



## The Gender and Equity Implications of Land-Related Investments by Producer Organisations in Malawi<sup>1</sup>

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Case studies of

The National Smallholder Farmers' Association of Malawi (NASFAM)

And the

Mzuzu Coffee Planters' Cooperative Union Ltd

**This is an unpublished report originally prepared for FAO**

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## Abbreviations and Acronyms

|              |   |
|--------------|---|
| ADMARC       | Agricultural Development and Marketing Cooperation        |
| ASWAp        | Agriculture Sector Wide Approach                          |
| CAADP        | Comprehensive African Agricultural Development Programme  |
| CEDAW        | CEDAW   |
| CFS          | Contract Farming Strategy                                 |
| CSO          | Civil Society Organisation                                |
| DAES         | Department of Agricultural Extension                      |
| ESP          | Economic and Social Protection (division of FAO)          |
| FAO          | Food and Agriculture Organisation                         |
| GALS         | Gender Action Learning Systems                            |
| GDP          | Gross Domestic Product                                    |
| GHA          | Gender, HIV & AIDS  |
| GII          | Gender Inequality Index                                   |
| GNI          | Gross National Income                                     |
| GoM          | Government of Malawi                                      |
| HDI          | Human Development Index                                   |
| HHM          | Household Methodology                                     |
| ILO          | International Labour Organisation                         |
| MAC          | Market Access Committee (NASFAM)                          |
| M&E          | Monitoring and Evaluation                                 |
| MGDS         | Malawi Growth and Development Strategy                    |
| MITC         | Malawi Investment and Trade Centre                        |
| MoG          | Ministry of Gender  |
| MoAIWD       | Ministry of Agriculture, Irrigation and Water Development |
| MOST         | Malawi Oilseed Sector Trust                               |
| Mzuzu Coffee | Mzuzu Coffee Planters Cooperative Union Ltd               |
| NASFAM       | National Association of Smallholder Farmers in Malawi     |
| NEPAD        | New Partnership for African Development                   |
| PO           | Producer Organisation                                     |
| SADP         | Smallholder Agribusiness Development Project              |
| SCFCC        | Sector Contract Farming Control Councils                  |
| SME          | Small and Medium Enterprises                              |
| TA           | Traditional Authority                                     |
| TWG          | Technical Working Group                                   |
| UNDP         | United Nations Development Programme                      |
| USAID        | United States   |
| WIC          | Women in Coffee   |

Malawian Kwacha (MKW) figures refer to 2015.

# Executive Summary

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FAO Economic and Social Protection (ESP) Department research highlights agricultural investments in several countries which have successfully adopted measures and practices to improve gender and social equity benefits. This research notes, however, that many investments have not fully succeeded in ensuring equitable arrangements for women and men with respect to employment, income generation potential, and land. Since every society is structured *a priori* by gender relations gender-neutral investments do not have gender and socially neutral effects. Agricultural investments, if not planned carefully, may deepen existing social and gender inequalities. By the same token well-planned agricultural investments offer important opportunities for developing a thriving, commercially effective, and gender-equitable agricultural sector.

Malawi is seeking foreign and domestic investments in agriculture in the expectation that such investments will contribute to improved agriculture production and productivity, enhance food security, and reduce poverty. This study examines two producer organisation-led agribusiness investments. Mzuzu Coffee Planters' Cooperative Union (Mzuzu Coffee) markets almost all of its premium coffee into speciality and Fair Trade markets overseas. Some coffee, through the Women in Coffee (WIC) initiative, is sold as 'women's coffee.' The National Smallholder Farmers' Association of Malawi (NASFAM) supports commercial operations in several crops. Its high quality long-grain Kilombero rice value chain sells rice to national and international markets. The study explores the approaches of both POs to gender and social equity and highlights challenges and opportunities for securing gender-equitable outcomes. The emphasis of the study is on good practices from a gender and social equity perspective within the business models examined. The headline findings are:

1. Producer organisations can be effective at combining good business with social and gender equity.
2. Ensuring women are paid directly for produce, and are able to decide how to spend their income, results in strong development impacts. If these conditions are not met benefits are dissipated.
3. Working with households using household methodologies (HHM) to develop individual and family visions and plans contributes to improved smallholder investments in productivity and productivity, strengthened spending on development goals, and stronger women's leadership.
4. The pervasive weakness of Malawi's agricultural sector makes achieving and maintaining gains difficult and may threaten the commercial viability of producer organisations.

The study finds that Mzuzu Coffee and NASFAM have developed commercially viable value chains marketing premium products, they are improving gender and social equity, and they are helping their members to improve their quality of life. Both organisations return a high percentage of the final selling price to their producer membership. In the Kilombero Rice value chain, members receive approximately 51%. Coffee members receive between 60% to 70%. Mzuzu Coffee pays its operational costs from the monies deducted from sales (i.e. approximately 40%). However, only a part of NASFAM's costs are covered by the approximately 50% deducted from the final selling price of rice (a lower value crop). Further costs, particularly capacity development, are largely met by donors.

NASFAM and Mzuzu Coffee target farmers who are mostly below the national poverty line with small land parcels (under 1 ha in NASFAM's case). In several locations, NASFAM and Mzuzu Coffee are the key institutional mechanisms through which farmers can secure a guaranteed market. Through the WIC initiative, men are encouraged to provide their wives with land and coffee trees, and women members are paid directly for their coffee. Placing income in the hands of women has resulted in some women making more substantial improvements to their family's quality of life than has been achieved by many men. In the Kilombero rice value chain, though women members can be paid directly for their rice, they typically struggle to retain the benefits and overall development impacts are lower. This is because NASFAM's efforts to tackle the strongly patriarchal norms in the area are insufficient.

However, NASFAM began implementing a transformative gender methodology called Gender Action Learning Systems (GALS) in 2013 with funding from Development through Trade actor

TWIN in the groundnut chain. A minor case study for this report into the impact of GALS in the groundnut value chain shows that considerable gender equity and productivity gains have been made in a short time.

NASFAM and Mzuzu Coffee work towards gender equity in their governance structures. They promote women leadership and have achieved good representation at middle to higher levels. In context of Malawi which has low female political representation, achieving such high levels of representation is outstanding.

Benefits for casual workers are weaker. NASFAM and Mzuzu Coffee employ many seasonal casual labourers in their primary processing facilities. They ensure the national minimum wage is met, that safety procedures are followed (including protective clothing), and that medical care is covered. Services important to women, such as child care, are not provided. Casual staff do not participate in governance structures, and they are not organised into representative bodies. However, at Mzuzu Coffee skilled women are employed as permanent staff as coffee cuppers.

The Mzuzu Coffee and NASFAM case studies provide strong evidence that their work on integrating gender and social equity in their business operations is achieving notable gains. However, their business competitiveness is compromised by factors shared by all agri-business investors in Malawi. Conducting business is challenging. The financial sector offers extortionate interest rates on agricultural loans. Physical infrastructure is sparse and poorly maintained. Negotiating import and export bureaucracy is time-consuming. It is difficult to develop well-constructed value chains due to the paucity of processing facilities and effective small and medium sized enterprises higher up the chain. Producer organizations are not given tax breaks or other incentives to help them internalise the massive costs of Malawi's underdevelopment.

The bottom line is that producers, in their capacity as members, literally pay the price of national underdevelopment. Producing agricultural commodities, particularly to marketable standard and volume, is expensive. Inputs are costly and mechanization weak; many smallholders rely on the hoe. Risks are large. These are increasingly occasioned by climate change and include flooding, drought, and spread of pests. Delivering agricultural training is expensive. High levels of gender inequality reduce farmer production and productivity.

# Introduction

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Research conducted by FAO's Economic and Social Protection (ESP) Division<sup>2</sup> in Ghana, the United Republic of Tanzania, Zambia, Mozambique, Sierra Leone, Lao People's Democratic Republic, and the Philippines shows that some primary agricultural investments have adopted measures and implemented practices that have contributed to improving the gender sensitivity of the business schemes. However, they have not fully succeeded in ensuring equitable arrangements for women and men with respect to employment and income generation, and with respect to land access and use. FAO's findings are confirmed by further evidence presented by stakeholders from various sectors at a conference organized by FAO and partners entitled '*Agricultural Investment, Gender and Land in Africa*' in 2014. Presentations indicated that outcomes depend on the agricultural development model propounded and contractual arrangements implemented; the policy and regulatory frameworks in place; the type and degree of inclusiveness of the business models adopted, and the extent to which social and gender equity issues are identified and addressed<sup>3</sup>. Since every society is structured *a priori* by gender relations gender-neutral investments do not have gender and socially neutral effects. Indeed, agricultural investments, if not planned carefully, may deepen existing social and gender inequalities. By the same token well-planned agricultural investments offer important opportunities for developing a thriving, commercially effective, and gender-equitable agricultural sector.

The Malawi study focuses on two producer-led investments. It explores their approaches to gender and social equity and highlights challenges and opportunities for securing gender-equitable outcomes. The emphasis of the study is on primary agricultural investments with processing activities, and on good practices from a gender and equality perspective within the business models examined, rather than on their profitability and long-term financial viability. Nevertheless the study provides important insights regarding their economic and financial characteristics.

Mzuzu Coffee Planters' Cooperative Union<sup>4</sup> (Mzuzu Coffee) markets almost all of its premium coffee into speciality and Fair Trade markets overseas. Some of its coffee is sold as 'women's coffee.' It also sells into the national market. The National Smallholder Farmers' Association of Malawi<sup>5</sup> (NASFAM) supports commercialization of various crops. These include high quality long-grain Kilombero rice, grown mostly in Karonga District, which is sold into national and international markets. The selection criteria for the case studies were:

1. Diversity of business models. The POs have different contractual and governance arrangements.
2. Business arrangements between POs and their members have (a) been operational for more than 5 years, and (b) are widely perceived as having been beneficial for small farmers.
3. Processing facilities are included in the scheme.
4. Gender-sensitive approaches and other social standards are part of the business model.

The research was expected to:

- Document good practices and promising approaches in terms of promoting gender-sensitive collaborative business models and specific practices that have had, positive implications for the livelihoods and income-generating activities of poor smallholder women and men.

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<sup>2</sup> The Social Protection Division (ESP) coordinates FAO's work on social protection, gender equality, decent rural employment, rural institutions and people's empowerment. It is responsible for working with member countries and other partners to reduce rural poverty through strengthening social protection systems, reducing gender gaps and other social inequalities in agriculture and access to rural services. It empowers people through strengthening rural institutions and organizations and promoting decent rural employment. Assume this will be part of the front matter.

<sup>3</sup> The conference was jointly organized by FAO with Institute for Poverty, Land and Agrarian Studies (PLAAS), the Future Agricultures Consortium, and the Land Policy Initiative (LPI) of the African Union, the African Development Bank and the United Nations Economic Commission for Africa .

<sup>4</sup> <http://www.mzuzucoffee.org/>

<sup>5</sup> <http://www.nasfam.org/>

- Inform policy-making processes, based on solid grounded research, regarding the gender and social equity implications of supporting producer-led investments.
- Foster multi-stakeholder dialogue and partnership to enable the scaling-up and scaling out of promising approaches to gender-sensitive and collaborative agri-business partnerships.

Research was carried out in two missions in 2015. To determine how the study could best inform on-going discussions around agricultural investments in Malawi, and in particular how FAO Malawi can contribute effectively to these, the starting point was a review of the literature on land-related investments in the country, on gender and social equity issues, and on current national investment and agricultural policies and strategies. Discussions on how to frame the study were held with FAO Malawi, UNDP Malawi, departments in the Ministries of Agriculture, Trade and Investment, Land, and Gender. The study was guided by the following research questions:

1. What are the main characteristics of good practices, measures and promising approaches in relation to (i) employment and, (ii) access to and use of land which can inspire private investors, producer organizations, and farmers, to adopt more inclusive and gender-equitable practices?
2. What are the gender and social-differentiated implications of the business partnerships and contractual arrangements examined with specific respect to labour and income-generating opportunities for small-scale farmers and wage workers directly involved in, and affected by, these investments? Are specific measures in place to ensure that women and men benefit equally?
3. To what extent has the participation of women contributed to their social, political and economic empowerment? What are the key factors which have contributed to positive gender outcomes? What are the key challenges and constraints to women's effective participation?

The fieldwork was carried out by one national and one international consultant with the support of the FAO Malawi country office, the Government of Malawi, NASFAM and Mzuzu Coffee. To secure detailed understanding of the policy context detailed information was obtained through interviews with the line ministries noted above as well as development and private sector partners including UNWomen, UNDP, Ministry of Norway, Malawi Oil Seeds Trust, Malawi Mangos, and LandNet - a civil society organisation. Further insights were provided by TWIN Trading, which works with both producer organisations, and JustTrade Scotland in relation to NASFAM Karonga.

Fieldwork for the NASFAM Kilombero Rice case study in Karonga District was conducted during the first mission. In Karonga District, the team met all NASFAM HQ staff, and the manager and casual workers at the NASFAM rice mill. Fieldwork was conducted with NASFAM members of Kaporo South Association. A total of 40 women members and 35 men members were met in several gender-disaggregated focus group discussions (FGDs). Young women and men were met in two further FGDs. Meetings were held with local leaders, including Traditional Authorities (TAs) and Area/ Village Development Committee (ADCs/VDCs) members. A further meeting was held with managers and employees at the rice processing facility in Lilongwe. For the minor case study on Gender Action Learning System (GALS) meetings were convened in Chiwamba and Ukwe in Lilongwe District.

During the second mission Mzuzu Coffee's business and governance model - particularly the Women in Coffee Programme (WIC) was studied. Interviews were held with headquarter staff in Mzuzu town and with workers in the laboratory and factory. Fieldwork was conducted with producer members of Phoka Hills Cooperative in Rumphi District. Five FGDs were held with WIC members, and a further four FGDs with male Cooperative members. In 2014, Phoka Hills Cooperative had 677 members, 488 men and 189 women. In total 37 women members (19%) and 41 men members (8%) were interviewed (78 members). Of these, 9 women and 10 men were members of the youth targeting programme. Further meetings were held with Phoka Hills Cooperative Cooperative Development Manager (CDM) and extension workers. Three meetings with TAs, ADCs, and VDCs were conducted.

While this study cannot be claimed to have a quantitatively solid scientific basis with necessarily representative results, the careful selection of the case studies, and the wide range of stakeholders consulted through FGDs and in depth interviews, provide sufficiently robust insights to allow us to understand what has worked, what has not worked - and why - in the selected case studies.

# Malawi Country Profile

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Malawi is a slender southern African country, 118,480 km<sup>2</sup> in size. Its neighbours, and important trading partners, are Zambia, Tanzania and Mozambique. Its population is 16 million and is projected to reach 50 million by 2050 and more than 120 million by 2100<sup>6</sup>. This growth is mostly driven by high, though declining, fertility. Despite rapid urbanization, approximately 85% of the population live in rural areas. Of these, 51.7% are women. The national mean age is 21 years, and 54% of the population is under 18.

## 1 Socio-economic and Gender Snapshot

Malawi faces significant development challenges. It is one of 15 population and climate change hotspots in Sub-Saharan Africa<sup>7</sup>. The combined effects of climate change and rapid population growth are increasing food insecurity, environmental degradation and poverty levels<sup>8</sup>. The economy is heavily dependent on agriculture and has a limited industrial base with weak inter-sectoral linkages<sup>9</sup>. In 2013, Malawi's Gross Domestic Product (GDP) was \$3.705 billion, and its Gross National Income (GNI) per capita was approximately 270 USD. This makes Malawi one of the poorest countries in Sub-Saharan Africa, albeit some improvement has been reached over the last twenty years. The poverty headcount per capita is 50.7%. This is down from 52.4% in 2004 and 65.3% in 1997<sup>10</sup>. However, according to the World Bank, 'Malawi is at risk of becoming stuck in a low level equilibrium characterized by a large fiscal deficit, persistently high inflation, and high lending rates which threatens its growth performance'<sup>11</sup>.

The Human Development Index (HDI) assesses long-term progress in three dimensions: a long and healthy life, access to knowledge, and a decent standard of living. Malawi's HDI value for 2014 was 0.445 (UNDP, 2015). This places it in the low human development category, low within this group (average 0.505), and low within Sub-Saharan Africa (average 0.518). Globally, the HDI places Malawi at 173 from 189 countries and territories. The Gender Inequality Index (GII) reflects gender-based inequalities in reproductive health, empowerment, and economic activity. In 2014, Malawi's GII value of 0.611, ranking it 140 out of 155 countries, means that gender inequalities are highly prevalent and impose significant development costs.

