

## D. CENTRAL REGIONAL SECURITY LIVELIHOOD PROGRAM

### 1. *Funding Levels and Project Goals and Objectives*

The Central Regional Livelihood Security Program (CRLSP) Project No. 690-G-00-99-00234 was funded by USAID at \$1,277,375. CARE International managed the project over the period September 16, 1999 through September 30, 2002.

**Program Goal:** Improve the livelihood and food security of 10,000 rural households.

#### **Objectives:**

- ▶ Strengthening community institutional decision-making and outreach capacity through the formulation of community based organizations (CBOs), i.e., training community facilitators, leadership development, etc.;
- ▶ Raising agricultural productivity through farmer access to improved seed varieties, promotion of organic fertilizers and green manure, crop diversification into legumes, roots and tubers and soil and water conservation;
- ▶ Improving water availability and utilization by increasing cultivation in the *dambo* (wetlands) areas and constructing water harvesting structures; and
- ▶ Increasing income opportunities and earnings through the promotion of savings and loan groups, linking village groups to markets and the promotion of non-agricultural income generating activities.

### 2. *Findings*

The CARE CRLSP target group is subsistence level farm households in three Traditional Authority (TA) areas in Lilongwe District. A similar program funded by Australian AID, and also being implemented by CARE, was recently extended through September 2005. It operates in three out of the nine TAs in Dowa District. The project goal is to improve the living standards of the target population by expanding their home food supply and growing a surplus for sale. At the same time, most of the target households for these projects have limited experience at producing and selling a marketable surplus.

CARE used as an implementation strategy the formation of viable community-based organizations (CBOs), that are formed at sub-village, village, and group village head (GVH) levels, as the institutional framework within which the program objectives are achieved. These CBOs are provided training to manage the distribution of seeds and planting materials, natural resource and environmental protection activities, savings and loan groups and product marketing. It is important to note that the CBO organizational structure is deliberately formed by the grouping of villages that are already organized within the TA jurisdiction. While the CARE-formulated Group Village Head (GVH) community based organizations (CBOs) parallel the traditional governance structure at the Village Development Committee (VDC) level, the CBOs are organized and operate as completely separate structures. Since the VDC is the lowest TA representational level, the sub-village and village level CBOs do not have parallel TA representational structures. They therefore form the only institutions through which the needs of local villages can be articulated to VDC level leadership in an organized manner.

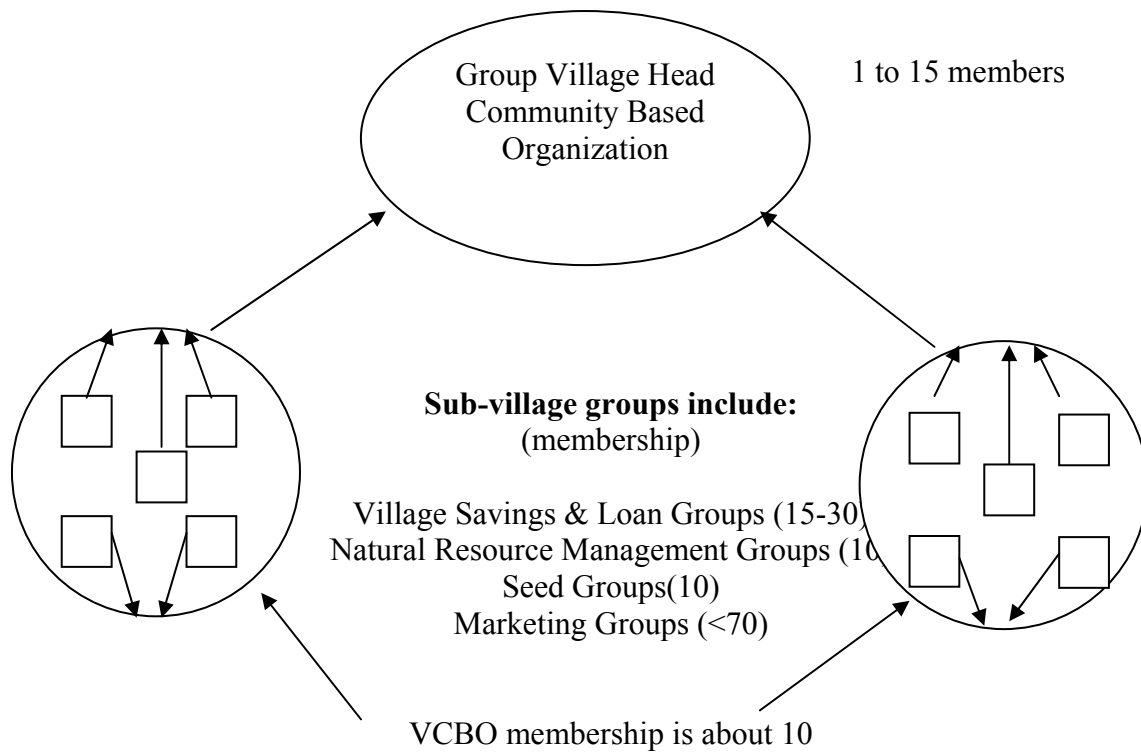
CARE had four field coordinators (FCs) and 15 field technicians (FTs) that supported the field activities associated with the four project objectives. Since September 2002, CARE is no longer providing support to these communities.

