. of Finance, Economic Planning and Development (MoFEP&D)**

- Facilitate establishment of an Agric. Investment Bank
- Ensure integration of FO development into the MGDS

❖ **Ministry of Education, Science and Technology (MoEST)**

- Introduce FOs development in curricula at secondary and higher levels of education, with the aim of eventually re-establishing a cooperative college
- Ensure integration of FO development in the training of professional personnel in the agriculture sector (e.g. extension)

❖ **Malawi Federation of Cooperatives (MAFECO)**

- Will have to be capacitated to effectively coordinate all FOs in the agriculture sector

❖ **Development Partners (DPs)**

- Provide increased funding for FO development

Implementation Arrangements, Cont.

The roles of other MDAs, Civil Society Organizations and Universities/RIs are outlined in Section 6 of the FODS draft. These are:

- ❖ Ministry of Transport and Public Works (MoT&PW)
- ❖ Ministry of Local Government and Rural Development (MoLGRD)
- ❖ Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW)
- ❖ Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW)
- ❖ Ministry of Labour, Youth, Sports and Manpower Development (MoLYSMD)
- ❖ CISANET
- ❖ LUANAR, CHANCO, POLYTECHNIC, MZUNI, PENTECOSTAL LIFE, etc.

Costing of the Strategy

- ❖ The Strategy has been costed
 - ❖ Total cost is US\$66,571,022
 - ❖ Total NAIP budget is about US\$16 million
 - ❖ Total DCAFS commitments to FODS implementation is around US\$25 million
 - ❖ There is potentially a funding gap of approx. US\$25 million

Next Steps

1. Revision of FODS based on input from Ministry Management comments
2. National validation workshop (6th September 2018, Sunbird Capital)
3. Revision of FODS based on feedback from national validation workshop
4. Submission to Ministry for Hon. Ministers' signature and Ministry's' implementation by November 2018

Thank you very much for your attention