The share of female-headed households in rural areas, including the study areas, is almost a quarter (24%). Female heads of household (FHH) tend to be older than their male counterparts and have on average one third fewer working household members. In the lowest wealth quintile female heads of household average one year of education whereas men average four years. In 2004-5, 78% of rural households were classified as poor; FHH formed 25% of these<sup>12</sup>.

Women are almost entirely responsible for housework and care activities. This takes a substantial chunk of time each day. A 2011 FAO Malawi country profile on gender inequalities in rural employment shows that the large majority of rural working men (88%) do not perform any domestic activities. Half of rural

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<sup>6</sup> United Nations (UN) Population Division (2011). World Population Prospects, the 2010 Revision. Department of Economic and Social Affairs, Population Division.

<sup>7</sup> Mutunga, C., Zulu, E., and R.-M. De Souza (2012) Population dynamics, climate change, and sustainable development in Africa. Population Action International.

<sup>8</sup> AFIDEP and PAI (2012) Population, Climate Change, and Sustainable Development in Malawi. Policy and Issue Brief. African Institute for Development Policy and Population Action International. Available at [pai.org/wp-content/uploads/2012/09/Malawi-Brief.pdf](http://pai.org/wp-content/uploads/2012/09/Malawi-Brief.pdf)

<sup>9</sup> <http://www.fao.org/docrep/005/y4632e/y4632e0n.htm>

<sup>10</sup> <http://data.worldbank.org/country/malawi>. Accessed 18th April 2015.

<sup>11</sup> <http://www.worldbank.org/en/news/feature/2015/04/14/malawi-economic-monitor-inaugural-economic-report-provides-economic-analysis-recommendations>

<sup>12</sup> FAO (2011) Gender Inequalities in Rural Employment in Malawi. An Overview Prepared by the Gender, Equity and Rural Employment Division of FAO 2011.



working women devote between 11 and 30 hours per week to domestic activities, with 4% of men doing so<sup>13</sup>.

Women's participation in politics, whether as candidates or as voters, is low. Women are less likely than men to engage in political activities due to widely held cultural norms which tend to relegate women to supportive rather than leadership roles.

## 2 Overview of the Agricultural and Smallholder Sectors

Agriculture provides 30% of Malawi's GDP, with agricultural products accounting for 80% of Malawi's foreign exchange earnings. The most important export crop is tobacco which accounts for about 70% of export revenues. Sugarcane and coffee account for a further 10%. Tea, cotton, potatoes, maize, and cassava are widely grown.<sup>14</sup>

About 95% of the population relies on agriculture for their livelihoods. Smallholder farmers cultivate on average 1 hectare of land, with 30% cultivating less than half a hectare. Cash crops are widely grown but subsistence farming remains important, particularly for women: 93% of women work in subsistence production, compared to 79% of men<sup>15</sup>. Virtually all rural households adopt livelihood diversification strategies, including on-farm/off-farm and paid/non-paid activities. Agriculture is a key source of work for young people. In rural areas, 91% of young male workers, and 96% of young female workers, are employed in agriculture<sup>16</sup>. Child labour is significant with about 37% (1.4 million children) of all children aged 5-17 in work, many in agriculture (52.6% of all child labourers).

The agricultural sector is characterized by a long-standing historical duality between commodities grown on estates such as tobacco, sugar, rice and tea, and a huge smallholder farming sector which is heavily subsistence orientated. Typical smallholder products include livestock, maize, cassava and sweet potatoes, and sorghum, though many farmers also grow market-orientated crops such as tobacco. Approximately 30,000 households are engaged by the estate sector on 1.2 million hectares (15% of arable land). This compares to 2.5 million households engaged in smallholder farming on 6.5 million hectares (85% of arable land). The estate sector provides 20% of overall production volumes with the smallholder sector providing 80% of production volumes<sup>17</sup>.

Agricultural development efforts have worked within this duality. Historically work has focused on improving the performance of agricultural export crops whilst stabilizing and improving food self-sufficiency in rural areas. However, the smallholder agricultural sector faces huge challenges with respect to commercialisation. Small and medium enterprises (SMEs) are typically operated by owners with multiple agricultural and non-agricultural businesses. Such 'portfolio owner-managers' switch resources constantly between businesses to enable them to address shortages in cash flow and seasonality, manage uncontrollable downside risks by moving resources out of businesses affected by this risk, and investing in the businesses currently generating most profitability. The constant switching of resources makes it difficult for public sector and donors to invest in specific agricultural value chains.

Smallholder farmers that have the potential to commercialize their farming enterprises are hindered by the lack of access to market information, agricultural credit, adequate and timely agricultural advisory services and the lack of access to input markets. Often they have poor technical skills and low managerial capacity. Farmers are pitched into a negative feedback loop whereby they are unable to sell sufficient commodities to earn enough to spend on their well-being and this in itself is a contributory factor to preventing successful markets.

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<sup>13</sup> FAO (2011) Gender Inequalities in Rural Employment in Malawi. An Overview Prepared by the Gender, Equity and Rural Employment Division of FAO 2011.

<sup>14</sup> Durand, O. and Waalewijn, P. (2015) Agriculture Sector in Malawi. Powerpoint Presentation.

<sup>15</sup> FAO (2011) Gender Inequalities in Rural Employment in Malawi. An Overview Prepared by the Gender, Equity and Rural Employment Division of FAO 2011.

<sup>16</sup> FAO (2011) Gender Inequalities in Rural Employment in Malawi. An Overview Prepared by the Gender, Equity and Rural Employment Division of FAO 2011.

<sup>17</sup> Durand, O. and Waalewijn, P. (2015) Agriculture Sector in Malawi. Powerpoint Presentation.



*The Malawi Growth and Development Strategy Paper (2008)* promotes the independence of Cooperatives<sup>18</sup>. Associations and cooperatives share several features: (i) both have open membership, (ii) their members have equal voting power, and (iii) they are owned by their members. One difference is that farmers own equity in cooperatives and thus stand and fall according to their performance. A second difference is that members of Cooperatives have to observe legal duties under the Cooperative Act. They must buy shares, pay annual subscriptions, and meet minimum standards set out in the relevant constitution. A key gender issue is that the legislative framework does not permit positive discrimination on behalf of women to level the playing field. For example, though the purchasing power of women farmers is undoubtedly lower than that of men in the great majority of cases, they have to buy equal numbers of shares to men to be a cooperative or association member.

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<sup>18</sup> Lwanda, M., Maonga, B.B., Phiri, S. & Sera Gondwe (2012) Analysis of business performance of agricultural cooperatives: A case study of Ngolowindo, Nsangu and Chitsanzo Cooperatives in the Central Region of Malawi. University of Malawi, Bunda College of Agriculture, Department of Agribusiness Management, P. O. Box 219, Lilongwe, Malawi. [www.repository.ruforum.org/sites/default/.../Lwanda,%20M.%20et%20al..pdf](http://www.repository.ruforum.org/sites/default/.../Lwanda,%20M.%20et%20al..pdf)

# The National Smallholder Farmers' Association of Malawi (NASFAM)

This case study examines NASFAM's operations in the Kilombero Rice value chain in Karonga District. This is a value chain which NASFAM itself has created. The chapter analyses the business and contractual arrangements between NASFAM and smallholder members, and unpicks the gender and social equity implications of these arrangements. The opening sections provide an overview of NASFAM's operational and governance structures.

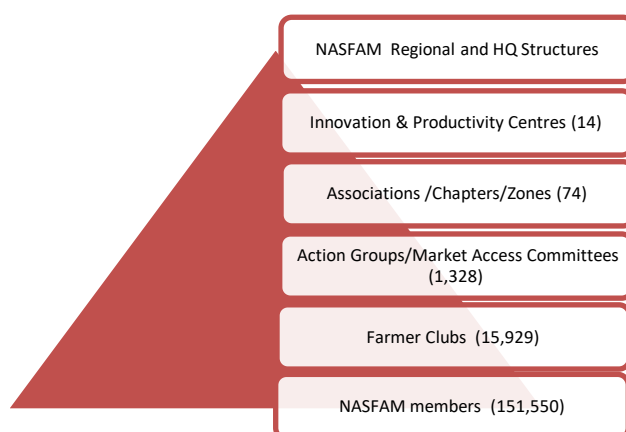
## 3 Overview of NASFAM

NASFAM is the largest independent smallholder-owned membership organisation in Malawi. Its vision is to be 'the leading smallholder-owned business and development organization in Malawi, producing economic and social benefits for members, their communities and the country'.

NASFAM works towards six result areas: (1) Increased commercial revenue and profit, (2) Improved crop quality and quantity, (3) Enhanced association performance, (4) Expanded member livelihoods, (5) Expanded influence on policy, and (6) Enhanced systems performance. NASFAM stresses that its work is about moving members along a trajectory, showing them how to develop goals and move from farming being a 'way of life' to 'farming as a business', and in particular getting farmers to forge new connections between aspects of the farming business – from owning oxen to purchasing an ox-cart to providing transport facilities, for instance.

NASFAM's policy and advocacy actions are guided by its Policy Platform. Inputs are solicited through national consultations with members and through commissioning research studies. Issues raised by farmers are grouped into four pillars: access to markets; agricultural commercialization; access to financial services; and infrastructure development. Findings are used to develop policy position papers/briefs that are used for advocacy and lobbying initiatives<sup>19</sup>. Elected women and men farmer representatives have the opportunity to interface directly with policy makers.

NASFAM operates in 20 of Malawi's 28 districts<sup>20</sup>. Its Head Office is based in Lilongwe with 83 staff members. Other NASFAM employees work in field offices and in production and processing units.



In 2015 NASFAM had 151,550 farmer members (79,594 women: 71,956 men). Women dominate the membership nationally (53% women: 47% men in April 2015) and their proportion is increasing. Membership figures for 2010-2011 show that men formed 60% of the membership four years ago. NASFAM almost doubled its membership between 2014 and 2015.

In order to become NASFAM members, smallholder farmers have to form a Farmers' Club with 10 - 15 like-minded farmers from their community. The Club is the smallest operational unit of NASFAM. Clubs combine to form Action Groups/Market

Access Centers (MAC). A MAC is made of three to ten Farmer Clubs. MACs are the main hub for

<sup>19</sup><http://www.esfim.org/nasfam-malawi-ownership-of-the-research-process-influences-its-use-in-advocacy>

<sup>20</sup> <http://www.nasfam.org/images>

NASFAM Commercial and NASFAM Development's work, providing an entry point for the delivery of inputs as well as the bulking and purchase of the produce. MACs are the key point for dissemination of capacity development courses, pricing information, contractual arrangements *etc.* to members.

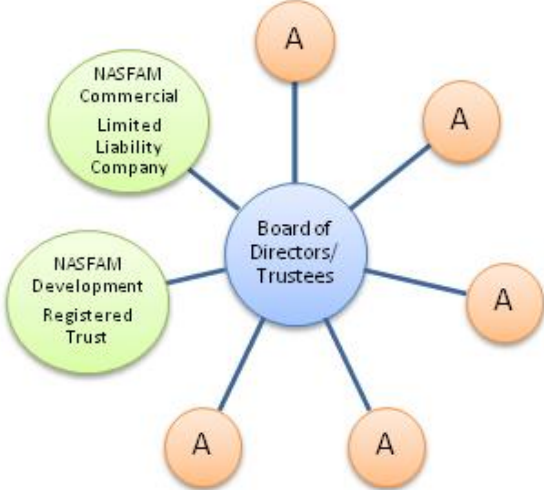
MACs are affiliated to Associations/Chapters (also called Zones) of which there were 74 in the 2014-2015 farming season. NASFAM Associations are legally registered entities, member-owned, and managed by Association Committees. Association sub-committees are formed to coordinate specific activities in the Association. Each Association Committee is elected by the General Body, which also elects National Assembly Representatives.

The Associations are grouped by geographical location under 14 Innovation and Productivity Centers (IPCs). These provide management and operational support to the Associations in terms of production, marketing and community development. The IPCs are in turn supported by the NASFAM Head Office structures.

NASFAM operates through a clearly defined corporate structure which separates the governance, commercial and developmental roles within the organisation. NASFAM Corporate (registered as NASDEC) is responsible for overall governance of the NASFAM system. NASFAM Commercial (registered as NASCOMEX, a Company Limited by Guarantee) is responsible for commercial activities (primarily buying and selling farmer produce). NASFAM Development (registered as NASCENT, a Trust and an NGO) is responsible for capacity development.

**3.1 NASFAM Corporate**

NASFAM Corporate provides strategic guidance to NASFAM. The members are the Board of Directors, Board of Trustees, and the Executive Director of NASFAM. The directors of NASFAM Development and NASFAM Commercial, and the CEO, report to NASFAM Corporate but do not have a vote. The Board of Directors are drawn from the farmer membership base. Farmers can be elected through successive levels starting with Farmer Clubs. The Board of Directors is elected by NASFAM’s General Assembly. The normal period of service is two years, with a maximum of four.



The wider membership is also involved in developing NASFAM's strategic plans. Consultations are held throughout the country at Association level (A in the figure) over a period of several months to secure input for the annual meeting of the National Assembly.

**3.2 NASFAM Development**

NASFAM Development provides community development and capacity building services to members. In this way, it aims to prepare them for effective 'farming as a business' interactions with NASFAM Commercial and other private sector actors. NASFAM Development also provides training on Gender, HIV and AIDS (GHA), and on nutrition and food security. It is almost entirely donor-funded and it is USAID Malawi's largest grantee. NORAD began supporting NASFAM in 2000 and funding has increased substantially over time<sup>21</sup>. Other development partners include the National Aids Commission, Irish Aid, CORDAID, and AGRA.

<sup>21</sup> <http://www.nasfam.org/index>

NASFAM Development drives all gender initiatives. It works to: (i) develop the capacity of women members, and leaders, to express themselves successfully, (ii) legitimize gender-based constraints as topics for discussion and action, and (iii) endorse women not only as representatives of other women, but their whole community.

NASFAM's Gender, HIV and AIDS (GHA) Policy is in line with the SADC Declaration on Gender and Development Protocol (1997) and the National Gender Policy of Malawi. The Community Development Programme (CDP) Unit promotes and coordinates implementation of the GHA Policy. The CDP works with all NASFAM institutions to promote women's leadership by setting quotas, identifying potential women leaders, and training them in leadership skills. These activities are expected to assist women members to engage effectively in farming as a business. Working with men, traditional authorities, and other decision-making structures is considered critical to gender empowerment. Gender mainstreaming in the field is coordinated by GHA Committees. These currently involve around 6000 (55% women) farmer volunteers coordinated by 14 gender officers. GHA Committees are represented in Association Boards.

The CDP Unit offers capacity development to members in module form. These are coordinated and delivered through MACs. Modules include training on Good Agricultural Practices (GAP) and managing farming as a business - these are compulsory for all members. Further modules provide farmers with training on food and nutrition security and adult literacy and numeracy, among others. The CDP Unit promotes Village Savings and Loans (VSL) groups. VSL groups are dominated by women (85% women and 15% men) demonstrating the acute importance of micro-finance to women members in particular. Some work is conducted on preventing and mitigating HIV/AIDS. Volunteer committees mobilize and help farmers living with HIV/AIDS to manage their labour, land and inputs. Other activities include promoting multi-stakeholder dialogue, influencing national policy, conducting gendered value chain analyses, and biannual gender audits. The latter track progress towards gender indicators in membership, leadership, value chain activities and employment opportunities.

### 3.3 NASFAM Commercial

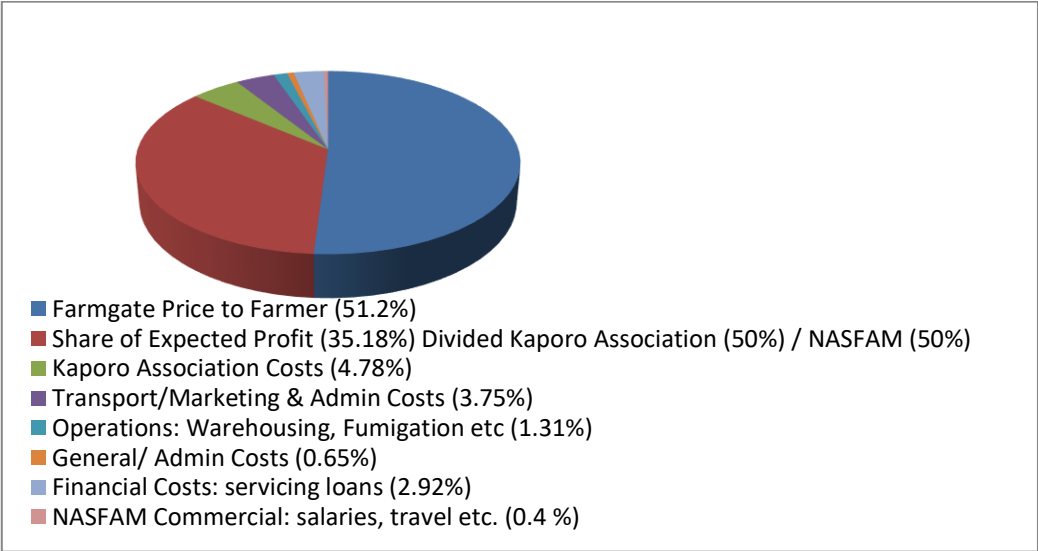
NASFAM Commercial is the entrepreneurial arm of NASFAM. Over the longer term, NASFAM Commercial is expected to financially support NASFAM Development and NASFAM Corporate. However, currently only about 2% of NASFAM Commercial monies flows to these entities.