**Objective a: Strengthening community institutional decision-making and outreach capacity through formulation of community based organizations (CBOs), i.e., training community facilitators, leadership development, etc.**

First level CBO groups are organized at either sub-village or village levels to meet specific technical or business needs. To improve the realization of individual goals through group action, village level groups are further organized into federations leading up to an organizational structure that operates parallel to the Village Development Committee (VDC), which is the lowest level of the functioning traditional governance structure. Figure 1 illustrates the CBO structure implemented by the project.

**Figure 1 CRLSP Hierarchy of Community Based Organizations**

**Sub-village groups include:**



Prior to forming a CBO network, the CARE technical assistance team carried out a needs assessment to determine the number and type of groups to be formed. The formation of sub-village groups builds on already functioning community support groups that organize local level borehole, forestry, and funeral activities. Although the sub-village and village groups are organized to carry out specific technical or economic activities, they also serve as a conduit through which other individual and village concerns can be brought up to the VDC leadership, as there is no other village level group representation below the VDC.

Village residents are organized into four separate types of organizations, with each having a specific technical or economic purpose. CARE staff provided initial training in forming organizations and in identifying members for each group. Once organized, CARE provided further training to facilitate group realization of individual goals through their development into viable community action groups.

Seed groups were organized at the sub-village level, and generally consist of 10 members. Natural resource management (NRM) and village savings and loan groups (VS&L) were also organized at the sub-village level. NRMs, like seed groups, have about 10 members and coordinate resource management activities at village and federated village levels, including cash for work (CfW) activities. VS&Ls have from 15 to 30 members and operate primarily at the sub-village level. Marketing associations are organized initially at the village level to support the marketing of household farm products.

During the first year of Project operation the emphasis was on organizing technical groups at the sub-village level and linking them to village CBOs (VCBOs). These organizations represent all sub-village groups, except marketing groups, and generally have a membership of 10 people, who are appointed by the village level groups.

In the second year, the emphasis was on organizing the VCBOs into federations that included all villages represented in the traditional VDC. These groups are called GVH or group village head level organizations. The GVH usually has 15 members. Since there are often more than 15 villages that make up the VDC jurisdiction, not all VCBOs have direct representation on the GVH CBO.

In the second year, marketing associations were also formed. The lowest level association in this case was at the village level. The goal was the formation of one association in each village. In the third year, GVH level marketing associations were formed that were separate from the GVH CBO and from the traditional VDC structures. These federated marketing associations operated for the first time in the 2001/02 season.

Two CARE field technicians (FTs) were responsible for institutional capacity building activities. They identified local residents to work as Community Facilitators (CFs) who served as the link between the CARE FTs and the VCBOs and later the GVH CBOs. These community volunteers were trained by CARE FTs and other specialist staff and in turn, provided training to village and sub-village CBOs. Their primary role was to handle the many logistical issues associated with the day-to-day operation of the village and with the federated CBO system. At project closure, CARE had trained 100 CFs, of which half were women.

The end of project (EOP) evaluation report<sup>7</sup> indicated that, while the CFs provided important support services to the CBOs, members of the GVH CBO generally felt that the CFs were operating outside the jurisdiction of the GVH CBO, rather than as staff that were responsible to the GVH CBO. As a result, CARE is now redefining the CF as responsible to the GVH CBO, and is providing additional training to these CBO members to improve the implementation of their responsibilities.

---

<sup>7</sup> Jane Iredale, Central Region Livelihood Security Program (CRLSP) EPR Evaluation, draft September 2002.

To foster further development, CARE worked with partner organizations that used the GVH CBOs as conduits through which program support and training was channeled. As part of the CRLSP, CARE provided training to staff of some of these organizations to improve their service delivery mechanisms. These partner groups included: primary education advisors from the Ministry of Education, community development assistants from the Ministry of Youth, Gender and Community Services, field assistants from the Ministry of Agriculture and Irrigation, and selected staff from the Department of Forestry. CARE also worked with staff from the St Gabriel Hospital on sensitizing CBOs on HIV/AIDS and reproductive health.

