Practitioners' Brief:
Improving Access to Agricultural Output Markets
Lessons from the Anchor Farm Model in Malawi

October 2019

1. **Introduction**

Agriculture accounts for 35% of Malawi's GDP and employs 90% of the rural population. However, 51% of the population engaged in agriculture lives below the poverty line. Low agricultural productivity is attributed to dependence on rainfed farming, low uptake of improved farm inputs, high transport costs, inadequate farmer organizations, insufficient extension services and incomplete credit, input and output markets.

From 2014-18, we conducted a study in 250 villages in Central Malawi, located in Chibvala in Dowa District and Mtunthama in Kasungu District. In each village, we interviewed 10 households. Table 1 presents statistics pertaining to the full sample of 2500 households in 2014. We note that 85% households participate in the agricultural output market, i.e., these households have sold or plan to sell some of their output. Households sold their crops mostly in the village, either to a farmer in the village or to a trader/commission agent who visited the village. The marketing channels are crop dependent, with almost 60% of the soybean sold outside of the village versus less than 10% of the maize.

Table 1: Market Participation by Crop (2013-14)

Crop	% Household participating in Output Markets	Amount Sold/Plan to sell as a % of Harvest
Tobacco	99.1	99
Soya bean	87.3	75
Groundnut	66.4	43.5
Beans	54.2	37.1
Maize	44	15.6

In 2017-18, we randomized half of these villages to a treatment group, while the remaining half were assigned to a control group. The villages in the treatment group were eligible to receive an output marketing program from the Clinton Development Initiative (CDI) our NGO project partners in Malawi.

2. CDI's Marketing Program

The overall goal of CDI is to increase the adoption of Integrated Soil Fertility Management technologies among smallholder farmers in Malawi. Under the Anchor Farm Model (AFM) project, CDI set up extension services and provided market access and information for maize and soybean. In particular, CDI implemented a two-pronged marketing strategy in 2017-18. First, they offered a new marketing channel for soybean from June 2018 onwards. Second, they offered information via SMS on local market prices of maize, soybean, groundnut and beans on a weekly basis throughout the season, from January until July 2018.

3. Program Uptake

The program was intended to be rolled out among the 125 treatment villages in Chibvala and Mtunthama (see the green bar in Figure 1). However, in practice not all villages were invited to the sensitization meetings which introduced the marketing program, and fewer still were the villages that participated in these meetings (see the brown and blue bars of Figure 1). The main agenda of these meetings was to inform farmers of CDI's willingness to assist in sale of the surplus soybean harvest. In total, 130 farmers from 24 villages attended the sensitization meetings, mainly from Chibvala. All farmers in attendance received weekly price updates via SMS throughout the season.

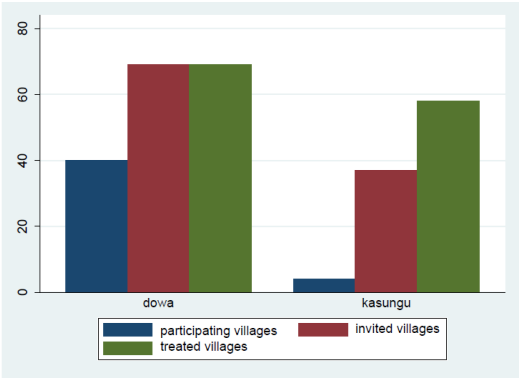

Figure 1: Number of treated, invited and participating villages

However, only two villages from the marketing treatment group in our study sample participated in the first component of the program and sold their produce through the CDI enabled marketing channel.

4. Impact of the Program

Though only two villages sold their soybean crops through CDI facilitated buyers, the endline survey conducted in Fall 2018 reports that a significant number of households, about 150 farmers from the treatment group had knowledge of the marketing intervention.

These farmers were likely impacted by the second component of the program. Recall that all villages who participated in the sensitization meetings received the SMS messages. While not the main focus of the program at the time, it appears that it is this component of the program which was most successful as it allowed farmers to delay sale, and possibly identify better markets.

In particular, we show that participating farmers were on an average able to sell their maize for 1,128.71 MK/50kg more than farmers who did not receive any marketing sensitization. This roughly translates to an 18% increase in the selling price of maize.

For the households who were aware of the intervention but did not opt to sell soybean through CDI's marketing channel, the endline survey also reported reasons for opting out. The primary reason was the need for immediate funds (47%). About 17% of the households mentioned that they were constrained by their inability to transport the produce to the designated depot, and 2% of the households did not meet the quantity threshold – leaving another 31% of households with unidentified reasons, possibly pointing at their inability to meet quality thresholds.

5. Lessons for practitioners

It is critical for Malawi's economy as well as farmer welfare that new, reliable marketing channels are developed which encourage participation in the output market. We provide recommendations under two distinct categories:

A. Increasing uptake of new marketing channels:

i. **Timing of the intervention:** Farmers reported that the announcement and implementation of the marketing sensitization was quite late in the season, thus credit constrained farmers could not delay the sale of their crop. It is recommended that the program be announced prior to the start of the season and be combined it with options for credit.

ii. **Quantity and quality requirements:** Some farmers indicated a willingness to utilize program facilitated buyers but were unable to meet the aggregation requirements. It might be desirable to have flexible quantity requirements to account for factors that affect yields across different regions. Sufficient guidance regarding quality requirements must be made available.

iii. **Provision of transport support**: As reported in the endline survey, about 17% of farmers did not follow through with the marketing intervention because they did not have the means to transport their produce to the designated produce depot. Increasing the number of produce depots as well as providing transport facilities to farmers shall increase uptake.

B. Providing market information to farmers:

i. **Using mobile phones:** In our endline surveys, farmers reported that the weekly SMS providing price updates from various markets was very helpful. Benefits of such information dissemination activities are noted in policy and academic literature. Having low-cost access to information is critical.

ii. **Improving storage facilities:** It is critical that farmers have easy access to larger storage facilities so that produce can be stored in a safe environment that does not compromise on the quality of the harvest. This would allow farmers to delay sales without compromising quality.

For more information on ISFM-Malawi, visit www.isfmmalawi.com

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