NASFAM Commercial's purpose is to link farmers to buyers, in particular by facilitating aggregation thus reducing the high transaction costs involved in dealing with individual farmers. This in turn helps farmers to obtain better prices since they can avoid intermediaries. NASFAM Commercial also buys commodities directly from farmers which it then processes and markets. To do this, it agrees sales prices with NASFAM Associations/Zones for specific crops annually, bearing in mind production costs and market outlook. NASFAM Commercial also conducts the following activities:

- **Fertilisers.** Sourcing and purchasing fertilisers on behalf of the membership. NASFAM acts as a guarantor, meaning that if farmers default the fertiliser (or other input supplier) is paid. Since inputs are purchased by a NASFAM group free-riding by individuals is rare.
- **Seed Multiplication.** Sub-contracting mid to large scale farmers to multiply seeds, for instance legumes and pigeon peas. A large proportion of seed, particularly legumes, is provided to the Government's Fertiliser Input Supply Programme (FISP).
- **Commodity Trading.** The crop marketing programme purchases and sells crops. Each year the Commodity Trading section meets the IPC Board of Directors. Farmer member representatives are asked to provide their costs of production, and agreement is reached on the purchase price of each commodity with members.
- **Agro-Processing.** Examining prospects for processing and other forms of upgrading for selected value chains.
- **Child Labour.** Collaborating with NASFAM Development to end the use of child labour by members (according to agreed national guidelines).

An examination of profit sharing mechanisms in the case of Kilombero rice shows that members selling rice to NASFAM obtain approximately half of the final sales price. About 35% of the sale price constitutes profits. Profits are distributed between the Associations involved and NASFAM Commercial as per the formula in the figure. NASFAM Commercial does not distribute its share of the profits from sales back to the farmers because it is still building its capital base. The NASFAM Trust allows it to focus on purchasing infrastructure to reduce its borrowing demands and thus release money for working capital. Profits are being used to purchase warehouses and processing facilities. The Kanego Rice Facility on the outskirts of Lilongwe is one of these.

*Figure 1: Costs and Profit Distribution for 1 Kg K. Rice between Farmer, Association and NASFAM Commercial in% in year 2015*



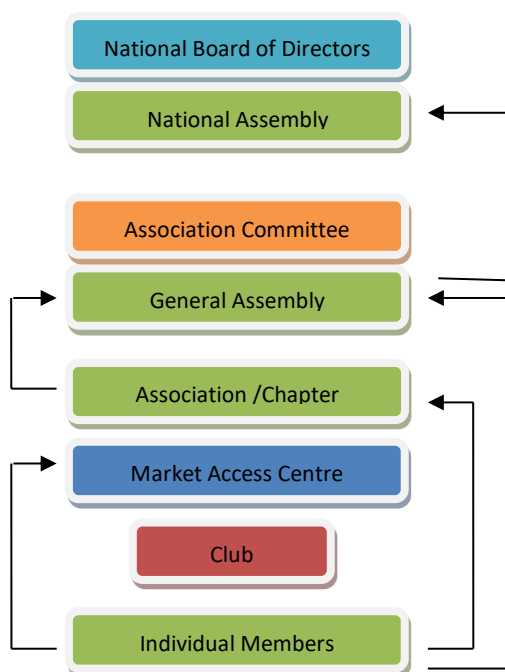
NASFAM Commercial 'leaves gender' to NASFAM Development. To date NASFAM Commercial has not properly analysed women's gender based constraints as commercial actors and has not developed effective strategies to overcome them.

NASFAM Commercial operates in a difficult national business environment including an overvalued exchange rate, low capital base, fertilizer subsidies, and high rates of interest on commercial loans. It rents most of the infrastructure it needs and borrows money at a high rate of interest (base rate 40%; compound approximately 45% per annum). Money is borrowed to buy selected crops from members and to engage in transport, storage, processing, and packaging activities as well as cover operational costs including salaries

Member behaviour can impede NASFAM Commercial's operations. Members frequently switch crops from season to season in response to their perception of market demand. This can jeopardize the creation of stable and sustainable partnerships with buyers. Interviews with a number of observers in the country, including government and development partners, indicated a weak understanding of NASFAM Commercial's working arrangements with members. There is a perception that NASFAM Commercial lacks transparency and does not award its members a fair share of the profits. Providing better information on its operational arrangements, financial mechanisms, benefits for farmers, could help NASFAM Commercial secure more support among important stakeholders.

NASFAM Commercial supports its members to secure access to profitable markets. It facilitates the establishment of partnerships with private sector actors. NASFAM Commercial engages directly with farmers through buying, processing, storing and - in some cases - marketing their produce.

### 3.4 Governance Structure



NASFAM's claim to be 'farmer-owned' rests on its governance structures because members do not hold equity. Farmers can directly influence the highest levels of decision-making at NASFAM by becoming members of the Board of Directors.

Women form 28% and men 72% of leadership at Association and higher levels (in 2015). This represents a slow increase for women from 2010-2011 (25% and 75%). These figures are remarkable for a country that is generally unfriendly to women's leadership. However, they correlate weakly to female: male membership of NASFAM (53%: 47% men). Importantly, NASFAM historically has not collated data on whether women are being elected to leadership at lower levels, for instance in Farmer Clubs or Market Access Centers (MACs). This started to change in 2016 due to discussions conducted during this study in 2015. NASFAM recognizes that few women are elected at lower levels although these are the levels of which most women and men experience the effects of NASFAM membership

and also contribute to its decision-making processes. NASFAM is thus developing a strategy to encourage men and women in Farmer Clubs and MACs to support women as leaders.

## 4 Case Study: Kilombero Rice Value Chain in Karonga District

### 4.1 Socio-Economic Profile

Karonga District is the northernmost district of Malawi covering an area of 3355 km<sup>2</sup>. It borders Zambia and Tanzania. According to the 2008 population census the population in Karonga District was 215,789. The crude birth rate was 43.5 per 1000. Life expectancy at birth is 53 for men and 56 for women. Pneumonia, diarrhea and malaria are highly prevalent and are the principal causes of death in children. HIV/AIDS is the main killer of young adults. Overall, approximately 10% of adults are infected. The proportion of women married below the age of 18 is 16.7%<sup>22</sup>. It was not possible to find robust data on the number of female-headed households. However, key respondents noted this is high. Polygamy is common and a cultural norm with men marrying as many as four wives.

Customary law regarding land distribution is widely observed though there is also a strong land rental market. Land is inherited through patrilineal descent mechanisms. Typically, a father settles land upon his son when he marries. Should a man marry a second wife a portion of the first wife's land is provided to the new wife. Should, however, a man decide to marry further wives he is responsible for renting land for them.

Abandonment and divorce of wives is reportedly frequent and contributes to the high level of female-headed households. In such cases, the women affected often have to leave their marital village and return to their natal village. In the case of a man's death, land is usually settled upon the deceased husband's sons. In many cases, fathers settle some land upon their abandoned daughters. Widows, divorcees, abandoned women or women whose fathers have no more land often rent land. Divorced women generally have to restart life again, building their home from scratch, accumulating farm tools including the most basic such as hoes, and assuming childcare responsibilities (school fees, clothing, food and other essentials). The costs involved can precipitate single women with dependents into a poverty trap very quickly.

<sup>22</sup> <http://knoema.com/atlas/Malawi/Karonga>; <http://www.lshtm.ac.uk/eph/ide/research/kps/district/>



Rice is by far the most important crop. It is mostly grown under rainfed conditions although there are a few irrigation schemes. Other widely grown crops include maize, cassava, many varieties of beans, Irish potatoes, sweet potatoes, leafy vegetables, and vegetables like tomatoes. Zebu cattle are raised as draft animals, for milk, and for meat. They are valuable, with an adult ox retailing at 120,000 MK (calf 60,000 MK). Ploughs are drawn with two oxen. Farmers also hold goats and pigs as well as chickens, ducks and doves. Almost every producer met in the course of the study engaged in a wide variety of additional livelihood activities. Women reported selling vegetables, cooking oil and salt, fish and beans, selling milk, brewing alcohol, fried snacks (mandazi - from maize) along the road, from home, or in the marketplace. Men reported that their main activities were raising livestock, cultivating ducks and doves, acting as a butcher, growing vegetables on the riverbank in season, buying inputs for their wife's business, and acting as hired labour.

The gender division of labour in rice production is sex-segregated though it is changing slowly. Men are typically, though not exclusively, responsible for ploughing and for puddling. Women transplant rice seedlings and weed throughout the growing season. Women respondents stated this was a particularly onerous task, conducted every day 'except Sundays' and requested herbicides. Their labour on rice frees men to engage in fishing and other income-generation activities away from home. Women and men harvest rice together, and men also take part in threshing and winnowing although women play the major role. Women explained that men participate in the latter activities because they are concerned women may sell rice 'illicitly' and so 'make sure to hang around'.

Single women pay men to plough their plot (approximately 9,000 MWK for half an acre) or prepare it themselves using the hand hoe. Such women puddle the land themselves. NASFAM, and also some husbands, have taught women to plough and so ploughing is no longer seen as an exclusively male task. In practice, though, almost no women own ploughs (average cost 50,000 MWK) or oxen (pair 240,000 MWK). In married couples women expect men to plough for them. In polygamous marriages, wives allocate time to work on their shared husband's plot. However, he does not reciprocate this labour apart from in land preparation. Nor do wives assist each other.

Picture 1: Zebu cattle grazing amid paddy fields near Karonga



NASFAM extension workers pointed out although they have trained women in 'male' tasks, few men agree to do 'women's work' - they see it as a win-lose situation. However, following training on gender issues from NASFAM some mothers are encouraging boys to help around the house.

All respondents noted labour as a key constraint to expanding production. A number of farmers have additional land but do not bring it into production because they lack labour to prepare it. This particularly affects single women, who typically hand hoe rather than plough their plots. The majority of farmers, due to cash flow constraints at the beginning of the season as well as a general lack of monies, find it difficult to pay hired labour (approximately 500 MWK/ day). Other inputs, in particular fertiliser, are widely desired but considered too expensive.

### 4.2 Kilombero Rice Value Chain

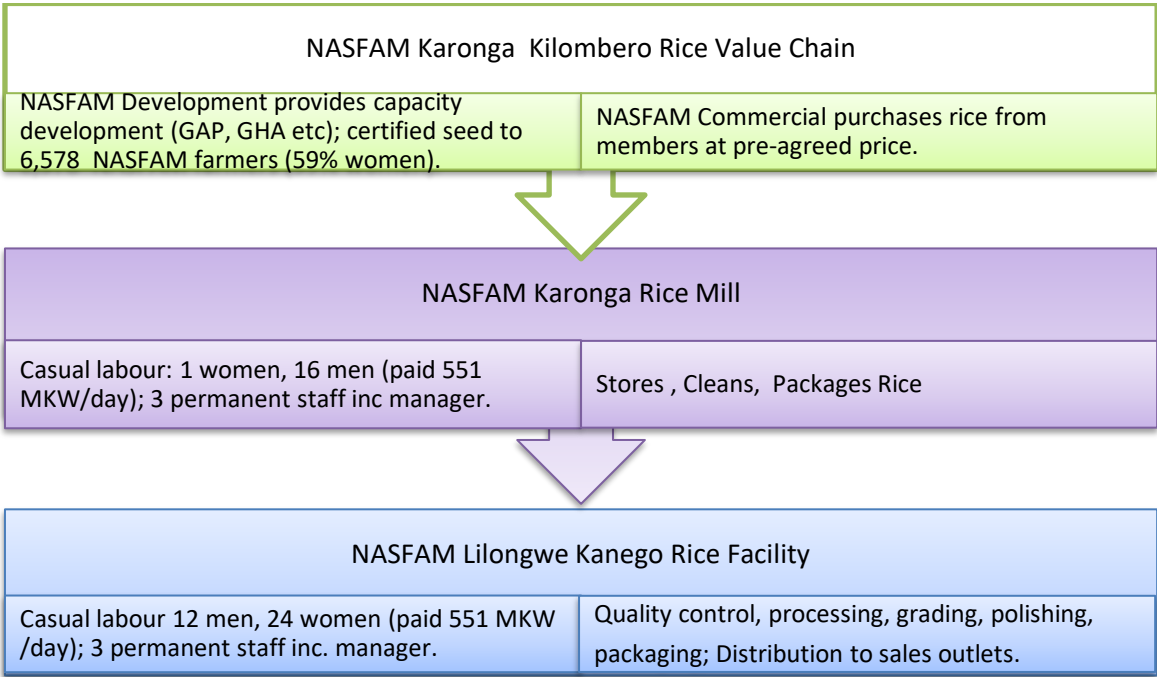
Kilombero is a highly marketable, long grain, fragrant rice. In Malawi, it is widely recognized as a NASFAM 'brand' which is sold widely around the country at premium prices. Currently, NASFAM Commercial markets about 4,000MT of paddy rice each year, of which around 2,150MT is Kilombero. Of this, NASFAM supplies about 1,800MT to the domestic market. An average of 150MT a month is distributed from NASFAM's three regional offices in Lilongwe, Blantyre and Mzuzu.

Unlike some other varieties of rice, the price of Kilombero tends to increase steadily without fluctuating. In March 2015 it retailed nationally at 350 MKW/kg whereas other varieties retailed at around 250 MKW/kg. Rice (Kilombero as well as other varieties) forms 30% of NASFAM's market portfolio and 90% of its regional portfolio. NASFAM supplies all multiple retailers in Malawi, such as Shoprite and Chipicu, with Kilombero Rice, and is in discussions with a South African company to develop regional distribution systems. Just Trade Scotland (JTS) also buys Kilombero Rice with quantities agreed on an annual basis.

Despite the ready market for Kilombero Rice, NASFAM Commercial finds it hard to break even due to its financing arrangements. Rice is a one season crop which NASFAM purchases using bank loans in June and July. However, it has to deliver to retailers all year round. This means it incurs warehousing costs since it must store rice and can only repay its bank loan (which incurs 45% interest) little by little as rice is sold.

NASFAM Commercial, with the support of NASFAM Development, began operations in Karonga in 2001. Figure xx illustrates key institutional linkages at the time of the field research in 2015.

Figure 1: NASFAM's activities in the K.R. chains



### 4.3 Milling Facility in Karonga Town

NASFAM has a milling facility in Karonga town. Following milling rice is packed into bags for further processing in Lilongwe. The mill has a storage capacity of 700 tonnes and NASFAM hires further warehouses if more capacity is required. However, the mill often runs under capacity because members do not necessarily sell as much rice as expected under the contractual arrangements agreed. This has implications for the employment of casual labour. At the time of the visit in March 2015, 16 casual staff (15 men, 1 woman) were employed, but at peak times as many as 30 are hired.



NASFAM Karonga Rice mill

The mill currently employs a manager, a warehouse clerk and an operations manager full time (all men). The remaining casual labourers are paid a daily rate of 551 MKW/day (16,350 MKW/month). This was the prescribed national minimum wage in 2015 (time of study). Each casual labourer also receives lunch. They receive a contract guaranteeing work for a specified period, usually six months. Medical clearance (paid for by NASFAM) is a pre-requisite of employment, with a second paid check up at the conclusion of employment. Staff are trained in health and safety procedures and receive strong boots, overalls and a face mask. Hospitalization is paid for by NASFAM in the event of illness. No accidents have happened since the facility opened 13 years ago, but compensation would be paid in such a case. The male casual labourers rotate among all the tasks, ranging from unloading, drying rice, managing various parts of the milling machine, to weighing and stacking sacks. Generally, the men's work is considered too heavy for women since it involves working with 90 kg sacks although one

woman was employed for some time in this capacity.