It can be seen from the above discussion that the job of organizing, training and supporting a CBO structure is a time consuming and complex undertaking requiring a great deal of training and understanding of how to manage and direct interpersonal and inter-group dynamics. At the same time, most participants in these groups have had limited previous experience in working through democratic group structures that are designed to articulate the needs of the individuals represented. As a result, a continued program of training and support is most likely needed to ensure the long-term success of CBOs at the GVH level. Another factor to be considered when evaluating CBO functioning is that their existence can create tensions with VDC and other local authority leadership. At the same time, it must be recognized that many VDCs exist in name only and in reality are not able to effectively represent the people within their jurisdiction. In these areas, the CBOs are filling an important gap. They effectively serve as institutional building blocks to provide a network through which village members can articulate their needs, in addition to gaining direct social and economic benefits from the participant sub-village and village groups.

Over the course of the project:

- ▶ One hundred CFs were identified and received training in leadership, seed production, savings and credit, and marketing, of which 50 percent were women (against a target of 100 community facilitators identified and trained).
- ▶ Two hundred and eighty two VCBOs were organized and trained with 40 percent women members (against a target of 350);
- ▶ Three hundred and seventeen activities were planned, implemented, and monitored by some 350 CBOs that included digging and maintaining shallow wells and boreholes, road rehabilitation, school blocks construction, wetland cultivation of crops, agro-forestry projects, dissemination of HIV/AIDS messages, adult literacy programs, seed multiplication and management, bridge construction, pit latrine construction, village security, and market place construction.
- ▶ Eight GVH CBOs were organized and trained (against a target of 20);
- ▶ Seventy one partner staff were trained (against a target of 60);
- ▶ Thirteen trained partner staff are providing support to activity groups and CBOs (against a target of 60).
- ▶ More than 300 activities were implemented by 60 VCBOs (against a target of 300 activities).

**Objective b: Raising agricultural productivity through farmer access to improved seed varieties, promotion of organic fertilizers and green manure, crop diversification into legumes, roots and tubers, and soil and water conservation.**

CARE provided starter planting material for cassava, sweet potato, groundnuts, dry beans and Irish potatoes, but did not provide other inputs such as fertilizer. They did encourage farm households to maintain compost pits and to use the materials as organic fertilizers. Planting materials are distributed through the seed groups, and each beneficiary agrees to return a specified amount of seed or planting material to the VCBO the following year for further distribution to other farmers. Five CARE FTs provided technical support for this objective.

Cassava planting materials were provided to farmers for all three years of the project duration. An estimated 1,005 farmers received these materials. An amount sufficient to plant about .01 ha. (a 10m x 10m plot) was provided through the village CBO. Only sweet cassava planting material (Manyokola variety) is supplied, as it is non-toxic and can be eaten or sold fresh or with minimal processing. Planting materials are purchased by conducting an annual tender among several suppliers. Suppliers include the research stations, private farmers, and the Ntendere Catholic Parish farm in Dedza<sup>8</sup>. Generally, the research stations are the highest cost suppliers. As a result, planting material is usually purchased from the Ntendere Parish farm or from private farmers.

CARE reports that farmers are interested in growing cassava and will usually harvest from 10 to 18 months after planting (from October through May following the planting year). This suggests that the impact on dietary intake is lagged by one year. To pay for the received planting materials, an amount sufficient to grow a 5m x 10m plot is provided to the VCBO the next year for further distribution to another farm household through a different cassava group. CARE did not provide bitter cassava planting material to project members, as the product requires further processing to remove its natural toxicity. Because of anecdotal evidence of persons dying from consuming unprocessed bitter cassava, CARE decided against supplying planting material for these varieties, until such time as training could be provided in the proper processing of the raw product.

Most cassava is consumed at home with the surplus being sold in local markets. Generally, significant sales do not begin until the second year and then primarily if the original area planted increases. With the serious hunger problems of the current year, farmers reported a higher than normal rate of theft from their plots than in past years. Some farmers developed cassava nurseries during the winter season, but this requires the availability of *dambo* wetlands.

Sweet potato vines were provided to farmers for all three years of the project duration. Some 1,189 farmers participated in the program. Like cassava, sufficient vines are provided to cover a .01 ha. area with the same payback procedures as for cassava. Generally, households planting cassava also plant sweet potatoes. Sweet potatoes are generally planted in December, with harvest from early April to June. Planting material is generally obtained from the Ntendere Parish farm seed multiplication plots. Sweet potato is generally not sold, but kept for home consumption.

Groundnut seeds were provided to farmers during all three years of the project. This was the largest of all the planting material distribution programs, with some 20,700 farmers participating. Four kg of improved CG7 seed was provided, which is sufficient to grow a.05 ha. (10m x 50m plot). In payment for the seed, the beneficiaries provide 8 kg to the VCBO at harvest for

---

<sup>8</sup> The Church engages in seed multiplication and sells the planting material to support their educational program.

redistribution the next year to members of another seed group. CG 7 is a high yielding variety that produces a small to medium sized kernel used for home consumption or sold primarily for processing. Farmers who expand the area planted the second year often sell most of the product produced from the expanded area.

CRLSP beneficiaries sold only a small amount of groundnuts to local buyers. A significant marketing problem occurred in selling the 2001 crop, as marketing association leadership was unable to make timely decisions on selling the available surplus, and consequently received very low prices for their product. (Marketing issues are discussed in greater detail under Objective 4). Groundnut production is increasing rapidly among project farmers and is one of the major crops whose seeds are being distributed in the current famine relief “Starter Pack” program. CARE staff indicated that about three more years are required until farmers are able to establish sufficient basic<sup>9</sup> and certified seed nurseries to meet expected demand. Until that time, the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) will remain the largest provider of basic seed.

Dry bean seeds were provided to farmers for all three years of the project. Some 11,100 farmers participated in the program. Six varieties were provided (one is red and the others are speckled white or off white varieties). Three kg of seed was provided to grow .03 ha (a 10m x 30m plot), and farmers repay 6 kg to the seed group the following year to be distributed to other members. Seed is purchased from ICRISAT, which currently has a monopoly on the production of basic seed. Like groundnuts, a marketable surplus generally does not become available until after the first year.

Irish potato sets were introduced into the program for the first time in 2000/01. An estimated 484 farmers participated in the program. A 20 liter pail of seed potatoes is provided to grow a 10m x 10m plot. Farmers return the same amount to the VCBO for distribution to other individuals the following year. The initial potato sets are generally purchased by CARE from the Ntendere Parish. Irish potatoes can be harvested before the maize crop is ready, so that it provides additional food security during the summer hunger season. Surplus produce is generally sold locally.

Maize seed was not distributed through the CRLSP. As maize is the primary traditional food crop, farmers are encouraged to use their normal supply sources for obtaining maize seeds. As a strategy, CARE supports the planting of open pollinated maize varieties, as farmer seeds can be saved and reused for several years -- thereby reducing their annual cash outlay for purchasing seed. However, there is a limited available supply of higher producing open pollinated varieties, and there is no current program in Malawi to carry out such research. Private sector seed suppliers are only interested in providing hybrid seeds. In addition, CARE does not provide fertilizers in its starter packs. Instead, they promote the formation of compost materials for use as crop fertilizers.

Productivity changes over the project life, as measured by yield per hectare, are summarized in the following table:

---

<sup>9</sup> “Basic” seed is known as “foundation” seed in the US, is one stage higher in genetic purity than “certified” seed.

**TABLE 5**  
**Yield Changes for Selected Crops, 2000 through 2002**

<b>Year</b>	<b>Groundnuts (kg/ha)</b>	<b>Beans (kg/ha)</b>	<b>Cassava (kg/ha)</b>	<b>Sweet Potato (kg/ha)</b>
Baseline (2000)	845	379	3705	2522
2001	2042	862	7310	21068
2002	262	217	n.a.	2656

Significant yield increases were recorded from the baseline year to 2001: groundnuts – plus 140 percent; beans – plus 127 percent; cassava – plus 97 percent; and sweet potato – plus 735 percent. These yield increases are exceptionally high, but were not maintained in 2002. In all cases where data are available, yields were considerably lower than in the baseline. Project staff indicates that the poor results are related to the severe hunger experienced during the period where crops were harvested prematurely, or stolen from the field prior to harvest.

At the same time, the following table illustrates that plantings of groundnuts, cassava, and sweet potatoes declined from 2001 to 2002, and that the sweet potato area planted during both years was below the baseline.

**TABLE 6**  
**Changes In Area Planted For Selected Crops, 2001 Through 2002**

<b>Year</b>	<b>Groundnuts (ha)</b>	<b>Beans (ha)</b>	<b>Cassava (ha)</b>	<b>Sweet Potato (ha)</b>	<b>Total (ha)</b>
Baseline (2000)	131	120	15	48	314
2001	737	121	17	14.5	889.5
2002	524	141	9	4	678

The area planted table suggests that farmers prefer to grow groundnuts and beans instead of cassava and sweet potato. The reduction in planted area to these crops during the 2001/02 season does not suggest that these farmers view these two crops as maize substitutes, or as major income generating crops. After the large increase in the area planted to groundnuts from 2000 to 2001, the decline in area planted in 2002 may be attributed to poor marketing results, but there may well be other reasons as well.