Until the earthquake in 2009, the Karonga Mill processed rice. At that time, approximately 100 casual labourers, many of them women, were involved in grading and packaging the rice. However, concern arose about having so many people working close to stacked bags in an earthquake prone area. The high costs of hosting the Malawi Bureau of Standards to come up from Lilongwe to check the rice over approximately one fortnight per annum, as well as paying Chitezi Research Station to check for aflatoxins, eventually became prohibitive. The running down of the mill's functions closed down an important avenue of local employment particularly for women.

#### **4.4 Processing and Packaging in the Kanego Rice Facility, Lilongwe**

The Kanego Rice Facility in Lilongwe handles grading, polishing and packaging through mechanised processes with four tonnes being processed per hour when working at full capacity. Women (currently 24) work on managing these processes, with men (currently 12) employed to load and unload rice. The managers - agro-processing and warehouse - are men.

All the conditions of employment are the same as at the Karonga Mill, apart from lunch not being provided. Overall, the background of the casual labourers, and their objectives, are very similar to their counterparts in Karonga. However, whilst casual workers at the Karonga Mill generally express satisfaction with the conditions of employment, in Lilongwe resentment appears high. It is difficult to acquire food for lunch locally, and the cost of living in the capital is high: *'We live basically from hand to mouth'*. The national minimum wage appears less effective at covering the cost of living in the capital city. This said, one woman said she invested her wages into her home-based business, and another woman said that her husband was starting to contribute more to the household's needs now that she was also making her way.

The Malawi Bureau of Standards inspects Kanego Rice Facility annually.

#### 4.5 NASFAM Members in the Kilombero Rice Chain

In Karonga District, NASFAM Commercial is working with 6,758 Kilombero Rice growers (4028 women and 2730 men/ 59% women: 41% men). The female to male membership ratio is substantially higher than the national average. At the lowest level they are organised into 560 Farmer Clubs<sup>23</sup>.

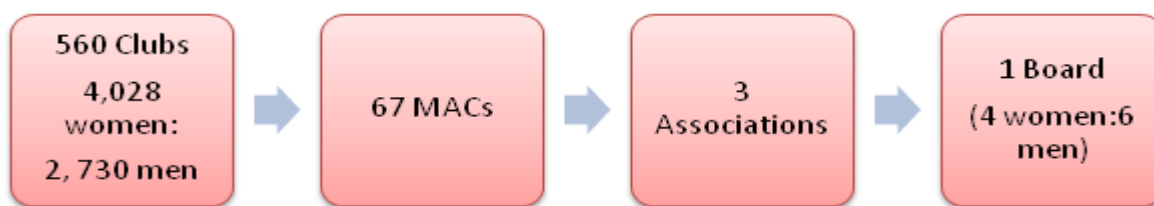


Figure 2: Organisation of NASFAM members in the Kilombero Rice value chain

In turn the Farmer Clubs are organised in 67 MACs. These are grouped into three Area Associations/Zones (Kaporo North, Kaporo South, and Mpata), with approximately 20 MACs in each. Kaporo North and South have combined to form the Kaporo Smallholder Farmers' Association (KASFA). The KASFA Board is currently comprised of 4 men and 2 women (vice-chair and treasurer). The study team met Kaporo South Area Association. It has 2,689 members (1,107 men, 1,582 women) organized into 195 clubs and 24 MACs.

Although women outnumber men in all Area Associations/ Zones, the percentage of women members in Mpata is strikingly high at 68%. Four clubs currently have only male members, and there are 13 women only clubs, 11 of these in Mpata. In Kaporo South, and particularly in Mpata, a large number of clubs are at least 80% female. A few clubs are majority male. Table xxx and Figure X demonstrate the striking gender differences in membership within and between Zones.

Table 1: Gender Balance of Membership in Farmer Clubs<sup>24</sup>

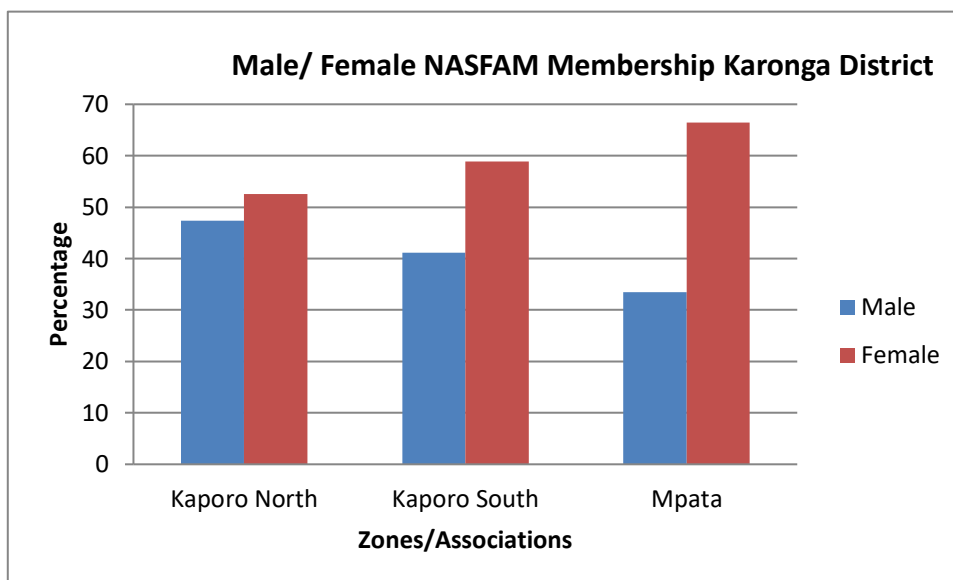
| Assoc.       | Members | M (%) | W (%) | Clubs | Men only club | Women only club | >80% men | >80% women |
|--------------|---------|-------|-------|-------|---------------|-----------------|----------|------------|
| Kaporo South | 2689    | 41    | 59    | 195   | 0             | 2               | 4        | 17(8%)     |
| Kaporo North | 1870    | 47    | 53    | 141   | 2             | 0               | 2        | 5 (3%)     |
| Mpata        | 2200    | 33    | 67    | 204   | 2             | 11(5%)          | 4        | 41(20%)    |

<sup>23</sup>A new club has to pay MK5000 as a membership fee plus MK1000 as a registration fee (total MK6000). An existing club pays an annual membership fee of MK5000. Depending on the number of members per club the fee ranges from MK400/member to MK600/member (national minimum daily wage 551MKW/day).

<sup>24</sup> Source: Analysis of 2014 Membership Register, NASFAM Karonga



Figure 3: Gender differences within and between zones



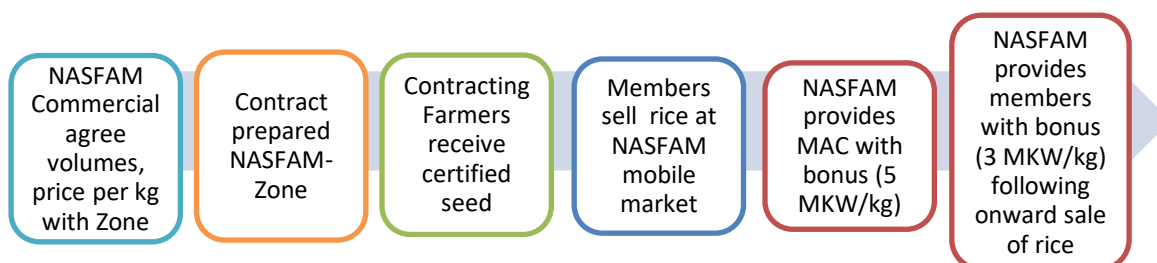
A study by Günter (2014) shows that KASFA (Kaporo South and North) members are likely to be poorer than the average farmer in Karonga District, with smaller than average land holdings. However, the size of land holdings varies enormously between members, ranging from 0.5 to 10 acres or more, with the majority of members farming 2.5 acres (approx. 1 hectare). The fact that women form the majority of the membership suggests that the perceived benefits of NASFAM appeal more to women than to men.

The fact that individual rather than household-based registration is encouraged acts as an incentive for women to participate since they can be registered as producers in their own name. NASFAM expects individuals from the same household to join different clubs to help avoid conflict and to maximise benefits to members.

#### 4.6 Contractual Arrangements

NASFAM Commercial establishes contractual arrangements with farmers at Association/Zone level. Figure X illustrates the basic features of the contractual arrangements.

Figure 4: Summary of NASFAM Commercial Arrangements in the Kilombero Rice value-chain



Before planting begins, NASFAM Commercial and the Zones discuss anticipated production, expected sales volumes and prices. Quality standards are agreed. However, NASFAM Commercial takes the final decisions. These are then communicated to Zone meetings and cascaded downwards to the membership at MAC and Farmer Club level. Based on this agreement, a contract is prepared with KASFA/Mpata Zones, which they sign on behalf of all members. The contract specifies the expected volume of Kilombero Rice to be provided by members through the MACs. Each MAC management committee is responsible for (a) agreeing production volumes with each individual farmer member, and (b) ensuring that members provide only pure, uncontaminated Kilombero Rice. MACs receive a bonus from NASFAM to help run activities like these. This was 5 MWK per kilogram in 2015.

Each member is entitled to receive a loan of certified Kilombero rice seed for planting. Established members are entitled to claim 20 kgs and new members - or members with very small land parcels - are able to request 15 kgs. This loan must be repaid at 100% interest i.e. 40 kgs (or 30 kgs) are to be repaid to NASFAM. Farmers can obtain around 1200 kgs of rice from a loan of 20 kgs.

Members are free to sell more, or less, rice to NASFAM than stipulated in their contract if they wish. There is no penalty if farmers do not honour the contractual arrangements in terms of the quantities agreed. 'Side selling' is permitted because NASFAM is committed to creating a thriving competitive environment and sees binding contractual arrangements as harmful to this. However, in order to secure farmer loyalty the buying price is set higher than the anticipated buying price of competitors. In 2014, for example, NASFAM bought Kilombero rice at 165 MKW/kg. Local buyers purchased it at 138 MKW/kg on average.

After NASFAM Commercial has sold the rice, each farmer receives a 'loyalty bonus' per kilogram on top of the already paid sale price. The bonus agreed for 2014 was 3 MWK per kilogram. The actual bonus varies each year and is agreed between the Zone leaderships and NASFAM Commercial. The loyalty bonus applies to all crops targeted by NASFAM and is the same regardless of the actual value of the crop - whether rice or groundnuts. This is highly motivating for members. The payment is staggered because this helps farmers manage their finances. They are paid for rice in June and July and receive the bonus in November or December.

Approximately one month after the rice harvest, NASFAM Commercial organizes 'Mobile Markets' at each MAC. They visit each MAC approximately every ten days. The one-month waiting time is required because the rice needs to be dried properly. It is the farmer's responsibility to dry the rice properly on tarpaulins or, if they do not have tarpaulins, on the ground or even in the sacks. To assure quality, a spear is used to test each sack of Kilombero Rice for contamination with other varieties of rice. If the quality standards are not met, the rice is rejected by buyers and the MAC notified.

Differences of opinion between NASFAM and farmer members regarding the effectiveness of NASFAM's mobile markets emerged during the study. Some members argue that transportation costs to the mobile markets constitute an obstacle because hiring oxcarts to transport rice is too expensive for some farmers (approximately 500 MKW per 90 kg bag) - particularly for women. Further differences between NASFAM Commercial staff and the membership relate to the punctuality of the mobile markets, rejection rates, methods of payment, and alleged lack of clarity on purchase quotas.

**4.7 Gender Patterns in Marketing**

NASFAM's weak data production and management mechanisms make it difficult to track back the names of sellers to the names appearing on Farmer Club member lists. Buyers record only the name of the seller, not the NASFAM member who actually grew the rice. The fact that Malawians do not have identity cards makes traceability difficult and NASFAM has not adopted alternative mechanisms, such as unique identifiers for each member. Despite these limitations, the research team unveiled interesting gender patterns regarding sales.

Although women dominate the membership of NASFAM, men outnumber women both in the number of transactions made and the volumes sold. For instance, a total of 3,860 transactions were made in the reporting period from June to September 2014. The total amount of rice purchased was about 1800 tons. Sales were carried out by 1,456 individual sellers, some of whom sold several times. Table xxx shows that the total weight of transactions made by men was much higher than that made by women.

*Table 2: Sales by Women and Men Sellers*

|              | Total Number | Total weight | Average weight |
|--------------|--------------|--------------|----------------|
| Male Sellers | 1987         | 1086 tons    | 572 kg         |

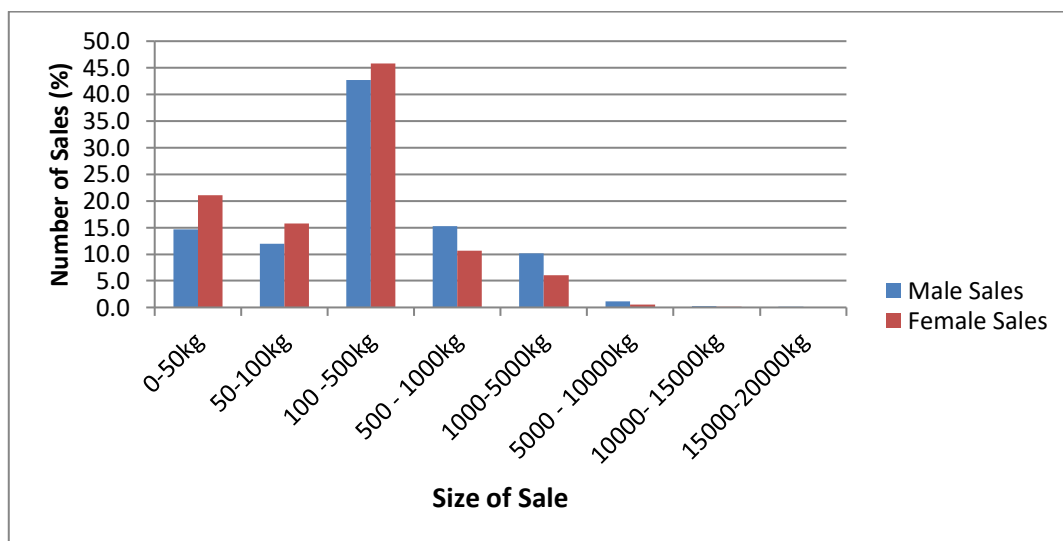


|                |      |          |        |
|----------------|------|----------|--------|
|                |      |          |        |
| Female Sellers | 1963 | 724 tons | 368 kg |

Source: NASFAM

To understand sales figures, the research team had to check names individual by individual – which is not normally feasible with a membership of many thousands. The figure shows that most sales were in the order of magnitude of 100 to 500 kg. Smaller amounts were more frequently sold by women. Larger amounts - up to 20 tons - were more often sold by men. In the category of very small sales between 0 and 50 kg women carried out more sales than men (22% female: 14% male). Some members sold as little as one kilo.

Figure 5: Comparison of sales by men and women by sale size (all clubs)



Virtually all farming adults grow rice in Karonga District, and indeed growing rice is a conditionality of NASFAM membership in Karonga. In an average 'active' club, however, only a third of members actually sell rice to NASFAM. This suggests that the remaining members are either (a) selling to other buyers, or (b) some members are selling rice to NASFAM on behalf of other members.

It is interesting to associate the percentage of women membership in a club with its participation in sales. Clubs with a higher percentage of women (at least 70%) score higher in terms of member participation in sales to NASFAM than clubs with average female membership. Clubs with extremely low transaction rates (>10%) tend to be clubs with a low percentage of women members (> 57%)<sup>25</sup>. However, some clubs with high female membership (> 70%) also show low female participation in sales. These include Baketelemo (70% women), Bwanaloli (90%) and Chigomezozo 3 (80%). In these clubs, men carry out most transactions.

#### 4.8 Risks

The fact that NASFAM Commercial agrees a buying price with farmers at the beginning of the season means that it cannot renegotiate this price later on should the markets be less buoyant - or indeed more buoyant - than expected. This leaves NASFAM Commercial open to making losses, breaking even, or

<sup>25</sup>Chalimbana counts as an exception here, with an extremely high percentage of inactive women members.

making a profit with little ability to guide the process. Another difficulty is that farmers generally expect prices per kilo to increase annually; this is often not realistic given the vagaries of commodity markets.