Other results of the crop promotion program include:

- ▶ Formation of 3,351 seed groups;
- ▶ Seed repayment rate of 90 percent in the first year and 50 percent in the second year, due to drought.

**Objective c: Improving water availability and utilization by increasing cultivation in the *dambo* (wetlands) areas and by constructing water-harvesting structures.**

This component was concerned with increasing cultivation in the *dambo* wetland areas. Activities carried out under this objective included construction of water harvesting structures,

including dams and weirs, and the introduction of soil conserving, sustainable land use practices. Water harvesting structures were designed to increase water availability during the fall and winter dry season, in order to support an expanded range of crop production. Construction work for these activities was performed by project beneficiaries that were located in the areas where the work was taking place. Projects were identified at the GVH CBO level and local Natural Resource Management (NRM) committees identified workers and handled worker payroll and task supervision, under the Cash for Work (CfW) program. Under the program, workers were hired for a 120-day period, receiving 23 KW per day, or about 2,800 KW in total compensation. While construction was on going, CARE FTs were usually on site at least two days per week. Three CARE FT staff provided technical support in the NRM and CfW work, and was present to monitor payroll procedures.

In the course of the CfW activities GVH CBOs would also identify additional construction activities such as roads and bridges. These projects were also completed using CfW workers. The end of project report rated the overall quality of the water harvesting structures as sound, and the systems are providing ample water to the communities and people that they serve. Twelve water-harvesting structures were completed and are providing water to more than 1,100 people. In addition, two weirs, 10 road rehabilitations in 6 sites and two gully reclamation sites were completed. These results exceeded project targets. In several cases, dams were stocked with fish (tilapia) and ticketing systems were established to regulate their use. Where established, local NRM committees manage the funds collected.

The EOP report noted that NRM committees were formed at a slower rate than for other project activities. The evaluator concluded that this reluctance stemmed from previous attempts by the government to form similar committees, when the promised inputs such as training and materials were not provided. In contrast to the past experiences, one of the project success stories involved making formerly unavailable hillside land suitable for irrigated fall and winter farming by 50 families who averaged about .6 ha (1.5 acres) each. The NRM Committee sets up and manages water use rules to govern irrigation, and fishing is permitted twice a week at the rate of MK 20 per hour. People in this community also have planted some 2,000 indigenous trees in the catchment areas.

Other achievements under this objective include:

- ▶ One thousand and four hundred and eight farmers (43 percent women) adopted sustainable farming practices, including contour marker ridges, ridge realignment, agro-forestry trees, vetiver grass and composting (against a target of 1,000 farmers);
- ▶ Five hundred hectares placed under sustainable practices (against a target of 15 hectares);
- ▶ Ten water harvesting structure management committees formed and trained (exceeded target);
- ▶ Water was available for two to four extra months (exceeded target of two months) where water harvesting structures were built;
- ▶ The area cultivated in *dambos* increased by 33 percent (27 hectares); and
- ▶ NRM committees organized and trained in 25 communities (against a target of 13);

The EOP evaluation noted that problems with money occurred in several areas, where ticketing systems were formed to earn money for conducting future community projects and towards maintaining water-harvesting structures. As a result, concerns exist about the future



sustainability of these projects. This evaluation also noted that women tended to be more concerned about water and environmental issues than were men, and would consequently do a better job of managing these projects.

**Objective d: Increasing income opportunities and earnings through the promotion of savings and loan groups, linking village groups to markets, and the promotion of non-agricultural income generating activities.**

This section addresses two CRLSP activities: the formation and operation of S&L groups and the formation and operation of marketing associations. It also identifies the earned income achievements of the CfW program activities that were discussed in the previous section.

Village Savings and Loan (VS&L) groups were organized at sub-village levels with membership ranging from 15 to 30 persons. Members pledge to contribute a regular weekly or monthly amount to the association, which is recorded on an individual ledger card. The cards and ledger books are provided by CARE staff, which also provides training and guidance for the local associations. Individuals can borrow from the local association with normal repayment required within one month. An interest charge, usually ranging from 15 to 25 percent, is levied for the period and is established and collected at the local association level. The amount of funds that an individual can borrow from the fund is not related to the level of his/her savings in the association, but is approved as a group consensus decision based on the assessment of the borrower's repayment ability. There is no fixed interest rate paid on deposits, but members can vote themselves a dividend at the end of the year, in line with earnings received from interest payments received. However, many groups do not declare annual dividends, but prefer to retain the earnings in the association fund to further credit availability. In March 2000, the CRLSP produced a VS&L Training guide that is provided to all groups. The guide was based on a successful program managed by CARE in Niger and adapted to the Malawian situation.

One of the more successful groups started in July 2000 with a set individual savings rate of MK 23 per person. After first expanding to 95 members (on the rumor that CARE was going to provide credit funds), it dropped to eight members when it became clear that this would not happen. After this initial decline, membership rose to 23. In September 2002, the account balance had increased to MK 103,980 and members regularly borrowed money to cover production expenses, including those associated with growing tobacco and maize. (Some borrowed up to MK 8,000). As a result, most families in this group were self-sufficient during the recent hunger period and, in addition, managed to upgrade their houses and to save additional funds.

The EOP report noted that groups comprised only of women have proven more effective in managing VS&L funds than were mixed gender groups, or groups comprised of men only -- 92 percent of all VS&L members were women. Men tended to seek larger credit institutions and often felt that the amount of money associated with the VS&L groups was too small for their needs. CARE personnel also noted that the most effective groups maintained tight secrecy regarding the identity of their treasurer, and did not disclose where the moneys associated with the local group were stored. In this way, they guarded against theft and protected their assets from outsiders. The EOP report further noted that this activity was concentrated very heavily among the women of poorer households, than in those from the more well off households who often considered the sums of money involved to be too small. Extension Service staff also

appreciated the results of these groups and their popularity in the poorer communities and have begun to promote them in other areas. This popularity rests, in part, on the fact that they do not require external resources for their success. It does seem important, however, that the groups have a written constitution and that members all adhere to this constitution.

The project target was the formation of 40 integrated VS&L groups at the GVH level; however only 10 such groups were formed. This result further supports the notion that the savings groups are most effective when membership consists of a small number of people having a strong trust relationship between them.

Village or integrated VS&Ls can, in theory, access credit from the Malawi Rural Finance Corporation (MRFC), but generally do not choose to do so. Interest rates charged are reportedly from 48 to 52 percent per annum, which is above what the target population can usually gain from the use of the credit. Moreover, loan officers do not have a good reputation with the rural population and reportedly the documentation provided for loans does not clearly state all terms and conditions that apply to the loan in a way that is readily understood by the borrower. Apart from the MRFC, there is no other formal sector credit source available to the CRSLP beneficiaries. A summary of the VS&L results includes:

- ▶ One hundred and ten VS&L groups formed with total savings of MK 1,124,641, and with internal loans totaling MK 1,541,669;
- ▶ Two thousand four hundred and seventy three participants in VS&L groups, with 92 percent women (against a target of 1,750 participants with 90 percent women);
- ▶ MK 709 average savings per participant (against a target of MK 500);
- ▶ MK 972 average loan per participant (against a target of MK 1,000); and,
- ▶ Ten functioning integrated savings groups (against a target of 40 groups).

Cash for Work activities have contributed significantly to the economic welfare of many low-income families in the target area. As noted in the previous section, CARE managed this program to support the construction of water harvesting structures, including weirs and dams and other local infrastructure such as roads. Income earning achievements from the programs included the following:

- ▶ Three thousand nine hundred and sixteen participants with 67 percent women (against a target of 4,000 participants with 60 percent women); and,
- ▶ MK 2,800 earnings per participant (against a target of MK 2,000 per participant).

While anecdotal evidence clearly indicates that members saved a portion of their earnings from this program, project staff were not able to develop a firm estimate of the actual percentage that was saved against an initial savings target of 25 percent.

Marketing associations have a different organizational structure than the other village based CBOs. The lowest level marketing associations were organized at the village level with a maximum size of 70 members. However, in practice membership never reached these numbers. The operating concept was that village associations would appoint one or two members to a federated association formed at the group village head level. This GVH level marketing association was separate from the general GVH CBO. Produce from individual farmers would

be collected by the village level association, and up through the GVH level association which would take responsibility for managing sales.

CARE provided training and general capacity building support to both village and federated level marketing associations. In addition to coordinating farmer product marketing, the marketing associations were also to gather and disseminate market information. In total, 27 village and GVH level marketing associations were formed and trained with a reported membership of 328. About 51 percent of the members were women.

Few group marketing activities were carried out during the 1999/00 season. To strengthen the GVH level marketing capacity, CARE brought in a NASFAM consultant at the beginning of the 2001/02 season to provide a one week training session on “Development of Smallholder Farmer Associations”. Further business management training was provided that year by the Malawi Enterprise Development Institute. After these training sessions, additional group sensitization sessions were held. CARE further facilitated linkages of these organizations to various government partners and to NASFAM.

Although four trading companies buy from small growers in the area (Rab, Transglobe, NASFAM and Kanonga Estates), only a small amount of produce from the project area was marketed through the marketing association structure during the 2000/01 season. Product quality was generally low and many farmers sold their product at prices as low as MK 7–11 per kg. A contributing factor was the inability of marketing association leadership to make timely business decisions, with the result that many sales took place in September after prices had peaked. However, individual farmers who sold early and who graded and shelled their groundnuts before selling them, realized from MK 28-30 per kg<sup>10</sup>.