NASFAM does not enforce sales contracts meaning that farmers are free to sell to other bidders. From the farmers' point of view, this provides the opportunity to meet immediate cash needs. This can threaten NASFAM's operations and commercial viability. Many members sell to other buyers despite their contractual arrangements to sell to NASFAM Commercial. When members fail to meet their



commitments NASFAM Commercial is forced to buy Kilombero rice from non-members to meet their national and international market commitments. This happens every year. In 2014, for example, NASFAM agreed sales contracts with MACs for 2,400 tonnes of Kilombero Rice. However, they received only 1,800 tonnes. The shortfall was due to side-selling by farmers as well as the adulteration of Kilombero Rice through

mixing with other varieties. Adulteration occurs because farmers are not always prepared, or able, to wait for the mobile market and thus side-sell some of their Kilombero Rice. When the mobile market arrives members try to make up volumes by buying rice from other farmers. Some of this may not be certified Kilombero Rice. Some members attempt to 'hide' other varieties within the sack Kilombero Rice. This practice is thwarted through quality checks on every bag.

Side-selling is partly due to irregular income flows across the year leading to cash flow issues for members. Some financial management issues could be tackled by strengthening farmer management and planning capacities to help them develop plans for managing their income and expenditure requirements across the year. This would include agreeing how much money (and staple foods like rice and maize) to set aside for household consumption and how much to reinvest into rice production. This would require strengthening women's position in intra-household bargaining processes.

The study found that the lack of a regular income flow can be particularly challenging for married women because they do not necessarily obtain money from sales directly. In many cases husbands secure much of the money and do not necessarily provide their wives with enough money to cover the expenditures they are expected to make. Many married women reported that they find it hard to secure sufficient monies to meet their family's day-to-day needs and to pay for school fees. Whilst 'side selling' appears to be a breach of trust and seems 'illogical' given that farmers typically sell at a lower price, it enables them to cover food, school fees and health costs. Women may have a stronger vested interest in side-selling (without male knowledge) when men are members of NASFAM, or when wives are not able to secure an equitable share of sales income.

In order to reduce side-selling NASFAM is developing several measures to foster compliance. From 2015 onwards it will publish the names of all members and expected quantities of produce to be bought from them. Each transaction will record the quantity bought and the amount paid. This will also facilitate the payment of bonuses. However, these measures do not address the gender and poverty reasons for side-selling. The study findings also suggest that NASFAM should dry rice on the farmer's behalf rather than expecting them to do so in often less than ideal conditions. This will help to speed up payments

*Kilombero Rice*

between harvest and the arrival of

the mobile market, reduce the temptation of side-selling, and help to ensure more transparency around the quantities of rice sold to NASFAM.

Should crops fail farmers are entitled to discuss their case with the NASFAM office. In the case of total failure farmers are not expected to repay the seed loan. If there is partial failure farmers are expected to repay the seed loan but without interest (20 kg rather than 40 kg).

## 4.9 Gender and Social Equity Implications of NASFAM's Intervention in Karonga

The study shows that the gender and social equity impacts of NASFAM's intervention are mixed. There is no doubt that bringing such poor male and female farmers into a commercially viable chain is a huge triumph and represents a strong contribution to social equity. It is also clear that farmers receive a reasonable proportion of the final selling price (approximately 51%). It is evident that NASFAM works hard to include women in decision-making structures. Furthermore, NASFAM Karonga staff have cordial relationships with the membership. Members said:

- *When we have problems they always come to assist us (man).*
- *NASFAM helps us when we have problems outside the rice season (woman).*
- *NASFAM staff are open, transparent and willing to help us (man).*

There is no doubt that women and men feel 'cared for' and supported by NASFAM staff. It is tempting to interpret this relationship as paternalistic, but on the ground it does not feel like that. Rather, NASFAM staff work hard to create a friendly, buoyant atmosphere in meetings and are approachable. They spend a great deal of time in the field and respond rapidly to farmer requests for assistance. NASFAM is viewed as offering professional, competent services laced with commitment and friendliness. This interpretation also supports the broader finding that many NASFAM members are particularly vulnerable and marginalised.

However, gender relations around who does what, who decides, and who benefits, do not seem to have changed significantly. This section examines these issues under the following headings (i) access to markets, (ii) intra-household decision-making and income control, (iii) capacity development, (iv) leadership and community dynamics.

### 4.9.1 Access to Input and Output Markets

Women's high levels of membership relative to men reflect broader gender inequalities. Women have stronger mobility constraints than men and more significant difficulties in developing strong relationships with input and output markets. They are often very small farmers indeed among a great number of small farmers; transaction costs for buyers when interacting with women producers are particularly high. Both women and men are price-takers typically selling at the farm gate but women, culturally, have a weaker voice in such transactions. NASFAM's strategic advantage for women is that it goes to them, however small their business. It offers capacity development in GAP *etc.* It guarantees purchase, and offers a guaranteed buying price significantly above the average local price.

NASFAM rarely links farmers to financial providers in Karonga District although it promotes VSL groups. Experience shows, however, that farmers often have difficulties servicing loans. More broadly farmers are reluctant to take loans because they do not want to offer collateral. Women members of VSLs argued that they needed much larger loans than the maximum 10,000 MKW currently on offer to secure ploughs and other key farming needs. They requested amounts up to 100,000 MKW to help them change their lives significantly.

NASFAM assists farmers to obtain inorganic fertilisers. However, in this region inorganic fertilisers are rarely used because the soil is reasonably fertile due to regular flooding. Inorganic fertiliser is also considered expensive. Hired labour for ploughing, puddling, weeding, and harvesting, and for the transportation of crops to mobile markets is too costly for many members, particularly female-headed households .

Lack of mechanisation is a huge constraint for both women and men members. A significant area of land is left untilled. NASFAM, in collaboration with its partner Just Trade Scotland, provides a variety of tools which can be purchased over time. However, this is a drop in the ocean compared to the urgent need to provide affordable small-scale mechanisation together with appropriate gender-responsive institutional arrangements to finance and manage appropriate tools. Women, particularly female-headed households without access to a man obliged to plough for them, stressed they want to purchase ploughs but they cannot meet the financing requirements within the time frame currently set by NASFAM.

Picture 2: Woman FG participant;NASFAM Model Farmer



**4.10 Intra-Household Bargaining Processes over Income from Rice**

Women respondents, particularly from male-headed households, repeatedly asserted that men often sell on their behalf, and that men do not necessarily share sales information with them regarding the final amount sold and the price obtained.

They frequently pointed out the irony that NASFAM knows how much money has been paid to a male member, but that the wife does not know. This makes weakens their bargaining position in intra-household decision-making processes. NASFAM staff readily acknowledged noted that men often sell their wives' rice without necessarily disclosing to them how much money they have received. Staff said: *MACs may know who actually produced the rice, but men take the money for the women's crop, or they sell it all. There is no transparency. The man does not have to tell the woman how much he got.* Payment is made in cash rather than electronically and payments are not associated with unique member numbers.

It was reported in all meetings with producers – particularly women, and in the meeting with Village and Area Development Committees (VDCs, ADCs) and traditional leaders that unequal intra-household decision-making following produce sales frequently results in gender-based violence as women struggle for a

share of the income. Women NASFAM members said:



- *Men take the rice, including the rice from our land, and sell it. They don't inform us about the price they sell it for, and sometimes they do not even give us any money for it!*
- *Men sell the rice little by little for beer and their other needs.*
- *Sometimes marriages fall apart because of this issue.*
- *If I sell, then he will take the money and spend it in a way that I may not be willing.*
- *For me, decision-making is very difficult. I usually agree with my husband.*
- *Men say they should decide. They say 'your decisions are useless'.*
- *Not all men do that. Some of them take good decisions. Some men are different.*
- *The leaders should make bylaws to punish men who do not tell their wives how much money they get and do not give money to their wives.*

It was widely agreed by both women and men that men often tend to spend on alcohol and conspicuous consumption items like radios as well as saving to pay lobola (bride price) for another wife. Taken together, this means that necessary investments in the rice production system are often not budgeted for effectively. When women were asked how they would spend monies had they equal decision-making powers, they said:

- *I would make sure that the children went to a proper school. I would make sure that we had enough food. I would make sure that the children have enough clothes.*
- *I would buy farm inputs on time for the next season so that we can plant early when the rains come. I would save money so that we can buy the things we need.*

Nevertheless, some men contended that this blanket condemnation of men was unfair. They said that women also hide money, and that many husbands do in fact not only share monies, they also plan carefully to improve the livelihood of the whole family. They said that women 'complain too much', and that 'men also have problems but do not share them.' Some women agreed with this, saying that '*we used to steal rice before NASFAM*'. It is revealing of the power of cultural norms that women call the secret selling of rice that they themselves have helped to grow 'stealing' particularly since they direct the monies earned towards meeting school fees, household food needs *etc.*

Research conducted by JustTrade Scotland (JTS) shows that KASFA members are more likely to send their children to secondary school compared to non NASFAM members; this is strongly promoted by JTS

#### **4.11 Capacity Development**

NASFAM Development's capacity development programme is built around stand-alone modules. It aims to strengthen the skills of its membership in production, marketing and farm management. The MACs act as a delivery mechanism. Training on various topics is offered four times a year to MAC leaders by NASFAM staff in partnership with government extension workers. MAC leaders select courses of interest to them and their membership and are trained accordingly. Once they have been trained they train members at Farmer Club level. MAC leaders are given the relevant course training manual as reference material. All new NASFAM members are trained on farm business management and on GAP. The training process can take several years given that many modules are offered.

Members appreciate the training offered by NASFAM Development. Some argue that the government extension service is too weak to provide any benefit and that the government itself, in fact, lacks interest in working with farmers. Respondents said:

- *NASFAM provides us with training on early maturing varieties of rice and maize, on making organic manure, and about early planting (women and men).*
- *Before NASFAM we were just doing farming but now we understand farming is a business. We understand that we have to think about inputs and outputs (man).*
- *From NASFAM I have learned a lot about making a profit from farming (woman).*

Some women farmers asserted *'if a man is chosen for training he does not share his learning with his wife. The knowledge does not benefit the family. Most men do not have enough time to share with the family. But the wife will always use her knowledge to benefit the family.'*

The GHA training manual explores the difference between sex and gender, discusses how gender is constructed and assesses various approaches to addressing gender inequalities. It asks farmers to conduct gender analyses in their particular value chain. NASFAM uses seasonal calendars to determine who does what across the year. It also uses the Gender Balance Tree (taken from the GALS) to highlight links between roles, responsibilities and benefits. NASFAM finds it essential for farmers to perform all analytic activities themselves. Despite the experiential nature of the course, however, respondents have mixed views on the effectiveness of the GHA module. Men respondents commented that the course is 'complex' but were unwilling to elaborate. As with technical training trainees are expected to train other members. In practice this almost never happens according to respondents.

However, some women said that GHA training had improved gender relations in their households, with women participating more in decision-making processes and men sharing more responsibility for meeting household needs. It appears that boys in particular, as a consequence of this course, are more often asked to help at home. Overall, though, this course does not appear to lead to significant behavioural change nor challenge effectively the underlying deep structures which reproduce the social norms that disadvantage women. NASFAM Karonga staff said this course was particularly difficult to run as men were often hostile to its messages. At higher levels (IPC) in the governance structure training is offered to members on gender mainstreaming and the implications of gender for capacity development.

An associated module focuses on the links between gender, HIV and AIDS. This clarifies how the illness is transmitted, the links between HIV and other STDs, explores the reasons why farmers are vulnerable, and tries to help farmers develop community managed care interventions. In the past NASFAM was able to offer significant help to farmers due to donor support but today almost no monies are provided. This is unfortunate because HIV/AIDS remains a significant issue and constant sensitization is necessary.

NASFAM also runs demonstration plots. It trains Lead Farmers, both women and men, who are then expected to train members of NASFAM Farmer Clubs on these plots. Lead Farmers train two or three clubs at a time. Despite its economies of scale and multiplier effect this programme is not well regarded by all farmers. Some men argued that they do not want 'second-hand knowledge', and that Lead Farmers lack training skills *per se*. Participants typically expect refreshments, which Lead Farmers cannot afford. NASFAM staff said that perhaps 10 farmers from 50 invitees may turn up for such events. However, women Lead Farmers met with were proud of their work and believed they were making an important contribution.

#### **4.12 Women's Leadership**

Women and men readily agree that NASFAM is truly a farmers' organisation. One man said, *'we participate freely in the organisation. We go to meetings. We shape what happens.'* Many women, at least at the MAC level, feel able to speak on all topics brought to the meeting.

Farmers, starting at the Farmer Club level, can be elected to progressively higher levels including the National Board. At the Farmer Club and MAC levels, five members take leadership positions with the remaining ten or so others remaining members. People can hold leadership positions for two years before standing for re-election (maximum two terms).

In Malawi, women exhibit low rates of participation in politics at all levels. NASFAM is working against this trend. It aims to have a minimum of 40% female representation on decision-making bodies. In Karonga, given that women form 61% of the membership, women should in theory provide the bulk of the leadership. However, NASFAM in Karonga (in common with NASFAM nationwide) held no data on the gender of leaders at Farmer Club and MAC level at the time of study. This makes it impossible for them to know if they are moving towards this target and it also hampers the development of women



grassroots leaders. However, as a consequence of discussions conducted during this study NASFAM is now making active efforts to encourage women leadership at Farmer Club level.

The fieldwork shows that men still dominate leadership structures, though some women are leaders. At the MAC level it appears that the activism of the farmer, rather than gender, is a key selection criterion. Women respondents said they participated actively 'at question time', and that women could stand for election. In one MAC met with, the chair is a woman. She said, '*I can read and write and I am active in the group*'. In this MAC, women held two of the five leadership positions. However, the three MACs met may not be representative. The findings also show that no special efforts, in the eyes of the MACs met, are made to identify and develop women leaders.

According to NASFAM national staff, Gender, HIV and AIDS sub-committees seek out potential women leaders and encourage them to stand. Such women are provided with training for 3 - 4 days in leadership skills. Even if they are elected, however, men often dominate discussions and some women stand down. Men in Kaporo South Area Association explained:

- *It's something to do with mentality. We need to create a conducive environment for women leadership and allow space for their decisions.*
- *There are family complexities. Sometimes husbands refuse to allow their wives to take up leadership positions.*
- *Some women are illiterate and cannot manage.*

Women members saw the issue differently. They argued that at the Area Association level men do not want women to represent them. Women said:

- *Actually, men are not interested in supporting women to be chosen to higher positions. It is okay for women to be chosen in lower levels like in the Market Access Committee. But at higher levels it is hard for women to stand because we have less education. The Kaporo South Area Association made a rule that is not in the Constitution to stop us from standing at higher level. This is that every person who wants to stand has to make a speech in English for one minute explaining their reasons. They know we cannot speak English.*
- *The men just want to keep women down. This rule is not in the Constitution [all agree loudly].*

NASFAM Karonga staff argued that fluency in English is a necessary skill at Area Association level, and explained that they do expect some basic education. A further critical issue which NASFAM does not tackle effectively is the ability of women (and men) to discuss their gender-based opportunities and constraints in meetings and to develop strategies to address these accordingly. In the (sex-disaggregated) FGDs, it was simple to ask respondents to discuss issues which affect women and men differentially. Conversely, it was difficult to secure agreement that these issues are legitimate topics for discussion in Farmers' Clubs, MACs and Associations.

Women in Kaporo South Area Association reported that they participate actively in meetings, discussing topics like expanding and improving the facilities offered by the NASFAM Rice Mill in Karonga. Although women respondents were able to describe and discuss many issues which affect women differently to men (such as access to land, marketing, decision-making issues etc) they seemed baffled by the idea of taking these to NASFAM farmer clubs, MACS or Associations for proper discussion. Specifically with regard to the sharing of proceeds from Kilombero rice production, women said *this is 'secret - it is between husband and wife.'* At the same time, they acknowledged this was a source of huge conflict in many families.

The findings raise two issues. First, topics relating specifically to women's disempowerment, are currently 'not on the agenda'. This makes it difficult to develop truly gender-equitable value chains. Addressing this requires creating a willingness among women and men to discuss structures of advantage and disadvantage, and how to transform these into 'win-win' situations. Second, a significant proportion of men have difficulties with the idea that women can represent them and the wider membership. This means that women do not only have to claim their own voice, but a voice as a community member able to stand for all.

## 5 Minor Case Study: NASFAM's Experience with Gender Action Learning Systems

In order to tackle the deep structures which replicate gender inequalities and to promote women's voice in intra-household decision-making processes NASFAM has been experimenting with Gender Action Learning Systems (GALS), an innovative behavioural change and planning methodology. It is one of a school of methodologies termed Household Methodologies (HHM)<sup>26</sup>. Whilst the operational details differ, all HHM work to change gender relations within the 'black box' of the household. The underlying goal is to improve the gender equity of intra-household decision-making processes. This is expected to lead to improvements in how households marshal and manage resources across the farm and in off-farm activities, and lead to a more equitable distribution of the benefits to household members. To date GALS has not been applied in Karonga District. However, the research team visited two NASFAM IPCs implementing HHM in the communities of Ukwe and Chiwamba in Lilongwe District to assess its impacts.

The GALS starts with women and men as individuals. It provides them with visualization tools to enable them to map out a personal vision for change, and actions to take to achieve it. Once household members become familiar with applying the tools to their own lives, further tools are introduced to help build collective action at the community level and in producer groups, and for advocacy. The process starts with an Inception and Planning workshop for the implementing organization. Potential GALS Champions from target communities are identified and trained in a 'Change Catalyst Workshop'. They are then expected to train at least five other community members. Community Action meetings are advised to meet fortnightly. These bring together participants to enable them to share their visions, challenges and opportunities and to share advice. After around six months a 'Gender Justice Review Workshop' is convened. One aim is to assess progress and provide assistance. A second aim is to make sure that women are not being left behind. This can happen because men typically have many more resources than women to draw upon. Various tools to explain and promote the importance of achieving gender equality are used to facilitate discussion.

NASFAM began implementing GALS in 2013 with funding from Development through Trade actor TWIN in the groundnut chain. It developed a training and dissemination process which is currently led by 10 GALS Trainers (5 women, 5 men). These are farmers trained by NASFAM who then train 'GALS Champions', themselves farmers, in the community. GALS Champions train at least five other farmers who are expected to train their spouses, and others. By May 2016, 4,274 farmers (2,821 women and 1,453 men) had been trained by 70 GALS Champions. The GALS Trainers have now trained Champions in seven NASFAM Associations. This rapid peer dissemination process means that the donor has not had to intervene since with further training workshops. All participants volunteer freely to be trained.

NASFAM encourages participants to identify resource persons in their own community to help them realise their visions, and to identify people they want to help in the same way. This has led to unexpected positive changes. NASFAM staff said, *'Traditionally we work with closed groups because NASFAM is a membership organisation, but now members are reaching outside NASFAM. This has really increased our membership! It makes NASFAM less exclusionary as well. The sense of being part of the NASFAM group has strengthened too. People are really saying, 'This is our group'.*

According to NASFAM staff, the GALS HHM has taught people to focus on one vision unlike in the past when their efforts were thinly spread across several visions and ended up with achieving very little. Gender relations have been improved, leading to collaboration. People say, *'We now work as a unit in the household with a common goal.'* Many men now permit their wives to collect the payment receipts

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<sup>26</sup> A number of HHM have been developed in Sub-Saharan Africa by a range of actors. More information can be found at the following sites, and many others [http://www.ifad.org/gender/documents/household\\_approaches\\_concept.pdf](http://www.ifad.org/gender/documents/household_approaches_concept.pdf) - this provides background information; [http://www.ifad.org/gender/learning/household/Household\\_methodologies\\_e.pdf](http://www.ifad.org/gender/learning/household/Household_methodologies_e.pdf) - this and related sites provides 'how to' material and case studies from many SSA HHM; [http://www.wemanglobal.org/2\\_GenderActionLearning.asp](http://www.wemanglobal.org/2_GenderActionLearning.asp) provides information on the GALS.

for tobacco, which was hitherto unheard of. Women and men also go together to the market to sell produce. This means there is greater transparency around income in many households. Consequently, women said, *'We love each other more'*. A man said, *'There is more trust in the household. We do things together and everyone is happy.'*

Some older children have developed their own visions. Parents noted that children have started performing better in school and have developed ambitions. A big change is that men have started sweeping and cooking - *'Everyone likes his food'* - and looking after children, including feeding and washing them and taking them to the clinic. All women explained that the difference with the past is that men and women now help each other, including when they get into difficulties. One woman explained, *'In the past it seemed very difficult to change things at home, but now because everyone is changing everyone sees that it is possible'*.

Respondents agreed that before the methodology had been introduced women and men worked separately and did not collaborate, so *'we did not develop'*. It was the norm for women and men to work together, but the women were expected to put far more work into men's (larger) plots with little reciprocal activity. Men confirmed that they often sent their wives to farm and then chased them away during the harvesting period so they could spend all the money from sales themselves. In many cases this resulted in no monies remaining to spend on inputs.

Now, women and men work together on all crops including tobacco (traditionally a 'man's crop'), groundnuts (traditionally a 'woman's crop') and maize. Almost all respondents asserted that all crops receive equal priority - including critically with regard to the application of inputs - and that this has led to productivity increases. One woman said, *'When I grew groundnuts on my own I sold thirty pails. Now I sell 100 pails, because my husband is helping me.'* A man explained that cooperation enabled the household to increase tobacco yields from 300 kg in 2013 to 700 kg in 2014. Some men explicitly connected reductions in gender-based violence to improved productivity which they connected to improved cooperation between household members. Expenditures on hired labour have fallen because men are now working alongside their wives rather than paying someone to do so.

Some respondents said that productivity was the same between GALS and non-GALS participants, but that paying attention to realising the vision meant that the GALS participants invested their money well and that they started to develop more quickly. The GALS process enables them to plan their work better as well. Participants match their work across the agricultural season with their vision journey. This has enabled them to overcome constraints like doing a huge amount of work just before the rainy season. A significant change is that learning from training courses is now being more effectively shared at household level. Women feel that their husbands are listening to them, and that spaces are opening up for discussion.

Female-headed households reported universally that it is much harder for them to move forward. Married couples can help each other, and they also command more resources. However, some FHH explained that through NASFAM they have access to inputs and technical advice, and also that they are working closely with older children to realise their vision. *'We will not frustrate our visions. We've learned to be strong and resilient. We will utilize every little thing we have. We will achieve our visions'*. One woman said that she formerly produced four bags of maize but is now producing twenty due to assistance from other group members.

A huge change is that *'NASFAM used to train us, but now we are training each other. We see it is possible to change'*. A large number of farmers are training others in HHM, ranging from training one other person to 32. A woman explained, *'I train because of my personal happiness. This forces me to train others.'* Respondents noted that the methodology was simple to understand and use, unlike the content of some other training sessions they have had.

One of the most important effects, reiterated again and again, was the advantage of working with others in a group. Women and men noted that they no longer sit in gender-specific groups in meetings but all mixed up, and that women can now speak freely and be listened to. Farmers now encourage each other to progress, and encourage families to discuss difficult issues. Respondents noted that whereas in the

past they might share problems with one person, they can now share with everyone and benefit from many sources of advice.

Women, including illiterate women, are taking on leadership positions. One man said, *'Because of togetherness in the family, we are encouraging women more than men to be in leadership positions.'* Many women reported that they now had confidence to speak.

These leadership and assertiveness skills are proving transferable. Women are also forcing change in other domains. One reported that the local equivalent of neighbourhood watch was run by men. However, she argued successfully that women had to be involved because they have different security concerns. A male church member said, 'Even in our church women are taking up leadership positions.'

# Mzuzu Coffee Planters Cooperative Union Ltd (Mzuzu Coffee)

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*Picture 3: Vunuvungu Mzuzu Coffee Station. Source: [www.interamericancoffee.com](http://www.interamericancoffee.com)*



## 6 Mzuzu Coffee Planters Cooperative Union Ltd (Mzuzu Coffee) and the Phoka Hills Cooperative

This section examines Mzuzu Coffee Planters' Cooperative Union (MCZPCU - abbreviated here to Mzuzu Coffee) operations. It presents the findings from a case study of Phoka Hills Cooperative, one of the six Primary Cooperatives forming the Union. The research focuses on the implications Phoka Hills Cooperative has for social and gender equity.

### 6.1 Overview of Mzuzu Coffee

Mzuzu Coffee's core activities include the provision of agricultural extension services, processing facilities, financial assistance, and marketing services. The membership has agreed to work towards four key benefits in their lives.

- Decent Accommodation. Corrugated iron roof, cement floor, plastered walls, adequate ventilation.
- Food Security. Three decent meals a day.
- Adequate warmth. Decent clothing for the family, adequate bedding.
- Education. Send all children to decent schools.

Figure 7: Mzuzu Coffee Organigram

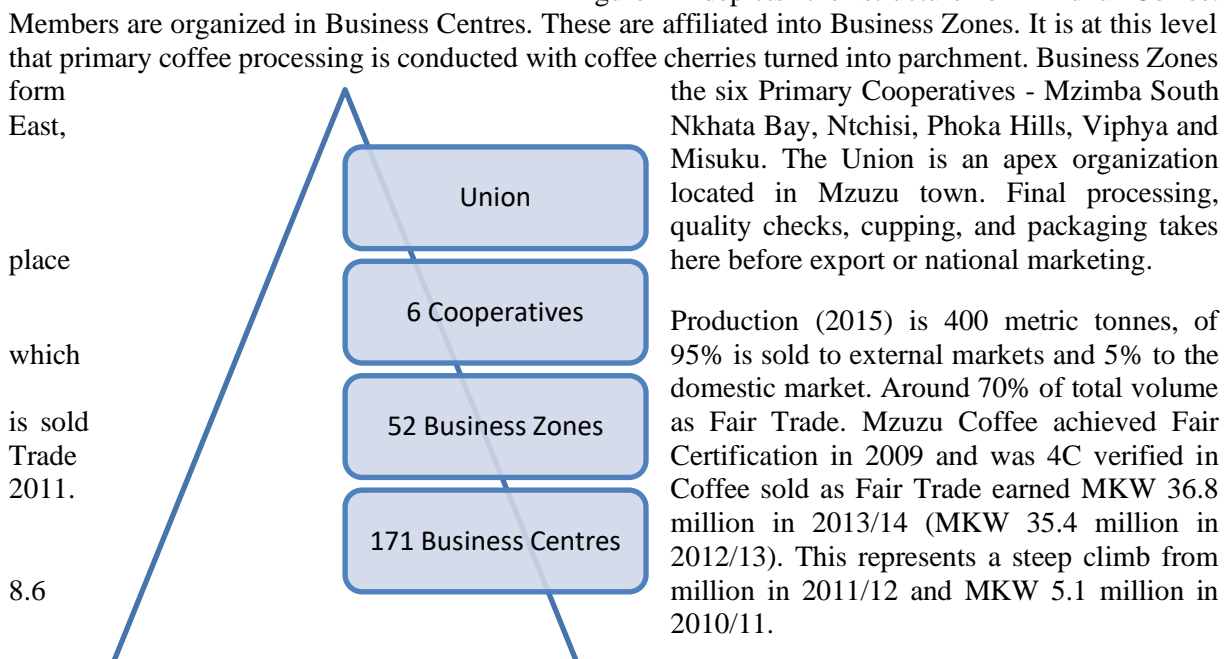


Figure 1 depicts the structure of Mzuzu Coffee. Members are organized in Business Centres. These are affiliated into Business Zones. It is at this level that primary coffee processing is conducted with coffee cherries turned into parchment. Business Zones form the six Primary Cooperatives - Mzimba South Nkhata Bay, Ntchisi, Phoka Hills, Viphya and Misuku. The Union is an apex organization located in Mzuzu town. Final processing, quality checks, cupping, and packaging takes place here before export or national marketing.

Production (2015) is 400 metric tonnes, of which 95% is sold to external markets and 5% to the domestic market. Around 70% of total volume is sold as Fair Trade. Mzuzu Coffee achieved Fair Trade Certification in 2009 and was 4C verified in 2011. Coffee sold as Fair Trade earned MKW 36.8 million in 2013/14 (MKW 35.4 million in 2012/13). This represents a steep climb from 8.6 million in 2011/12 and MKW 5.1 million in 2010/11.

In 2012, the Women in Coffee (WIC) programme was introduced. All women members are automatically registered in the WIC and receive a WIC premium for their coffee. WIC coffee is separated, processed and marketed independently. In the first year of production, 2012/13, just 3.7mt WIC coffee was exported. This increased to 19.2mt in 2013/14 and 58mt in 2015/2016. The WIC premium has increased from MKW 312,440 to MKW 16 million over the four years of the programme.

Historically, production of coffee across the membership has fluctuated widely across time, though the trend is generally upwards. Production levels also vary by Cooperative. For example, production in Misuku in 2013/2014 fell by 24.15% in comparison with the previous year (2012/13). Phoka increased by production in the same time period by 0.8%; Viphya was down by 1.4%; South East Mzimba was up by 1.5%; Nkhata Bay was down by 28%; and Ntchisi was up by 60%.

The Malawian Kwacha was devalued by 45% in 2012. This allowed Mzuzu Coffee to increase its export earnings and counteract the effects of low international coffee prices. These benefits were passed on to its members. However, input prices including fuel, inorganic fertiliser and packaging costs increased significantly over the same time period. Member purchasing power fell sharply. The effects of the devaluation were felt into the 2013/2014 marketing season.

## 6.2 Donor Support

Mzuzu Coffee has received substantial funding in the past from donors including the EU, USAID, the Flanders International Cooperation Agency, and Twin Trading. Currently donor support is very low although TWIN still provides capacity development support chiefly to the WIC programme. Mzuzu Coffee is reducing reliance on donors as follows. First, the promotion of women's coffee is expected to attract market interest and promote coffee quality. Second, Mzuzu Coffee is strengthening activity in both conventional and Fair Trade markets. Third, it is developing non-coffee products including tea, macadamia nuts, and honey. Fourth, it has built a guest house and a coffee shop in Mzuzu town. Finally, it is developing a large coffee plantation called Usingini Farm which aims, in the longer term, to underwrite all operational costs thus eliminating deductions from members.

### Box: Usingini Farm

Mzuzu Coffee is developing a large coffee plantation on 336 hectares called Usingini Farm. According to Mzuzu Coffee Union management, the land had previously never been brought into cultivation and thus was idle. It was obtained for free from the Traditional Authorities governing that area. The process involved discussions between Mzuzu Coffee, Traditional Chiefs, the District Commissioner, the Ministry of Lands, the Department of the Environment, and members of the community.

One million trees will be planted by 2019. By mid-2015 360,000 trees had been planted on 86 hectares. Nett income in 2015 was expected to be 100,000 USD. When the farm is fully operational it is expected to yield 800 tonnes per annum of coffee. The aim is achieve Fair Trade certification. Other crops to be grown on the farm include macadamia, horticultural crops, and irrigated soy beans. The expectation is that all Mzuzu Coffee's administrative and logistical costs (headquarter staff costs, as well as running the six member cooperatives and associated structures) will be met by proceeds from the farm. This will allow almost all profits from coffee to be channelled back to the membership. This is a tacit admission that members are highly unlikely to improve levels of production sufficient to enable Mzuzu Coffee to become a fully commercialised, viable business.

Usingini Farm currently employs 150 people (full time and casual labourers) from the local community. Of these, 58 are women and 82 are men. The women plant and harvest coffee. The men work on the same tasks and additionally dig trenches. They experience the same conditions as workers in processing factory at the Union in Mzuzu town. Workers are issued with contracts with provisions for sick leave, annual leave, maternity leave, protective clothing, and they are paid above the minimum wage. The farm is also being used to teach members agronomic skills.

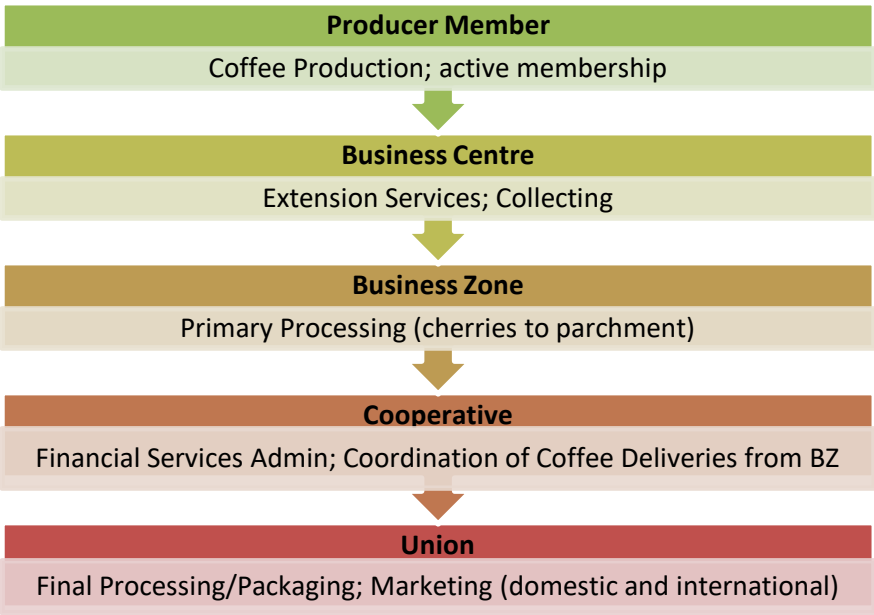
Donor support has helped to improve organizational performance, strengthen technical and human capacities, obtain access to speciality markets, and improve the gender equity dimensions of Mzuzu Coffee's business model. Cooperation with Twin and Twin Trading, which began in 2009, is central to these achievements. TWIN is continuing work on strengthening Mzuzu Coffee's work on gender, improving sustainability of its coffee production, and assisting in its search for markets. Twin has supported a sustainable farming pilot to encourage diversification into shade grown coffee, and it is working closely with the Joint Marketing Initiative (JMI) to position Mzuzu Coffee's coffee as a premium, Fair Trade certified blend in speciality markets. Mzuzu Coffee has a constructive relationship with the Government of Malawi. A representative of the Ministry of Industry and Trade sits on Mzuzu Coffee's board along with a representative of the Registrar of Co-operatives. Both representatives provide advice on behalf of the government.