A separate CARE evaluation document<sup>11</sup> notes that five GVH level marketing associations sold 6,142 mt of groundnuts to McPherson at an average price of MK 18 per kg during the 2001/02 season. Prices for produce sold in July ranged from MK 21-23, but went as low as MK 7 later in the year. Poor quality also affected prices paid. These results suggest that the ability of marketing associations to make business decisions is improving, but that significant problems remain.

### **3. Conclusions**

The CRLSP met or exceeded most of the targets related to community based organization (CBO) formation and their use in achieving social, educational, health and environmental improvements. However, results for crop productivity and marketing related goals were mixed. Significant increases in area planted to groundnuts and beans occurred during the first year, (as against the baseline) but area planted to groundnuts declined the second year. Area planted to

---

<sup>10</sup> Discussions with buyers indicated that each has an export quota that they must meet. Once this quota is met, prices they are willing to pay drop rapidly. Generally, quotas are filled by the end of August or by mid September. After these dates, local market prices prevail. However, MOAI monthly market information indicates that retail prices at local markets maintained price levels for unshelled peanuts at 38-42 MK per kg for unshelled groundnuts for the period September through December 2001. This was somewhat higher than prices recorded during the May through July period.

<sup>11</sup> CARE, *Documentation of Best Practices, Lessons Learned from Implementation of the Smallholder Marketing Program in Lilongwe, Dedza and Dowa Districts*, November 2002.

cassava increased slightly over the baseline the first year, but was lower than the baseline the second year, while sweet potato plantings declined each year. Very significant yield increases were recorded for all four crops over the baseline during the first year, but results were very disappointing for the second year. At least in part, the yield reductions were related to crops being harvested early or stolen from the fields, due to the severe hunger experienced during the 2001/02 hunger period. Moreover, the experience of marketing produce (primarily groundnuts) through GVH CBO marketing associations was not very successful. Farmers operating as individuals or through smaller village structures usually fared better than farmers selling through the group village head marketing associations.

The general success of the socially oriented CBO based activities, when compared with the mixed results of the economic activities, suggests that perhaps the CARE or MOAI Extension staff could have provided additional technical support during the 2001-2002 season to consolidate some of the positive area planted and yield results of the first year.

In addition:

- ▶ Village seed groups provided the structure for distributing improved seeds and other planting materials for either initial or expanded plantings to approximately 35,000 farmers. Distribution of groundnuts (20,706 farmers) was the largest program with 11,100 farmers receiving bean seed, 1,005 receiving cassava cuttings, 1,189 receiving sweet potato vines and 484 receiving Irish potato sets.
- ▶ Formation or reactivation of 375 CBOs provided the organizational base for implementing more than 300 village level activities that addressed:
  - a) village development (road construction, shallow well and borehole construction and maintenance, road rehabilitation, and village security);
  - b) social and health improvement (adult literacy training, dissemination of HIV/AIDS messages, and school block construction);
  - c) environmental protection (construction of dams, weirs, gully protection structures, and hillside reforestation ); and
  - d) increased household economic well-being (seed groups, marketing associations, and wetland crop cultivation).
- ▶ Almost 2,500 residents became members of functioning village savings and loan groups, with average savings of MK 709 per participant and loans averaging MK 972 per participant. Some 92 percent of the VS&L members were women. The VS&L membership was more popular with poorer households than with those who were economically better off. At the same time, VS&L members did not feel that the existing formal credit institutions, especially the Malawi Rural Finance Corporation, were able to meet their credit needs.
- ▶ Cash for Work activities provided an important source of cash income to almost 2,500 individuals (67 percent women) and in the process, contributed to the strengthening of fragile wetland environments, expanding winter crop production, and improving road infrastructure.

#### **4. *Recommendations***

The following recommendations may improve future project results in expanding disposable income for poor rural households.

### **Recommendation 1**

A pilot crop marketing program should be built around the more successful VS&Ls, as a base for building successful village farmer marketing organizations. Many of these small associations (usually comprised of about 15 to 30 members) have developed a strong trust relationship among the group members, and have demonstrated their ability to handle members' financial affairs in a responsible manner.

### **Recommendation 2**

Poor rural households with minimal experience in trading commercial products should receive in depth training, which emphasizes the importance of meeting product quality standards and of having their crop available when commodity prices are the highest. These two factors were largely responsible for determining whether CRLSP farmers realized profits or losses from their product sales.

### **Recommendation 3**

Accurate and targeted market information needs to be available at regular intervals to small-scale farmers engaged in commercial product sales. Effective delivery mechanisms are needed to meet the special needs of small farmers that are normally outside the reach of normal dissemination media such as radio, television and newspapers, which are usually not available or too expensive for many of the target households.

### **Recommendation 4**

Future credit programs for CARE and similar small farmer target populations should be formed on a savings-based finance rather than on a credit-based finance. Increased emphasis should be placed on facilitating the formation and growth of female based VS&Ls, as the primary organization for future small farmer rural credit programs targeted at the smallholder rural population.

### **Recommendation 5**

Farmers with a demonstrated ability to produce a commercial surplus should be encouraged to participate in commercial seed and planting material multiplication, with technical support from ICRISAT and the Southern Africa Regional Crops Research Network (SARRNET). Donor funding is needed to initially support technology transfer training and monitoring to facilitate the production of basic and certified seed and planting materials by CARE and similar target farmer groups, within the existing standards that are administered by the MOAI/DARTS.

### **Recommendation 6**

Successful natural resource management (NRM) groups should be encouraged to expand their involvement with the construction of effective natural resource and environmental protection structures that can improve or maintain the natural resource base needed for the long term sustainability of the agricultural land and water resource base. Future donor project activities to

support development of these structures should seek out these successful organizations to manage new activities.

### **Recommendation 7**

Future CfW activities should be linked to VS&L activities, in order to improve the savings rates of disadvantaged families in rural areas. It is further suggested that areas where successful VS&L groups are operating should receive priority consideration for location of future CfW activities.

## **5. Lessons Learned**

Lessons learned from the CRLSP experiences include:

- ▶ Groups comprised only of women were more effective in managing VS&L funds than mixed gender groups, or groups comprised of men only -- and were an important mechanism for empowering women living in poorer households. The VS&L groups were the most effective CRLSP component for increasing the disposable income of target group project beneficiaries. They formed the nucleus for significantly expanding household income and the business confidence of their members through regular savings and though issuance of credit from an accumulated savings base. The ability to honestly and effectively handle financial transactions associated with savings and credit further suggest that they can effectively serve as the basis for the commercial marketing of group produce as well. Members of the successful groups have developed a strong trust relationship, have learned how to make business decisions, and to resolve disputes over money matters, that are necessary to enjoy the confidence and trust of their members. These three factors are essential for the successful operation of marketing associations and are the attributes that were lacking in many of the GVH marketing associations that attempted to meet project group marketing functions. Moreover, experience suggests that other village residents view the financial success of these associations as a result to be emulated.
- ▶ GVH marketing associations have not been particularly successful in marketing farmers' products. Most GVH marketing associations do not have appropriate marketing skills, nor do they enjoy sufficient trust of the membership needed to take commercial decisions. This leads to the CRLSP experiences where the GVH marketing associations delayed making decisions about selling of member's produce, and consequently, were unable to effectively carry out their responsibilities. Moreover, these organizations do not have sufficient funds to hire staff that can effectively market their members' produce. Effective marketing structures need to be organized on business principles and to have financial audit and monitoring controls. In addition, they need to have a sufficient business volume, so that employees receive an adequate income for taking decisions that make money for the membership. It will be very difficult for GVH marketing associations to meet these criteria.
- ▶ CBOs as representative organizations are not well suited for facilitating market based individual or household economic development issues. Village community based organizations (VCBOs) and GVH CBOs are broadly based community representative

structures that have been shown to be effective in addressing common group goals, such as adult literacy and education, improving community health standards, including reduction of HIV/AIDs, improving community security, coordinating natural resource management, and addressing common environmental concerns. However, the very reasons that they are successful in addressing community issues, e.g. they represent the broader interests of the village or group of villages, may make them quite unsuitable for addressing market based individual and household economic development associated with the creation of savings, credit management, or commodity marketing. This is because market based economic development tends to differentiate the more successful from those who are less successful and relies on effective acquisition and management of individual financial resources. At the extreme, CBOs designed to enhance village and community goals may actually operate to maintain an equality of poverty in poorer communities, by impeding the natural process of income differentiation that takes place as individuals and households learn how to better manage financial resources needed to improve their overall level of food security and living standards.

- ▶ Farmers lack understanding of the market realities associated with selling their surplus products. The two-year CRLSP experience with marketing groundnuts and beans indicates that there are at least four private sector trading companies that bid for farmer's products. Farmers who met quality standards and had the product available during the appropriate market window, realized adequate profits from their sales. Those who did not meet these requirements did not do very well. A sustained program of market training supplemented by effective dissemination of relevant market information on a frequent and timely basis, is needed to improve farmer understanding of marketing their surplus produce. Farmers need to clearly understand that market based product prices will vary over the season, and if they are unable to meet quality standards and have their crop ready when prices are favorable, it may be better not to grow the crop for commercial sale.