## 6.3 Membership Profile

Overall membership was 2,652 farmers in 2014 of whom approximately one quarter (650 - 24.5%) were women. The aim is to achieve 50% women membership by 2020 (5% increase annually). The actual percentage of women in each Cooperative varies widely, from 16% to 40% with an average percentage of 26%. Ntchisi, the smallest Cooperative, has 173 members (30% women). The largest, Misuku, has 1204 members (20.5% women). The average membership of Cooperatives is 442 members. The study

team visited Phoka Hills Cooperative in Rumphi District which had 677 members in 2014 (27.8% women).

**6.4 The age structure of Mzuzu Coffee's membership is biased towards older age groups. A census (2012) showed that 14.2% of the membership were aged between 19-30 years, 26% were between 31-40 years old, 25.8% were between 41-50 years, and 34% of members are at least 51 (The total for the two latter groups is 59.8%). Mzuzu Coffee is concerned about the long term viability of the organisation since insufficient numbers of young people are being attracted to the industry. This is one reason it is working to mobilise women through the WIC programme, and it has started to mobilise youth specifically (both women and men).**Organizational Structure



The basic structure and core responsibilities of each level (2015 figures) are depicted in **Figure 3**<sup>27</sup>.

**Producer Members.** Members pay a membership fee of MWK 3000 and must hold a minimum number of shares. The actual number varies according to the capitalization requirements of the specific Cooperative. One share costs MWK 250. The size of the minimum shareholding depends on each Cooperative's capital requirements. Whilst in the past minimum shareholdings were relatively low, this has been changing recently. For instance, last year Phoka Hills Cooperative requested that shareholdings be a minimum of 10,000 MKW. This will rise to 20,000 MKW shortly. Respondents in FGD said their shareholding made them feel their Business Centre was 'here to stay': so many other development ventures have come and gone. However, for poorer members, and for women in particular, it may be a challenge to raise money for their shareholding.

**Business Centre.** A Business Centre has on average 15-30 producer members (the ideal is 10 to 20). Business Centre members are expected to increase coffee production by raising quality seedlings and

*Figure 8: Structure and Core Responsibilities at Each Level*

<sup>27</sup> Includes some material from: Borda-Rodriguez, A., and Vicari, S., 2015. Coffee Co-Operatives in Malawi: Building Resilience Through Innovation. *Annals of Public and Cooperative Economics* 86:2 2015.pp. 317–338. Annals of Public and Cooperative Economics (CIRIEC).

engaging in timely field planting and good tree management. Members have to buy shares, pay membership fees, observe bylaws, and own at least 1,500 trees. For women and youth this latter requirement can be waived if membership fees are paid.

Business Centres engage in bulk procurement of inputs for members and also aid in loan recovery for such inputs. They also prepare reports for their membership. Every Business Centre is managed by a board committee of at least ten members. The Business Centres (and Business Zones) are supported by a Cooperative Development Manager (CDM). CDMs support Business Centres through facilitating agronomic and business management training to members, as well as helping to coordinate all activities within, and between, Business Centres and Business Zones under a particular Cooperative.

Each Business Centre has by-laws governing its operations. The registration, membership fees and penalties vary from one Business Centre to another. Members have to pay fines and penalties when they break the by-laws and when they do not attend meetings. Infringement of rules, for example side-selling, can result in exclusion from membership. Mzuzu Coffee takes members to court if necessary to recover stolen items. Membership fees and shareholdings fund the operations of the Business Centre, as well as higher-level institutions. For instance, they help pay for the salaries of Zone and Cooperative level staff. These include the CDM, extension workers, accountants, office assistants, factory workers, *etc.*

**Business Zone.** Three to five Business Centres form a Business Zone. A Business Zone is the primary processing point for coffee cherries. The weight of cherries brought by each farmer is recorded, as is the final weight following processing (removal of the pulp and preparation of dry beans which results in parchment). Business Zones transport the processed coffee to the Union and also procure agricultural inputs on behalf of the Business Centres. Every Business Zone is managed by a board committee of at least ten members. These members are drawn from Business Centre boards.

**Cooperative.** Cooperatives coordinate coffee deliveries from Business Centres. They oversee all production and processing aspects of coffee. They are responsible for overall training of contact farmers (lead farmers) who operate at Business Centre level, and also manage a microfinance credit union for members. Each Cooperative has an elected management committee (Board of Directors), as well as full-time staff. The Chairperson of each Cooperative Board sits on the Union Board.

**Union.** This is based in Mzuzu town. The CEO and Mzuzu Coffee management team are under the Board of Directors. The Union Secretariat is headed by the CEO and oversees agronomy, process engineering, micro-financing, institutional development and marketing of the coffee. Cooperatives buy shares in the Union at a minimum fee of MWK 500,000.

## 6.5 Payments to Members

Mzuzu Coffee collates average earnings but these include the earnings of the highest paid. Figures on average gross and net earnings, and deductions, are not fully representative of the membership. Average gross earnings over a four year period are provided below and show that members, as a whole, are moving out of the lowest earning category (0 to 80,000 MKW). Whereas in 2010 four fifths of all members earned this amount, by 2013/2014 two thirds did.

*Table 3: Gross Earnings: All Members*

| Year    | Gross Earnings % |               |               |
|---------|------------------|---------------|---------------|
|         | 0-80,000 MK      | MK80-MK160000 | Over MK160000 |
| 2010/11 | 84.2             | 8.8           | 6.9           |
| 2011/12 | 81.2             | 10.0          | 8.8           |
| 2012/13 | 67.2             | 13.8          | 18.9          |
| 2013/14 | 60.2             | 19.0          | 20.8          |

*Source: MCZPCU Annual Report, 2014.*

This broad picture hides substantial variation by Cooperative and by year. Average earnings per grower were higher in 2012/13 compared to 2013/14. They also varied considerably by Cooperative. Only two - Phoka Hills and Viphya - saw members increase their average gross earnings, by 10.3% and 4.3% respectively. Members of other Cooperatives saw their gross earnings fall sharply in the same time period (by 21.9%; 16.7%; 16.4%).

*Table 4: Net Pay: All Members*

| Cooperative | Deduction from Gross Earnings | Net Pay |
|-------------|-------------------------------|---------|
| Misiku      | 42.3%                         | 57.7%,  |
| Phoka       | 46.5%.                        | 53.5%,  |
| Viphya      | 38.1%.                        | 61.8%   |
| Nkhata Bay  | 33.9%                         | 65.9%   |
| Mzimba      | 35.5%                         | 67.5%   |
| Ntchisi     | 25.7%                         | 74.3%.  |

*Source: MCZPCU Annual Report, 2014.*

## 6.6 Coffee Pricing

The determining factor in setting the price of coffee is the prevailing international price. This is New York C (the baseline price). To this the Quality Premium and the Fair Trade Premium are added. If the New York C price falls below the minimum Fair Trade price, the coffee is priced as follows: Minimum Fair Trade price + Quality Premium + Fair Trade Premium.

Expected selling prices, *etc.* are prepared by the Chief Financial Officer and presented to the AGM for discussion by the membership. Approximately 80% of Mzuzu Coffee's coffee is classified as premium (Grade 1), meaning that the amount paid per kilo is approximately 60 to 80% above the baseline. Mzuzu Coffee invests heavily in its processing and quality control processes to maintain the required quality standards. The Fair Trade premium comes on top of this. There is a strong national and international market for Mzuzu Coffee's lower quality (Grade 2) coffee. The terms Grade 1 and Grade 2 apply to all varieties of coffee. Arabica coffee is grown. Varieties include Arabica. Varieties include Geisha, Agaro, Catimor Pop, Catimor 129, Nyika, and local varieties.

Farmers are paid for their produce (coffee cherries) at the Business Zone coffee processing plants. Fifty-two processing plants are held in Business Zones. Of these, 22 are eco-processors which do not ferment coffee. They use less water and the pulp decays more easily. All processing plants were donor-funded and all are now quite old.

Payments under 50,000 MWK for coffee cherries are made in cash, while larger ones are transferred into bank accounts. There are no minimum quotas or minimum production levels that farmers have to meet. An initial payment is made for the cherries (174 MKW/ kg in 2014). This is processed at an average rate of 4:1 for dehulled coffee beans. Following sale, members are paid the balance.

Mzuzu Coffee buys coffee primarily from its members (94% in 2014). If demand exceeds production, the Union buys coffee from non-members. They are paid only for the cherries and do not receive premiums. Proceeds are distributed - approximately - as follows: Union Secretariat 28%; Cooperatives 12%. The remainder is distributed to members according to the amount and grade of cherries they provide. Actual proportions fluctuate according to international coffee prices and the need to pay overheads. On average, members receive between 55% to 60% of the final sale price. In 2014 members received 871 MKW/kg for Grade 1 coffee cherries, and 900 MKW/kg in 2015. In 2014 members received 660 MKW/kg for Grade 2 coffee.

## 6.7 Quality Control and Traceability

From the moment the producer enters the Business Zone with their coffee cherries it is separated into coffee (S1), women's coffee (S2), and Fair Trade (S3). Since Phoka Hills Cooperative has just received organic certification from Eco Cert this coffee will be separated as well. The coffee is sorted to remove



impurities before being processed into parchment. Business Zones are responsible for monitoring quality. Members, and processing staff, are highly trained in maintaining quality since this is critical to maintaining Mzuzu Coffee's niche in the quality coffee market.

Traceability is built into operations. Every member has a tally sheet. This means that coffee treated, say, with pesticides against the regulations can be traced back to individual farmers and action taken accordingly. The name of each member, date of processing, coffee variety, and quality is recorded at the Business Zone (processing station). It is possible to check year on year the levels of production of each farmer, and to follow up if there appears to be a decline in production or quality, potential side-selling, *etc.*

When the parchment is taken to the Union premises in Mzuzu town the bags are weighed and then samples are taken to check again for quality, defects, and colour. After roasting the samples, organoleptic testing (i.e. cupping) are made. Cuppers receive in-house cupping training at the laboratory in Mzuzu. They also attend training at the Coffee Quality Institution as well as the Annual Taste of Harvest competition in Blantyre. Cupping reports are provided to the relevant Zone as well as to the marketing team. This enables the marketing team to start marketing internationally. Samples are sent to prospective buyers. Further checks and sorting are conducted before sale. Some coffee is sold as 'green', otherwise roasting and grinding takes place before sale.



developed, and annual workplans for the respective level are also developed. Price setting, business performance across the year at each level, and other issues are discussed.

Leaders are elected at each level. Nine positions are available: chair, secretary, treasurer (plus three vice positions) and technical positions. All Business Centre chairs automatically sit on the Business Zone Board. The chair of the Cooperative must be independent and non-partisan. Should they have held a position at Business Centre or Business Zone level they must relinquish this. Union level chairs are entirely independent of Mzuzu Coffee. They are selected from the business sector. This is considered essential since farmers may lack experience in business management, and may have difficulties understanding market trends, how to read spreadsheets, *etc.*

*Picture 4: WIC member with her son and the house she has constructed with WIC monies.*

## 6.8 Side-selling

Side selling remains an issue in all Cooperatives. It is most pronounced in Misuku Cooperative, leading to negative growth in 2013/2014. Mzuzu Coffee considers that side selling is primarily a consequence of power struggles at Cooperative level, with people who lose elections trying to destroy the Cooperative. Sales records and membership data show that some members are selling coffee produced by expelled members, or defaulters on debt, using their own identity documentation.

## 6.9 Governance Structures

Annual General Meetings (AGMs) are conducted at Business Centre, Business Zone, Cooperative and Union levels. Every member is expected to attend their respective AGM. These can be huge affairs with hundreds attending at Cooperative level. At AGMs, five-year strategic plans are

The Constitution says that there must be two women on the Business Zone Board. Women are expected to form 30% of the highest-level leadership (Cooperative and Union). If the chair is a man then the vice-chair is expected to be a woman, etc. In practice, women represent around one quarter of the leadership at Zone level onwards.

At Union level, there is a Women's Committee which comprises of women farmers from all six Cooperatives. Two of them - from Phoka and Misuko - represent women farmers at the Union Board. At the Cooperative level there is also a Women's Committee with representatives from each zone. At Business Zone level, each WIC group has a full structure of chair, treasurer, and secretary. All women's representatives are elected every 3 years and they can be elected again for a further 3 years. Women's representation in leadership (2016) was as follows:

- From 10 Union Board members 3 are women (almost 30% representation). The vice chair is a woman.
- At Cooperative level from 82 board members 16 are women (20%).
- 23 WIC groups have been formed across 6 Cooperatives. Each group has a committee staffed entirely by women.
- Mzuzu Coffee is working towards 50/50 representation in decision-making positions. However, at Business Centre level, no efforts are currently made to promote women leaders and as a consequence there are almost none.

The WIC gender coordinator is appointed at Union level. She facilitates and participates in committee meetings at this level. The Union Women's Committee facilitates Cooperative level meetings. Meetings are held twice a year at Union level, more frequently at Cooperative and Business Zone.

## 6.10 Capacity Development

Capacity development is managed through the Union by an agronomist, and at Cooperative level by Extension and Training Associates. Business Centres are responsible for providing farm management and extension services largely through contact farmers. Contact farmers are volunteer smallholder coffee farmers trained to provide extension services to fellow farmers at the village level. Most farmers receive extension services from Contact Farmers. Some contact farmers are strongly committed to their work, and visit each farmer monthly. Others may visit just once a year. Members met in FGDs said repeatedly that contact farmers are generally very helpful, but that they often lack the specialist knowledge members require.

Further training, for example on business skills, is provided by specialists. However, several women - and some men - met in Phoka Hills Cooperative said they do not understand the language of instruction well, which is Chichewa (*de facto* national language). Capacity development at Business Centre level includes working with members to develop individual coffee business plans

WIC members are trained by the Gender Coordinator. This includes 1) business plan development for income generating activities and microcredit, 2) tools from gender household approaches (balance tree with men and women) to help discuss distribution of work and benefits at household level, and 3) leadership training. However, women met were often not clear as to the benefits of the training. Logistical constraints, particularly transport, prevent the WIC Coordinator from travelling as per plan, and thus WIC groups are rarely visited in the field. Around one quarter of the coordinator, Annual Plan is actually fulfilled. There are two WIC field officers based in Phoka Hills and three in Misuku Cooperatives. They talk almost daily to each other and mentor a number of WIC groups. However, they too cannot reach the bulk of the WIC membership.

## 6.11 Financial Services

Mzuzu Coffee offers limited financial services and other incentives. The annual Business Economic Report singles out Cooperatives with the most members earning above one million MKW and awards are given. These include bags of fertilizer, wheelbarrows, shovels, sprayers, and certificates. Incentive schemes at Business Centre level include:

**Advance payment for coffee.** This is a new initiative to help cover uncertainty in international markets and delays in coffee sales. A member can be paid an advance on up to 60% of their anticipated delivery of cherries. At the time of study it had not been rolled out.

**Inorganic Fertilizer Loans.** Members can access fertilizers on loan. The loan together with interest is deducted in full when payments are made for coffee cherries. Loan uptake varies by Cooperative. Members in two Cooperatives have defaulted to the extent that write off of debts is now recommended by the Union. In two other Cooperatives loan uptake is modest. Only in one Business Zone in Phoka Hills Cooperative uptake has increased significantly. Overall, loan uptake is low because members typically see loans as eroding net pay. This is currently devoted to meeting basic needs and is rarely directed to investments in coffee productivity.

## 6.12 Fair Trade Certification

Fair Trade markets offer members favourable minimum prices and a Fair Trade Premium. Those are granted if Fair Trade coffee certification standards are met. These include being a democratic PO, full traceability of produce, decent coffee employment conditions (labour conditions, minimum wages, prohibition of child labour), and sustainable environmental practices. In July 2015, Mzuzu Coffee was audited. A Fair Trade certificate was granted in December 2015 and will be reviewed in 2019.



The Fair Trade Premium has increased substantially, with an increase of 307.7% in monies received between 2012/13 and 2009/10. In 2014 Fair Trade Premiums totalled 36,776,343 million MKW, an increase of 3.7% on the previous year. In 2014, 70% of Mzuzu Coffee was sold as Fair Trade (60% marketed through TWIN). Fair Trade Premiums are distributed to the Union, Cooperatives and Business Zones. In 2014, they were distributed as follows: 50% for the Zone, 30% for the Cooperatives and 20% for the Union. The amount earned by each Cooperative varies widely. This is mostly accounted for by the size of membership. The Cooperatives spend

their Fair Trade Premiums in different ways depending on local needs. In Phoka the study team were shown a small bridge funded in this way.

## 6.13 Women in Coffee (WIC) Programme

Coffee is considered a male crop, even though women are heavily involved in the production process as unpaid family labourers. As Union staff put it: *'Women do 70% of the work, but men blow the proceeds.'* Coffee production is labour-intensive. At producer level it involves five key stages: nursery management, field preparation, planting, fertilizer preparation and application, and harvesting. Although in some countries hired labour is widely used, members of Mzuzu Coffee rarely if ever hire labour. Normally, only family labour is used.

Mzuzu Coffee has made a number of commitments towards women members to change this situation. They are (1) empowering women coffee farmers economically through recruitment of women to



participate as own account actors in the coffee business (and marketing women coffee internationally), (2) Improving quality of life for women coffee farmers, (3) Improving access to land, coffee farms and other assets by women coffee farmers, (4) Encouraging women coffee farmers to participate in decision making in cooperatives, union and lower level farmer organizations, (5) Encouraging joint decision making within coffee families, and (6) promoting women employment in Cooperative and the Union.



Picture 5: FGD with WIC members and the WIC Coordinator



Achieving these goals is expected to improve productivity and overall profits, thus contributing to the sustainability of the coffee value chain. Improving women's control over income at the household level is anticipated to strengthen development outcomes.

The Women in Coffee (WIC) is the vehicle through which these commitments are expected to be realised. The WIC was adopted in 2012 and women members are automatically enrolled. The WIC promotes women's control over coffee trees and coffee sales. To help ensure this happens, Mzuzu Coffee is working with Traditional Authorities, fathers and husbands to convince them about the benefits derived from setting aside a portion of land for women to grow coffee, and to give women coffee seedlings. There are plans to ensure that men sign documents stating that they are sharing land with wives and daughters. Mzuzu Coffee insists women should be allowed to retain the proceeds from women's plantations.

When women members deliver their coffee at the processing centres the staff at the station separate their coffee, and this separation is maintained through the refining and packaging process.

Each WIC group is encouraged to develop ideas for a group-based income generation activity in addition to coffee given that coffee takes at least three years to generate a significant income. At the time of study only one group had received help, to grow beans, and this venture failed. Female respondents in FGDs had many ideas of what they would like to do, including cooking and sewing courses. Many expressed a desire to purchase a maize mill to be installed at the coffee processing plant. This would save them time and energy head-loading maize to more distant facilities, attract more women users and enable them to generate money: a real win-win situation. One WIC group has set up a revolving fund to which each member contributes 1,500 MKW/month. Members can borrow small sums at a low rate of interest. They are saving towards two cattle to supply manure for organic compost and a maize mill.

Picture 6: Women's Coffee

## 6.14 WIC Premiums

If women's coffee is sold successfully as such (even if it is not marketed as women's coffee), WIC members receive a Women's Coffee Premium. The Women's Coffee Premium is distributed among women members, Cooperatives and the Union according to the following percentages:

- 40% to individual members.
- 35% for Microcredit (To date MKW 3.7million).
- 15% for operational activities at the Union.
- 10% for Operational activities at the Cooperative.

The loan scheme was established in 2015 with 3.7 million MKW (8,200 USD) available for loan. A few women from Phoka and Viphya Cooperatives have received training on business planning and IGAs.

This is a pre-requisite for applying for loans. The maximum amount granted per person is 200,000 MKW (450 USD), to be repaid within six months at an interest rate of 10%. In case of default money will be subtracted from a member's coffee sales.

Women's production capacities exceed currently accessed market opportunities for Women's Coffee. In 2013/2014 season, 9,960 Mt Women's Coffee were sold to Twin Trading and 12,480 Mt to Zenzho, a Japanese company. In 2014/15, 8.0 Mt of Women's Coffee were sold through Twin Trading and 37.2 Mt to other buyers (total women's coffee produced = 55.2 Mt). In 2014/15, women produced 348,000 cherries/ 69,000 parchment - equivalent to 58 Mt green coffee. Women's coffee which cannot be sold as such is blended back into mainstream coffee and does not attract a women's coffee premium.

## 6.15 Joint Marketing Initiative (JMI) in Relation to Women's Coffee Premiums

In 2011/12, Twin Trading initiated the Joint Marketing Initiative (JMI)<sup>28</sup> whereby producers from the Great Lakes and Malawi joined forces to market their coffee. The JMI has proved important in helping Mzuzu Coffee find buyers in a competitive market subject to huge price swings. It searches for new market opportunities, particularly in the USA. In relation to women's coffee specifically, the JMI notes that consumers in the US generally lack sufficient understanding of gender dynamics to appreciate the need for singling out women producers as beneficiaries of their purchase. Starbucks attempted to sell Women's Coffee, but it did not succeed. In Europe, consumers have more nuanced understandings of gender issues though currently this does not translate into a large market for women's coffee. Despite challenges, JMI considers there is strong interest among US and European buyers to (a) support justice in coffee chains, which means supporting smallholder rather than plantation and (b) to specifically support women's coffee. This is for social justice reasons, but also because women's coffee is often of higher quality. Women producers typically operate their farms with more care and are better at quality control of cherries. This is probably because they receive the benefits directly, unlike when they work under their husbands.

JMI commented that buyers travel widely and often have a good understanding of gender issues because of the practices they see in the field. They are willing to internalise some additional costs associated with producing women's coffee (these include the issues discussed above such as capacity development, separate processing mechanisms, *etc.*). However, it is not possible for them to absorb the cost for large volumes because the market for women's coffee does not exist. This poses an important constraint on expanding women's coffee worldwide. The Specialty Coffee Association of America is working to raise awareness on gender justice in coffee, and to urge members to educate their consumers.

## 6.16 Non-Farm Waged Employment

From May to October farmers bring cherries to their Business Zone for primary processing. The cherries are stripped of their pulp and dried to become parchment. At this stage it is sent to the factory in Mzuzu for final processing. Staff take samples to check for moisture content and if necessary it is redried. Then, the coffee is sorted by machine into different grades.

It is then further sorted by hand by approximately 200 women. Women are paid piecework rates, at 307 MKW per kilo in 2014 (397 MKW 2015). Some women can sort as much as 3 to 4 kgs a day, whereas the majority manage 2.5 kgs and some as little as 0.5 kgs. This equates to a maximum payment of 1228 (1588 in 2015) MKW, 768 MWK (993 in 2015) or 153 MKW (198 in 2015). This compares to the national minimum daily wage which was 551 MKW in early 2015. When asked why some women earn so little the supervisor suggested that *'they are not serious. They come to chat and pass the time'* and he stressed they were in a minority. No men are employed because this is seen as quintessentially women's work.

Men pack coffee into large sacks (60 kgs) for export. They are paid 850.25 MKW a day. They work set hours between 7.30 and 17.00 with an hour break. The number of men employed varies according to the amount of coffee being processed at any one time and is obviously seasonal. All casual workers

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<sup>28</sup> <http://www.twin.org.uk/projects/jmi/>



receive a health check before employment. No sick leave is paid and lunch is not provided. No child care is provided. Workers do not receive a contract, and payments are made at the end of the month. These conditions of employment are under review by the management.

The majority of cuppers are women (five from eight). The five women cuppers met had worked at Mzuzu for between 3 to 10 years. They receive a full time salary and contributions to a private health care scheme, and pensions. Holiday leave is 19 days a year.

## **7 Key Challenges and Opportunities**

Annual production is stuck at around 400 tonnes despite investments. The Annual Report 2014 notes that less than one third (29.9%) of Business Zones met their production targets.

Planting per hectare ranges from 2,800 trees to 5,000 trees. Productivity is typically well under 3 kgs per tree, whereas 12 to 14 kgs are possible. The tacit expectation is that farmers *should* be able to achieve around 5 kgs per tree in the current situation. However, as noted throughout this study, the majority of farmers rarely apply sufficient inputs to generate much more than a kilo per tree, and women almost never apply inputs.

Despite progress achieved Mzuzu Coffee is not yet 'profitable' due primarily to low production volumes, which in turn is due to low productivity. Mzuzu is promoting alternative ways to generate additional sources of income to bridge the three years or so seedlings require before they start producing coffee cherries. Currently, 20% of members are supported in honey production. Of these, 3% are women. Mzuzu markets honey nationwide, and also sells tea, which is sourced from the Usingini Farm. Members are also encouraged to diversify into macadamia nuts.

Many of the most successful members were originally amongst the most poor, living in remote mountainous regions. However, farmers living close to urban centres like Mzuzu town tend to grow a wide variety of crops and may hold down a salaried position as well; their commitment is typically weak. Mzuzu Coffee terms such members 'freelance farmers'. Given that Mzuzu is a democratic membership organization open to all it is not able to remove farmers who underperform. Ten zones (from 52) supply 52% of coffee, with the remainder providing the rest

## 8 Phoka Hills Cooperative Case Study

This section presents findings from the Phoka Hills Cooperative case study. It explores the benefits members derive from their involvement in coffee production, their participation in Phoka Hill Cooperative, and the challenges and opportunities they face.

### 8.1 Background to the Field Study Location

Phoka Hill Cooperative is located in the Rumphu District in the eastern part of Nyika National Park about 145km from Mzuzu. The district covers an area of 4,769 km<sup>2</sup> and has an approximate population of 169,112 in 36,037 households<sup>29</sup>. Average household size is 4.9. The study area has 2,911 households of which 96 are child-headed (0.3%), 729 (25%) are female-headed and the remainder male-headed<sup>30</sup>. The prevalence of HIV/AIDS in 2013 was 9.7%<sup>31</sup>. The language spoken is Tumbuka.

The average total size of a holding is 1.8 hectares, which is typically divided into plots scattered over a wide area. In 2007, one quarter of a typical land holding was devoted to coffee<sup>32</sup>. Widely grown staple crops include maize, cassava, and beans. Market crops, grown primarily by men, include macadamia nuts, tobacco and honey, cattle and small ruminants. Women typically grow Irish and sweet potatoes, cocoyam, tomatoes, pigs, goats and chickens, and occasionally rabbits and ducks. Diversity and self-sufficiency are considered very important.

The area is governed by patrilineal customary law. Land is passed on to sons and women move to their husband's villages upon marriage. However, should the marriage break up, women are usually provided with land upon which to raise their children, since these are considered to belong to the husband's clan. In cases where *lobola* (bride price) has not been paid the woman has to leave because the children are not considered to be part of the new clan. In such cases fathers often provide their daughters with land. Young women coffee producers met in FGDs said, '*From birth, boys are given land. Girls are not given anything because we are expected to leave.*' Some single young women have been given land by their fathers for growing coffee. At the same time parents do not want daughters engaging in market interactions '*in case they meet the wrong kind of men.*'

A small number of Phoka Hills Cooperative members have achieved tertiary education with the majority having obtained some level of primary education. Heavy levels of alcohol consumption are a major issue in the region, among men and also among some women.

### 8.2 Phoka Hills Cooperative: Overview

Phoka Hills Cooperative was set up on 1<sup>st</sup> April 2007. It comprises 13 Business Zones (and thus 13 processing plants) and 35 Business Centres. It has 35 contact farmers (3 women). Its membership - particularly that of women, has grown. In 2007 it had 647 members (549 men: 98 women). In 2015 it had 783 members (557 men: 226 women). In 2014 Phoka Hills Cooperative produced 27% of all coffee marketed by the Union. In that year, membership of Phoka Hills Cooperative accounted for 26.6% of total membership.

Table 3: Gross Earnings: Members of Phoka Hills Cooperative

| Year    | Gross Earnings % |               |               |
|---------|------------------|---------------|---------------|
|         | 0-80,000 MK      | MK80-MK160000 | Over MK160000 |
| 2010/11 | 84.9%            | 10.1%         | 5.0%          |
| 2011/12 | 79.4%            | 10.6%         | 9.9%          |

29NSO (2008) Population and Housing Census 2008, Lilongwe

30NSO (2008) Population and Housing Census 2008, Lilongwe

31NSO (2008) Population and Housing Census 2008, Lilongwe

32 Ephraim W. Chirwa, E.W., Dorward, A., and Kydd, J. (2007) Reforming the Smallholder Coffee Sector in Malawi: A Case Study of Smallholder Commercialisation. Future Agricultures Consortium.

[http://r4d.dfid.gov.uk/PDF/Outputs/Futureagriculture/Reforming\\_Smallholder\\_Coffee\\_Malawi\\_2007.pdf](http://r4d.dfid.gov.uk/PDF/Outputs/Futureagriculture/Reforming_Smallholder_Coffee_Malawi_2007.pdf)

|         |       |       |       |
|---------|-------|-------|-------|
| 2012/13 | 62.8% | 18.5% | 18.6% |
| 2013/14 | 57.9% | 20.2% | 21.9% |

Source: MCZPCU Annual Report, 2014.

Table X shows that the membership of Phoka Hills Cooperative is transitioning more rapidly than other Cooperatives into higher gross earnings bands. The aggregated figures across all Cooperatives show that 6.9% of the membership was in the highest band in 2010/2011. In 2013/2014 the proportion in the highest band increased to 20.8%. For Phoka Hills Cooperative, equivalent figures are 5% increasing to 21.9%.

### 8.3 Potential Contribution of Coffee Earnings to Poverty Alleviation

The national poverty line in Malawi equates to 37.50 USD/month (74% of the population still lives below the income poverty line of US\$1.25 a day/ 90% of the population live below the US\$2 a day threshold - 120 USD/month or less)<sup>33</sup>.

It is useful to compare monies earned through coffee with these baselines to assess the degree to which coffee production is helping members escape poverty. An income calculation conducted with staff from Phoka Hills Cooperative, based on the sale of 5,000 kgs coffee (the ideal target for an average member), indicates that a farmer *could* earn 136 USD/month equivalent.

Table 4: Potential Income Calculation based on Productivity Potential of Average Member

| Item  | MKW            | USD (rounded) |
|---|----------------|---------------|
| Gross Profit  | 870,000        | 1,895         |
| Nett Profit   | 750,000        | 1,633         |
| Equates to Monthly Income                                   | 62,500         | 136           |
| <b><i>Deductions to Arrive at Nett Profit (approx.)</i></b> |                |               |
| <i>Fertiliser purchased with loan</i>                       | <i>44,000</i>  | <i>96</i>     |
| <i>Processing costs (6 MKW/kg)</i>                          | <i>30,000</i>  | <i>65</i>     |
| <i>Various levies</i>                                       | <i>15,000</i>  | <i>33</i>     |
| <i>Additional estimated costs</i>                           | <i>31,000</i>  | <i>68</i>     |
|   | <i>120,000</i> | <i>262</i>    |

Source: Field Study Discussions 2015

The reality is different. Based on trees owned, and assuming that the coffee produced was Grade 1, women met in FGDs (approximately 40 women) received an average gross income of 111,012 MKW in 2014. The actual amounts varied considerably, with the best paid woman receiving 530,276 MKW, another 350,000 and two women over 250,000 MKW. This was achieved through holding at least 2000 trees with low productivity. Conversely, many women FGD participants received between 10,000 to 60,000 MKW. Data from the male FGD group (20 men) shows that men earned roughly twice as much as women, with an average of 219,763 MKW. The highest income was 813,344 and low values included 30,000, 48,000 and 55,000.

The FGD sample suggests that average members are not earning anything close to the national poverty line. Of course, producers access additional sources of income such as livestock and other crops. However, markets are weak in the area due to product saturation. Most producers aim to be self-sufficient in food, including staples, horticultural products, and meat.

### 8.4 Constraints to Improving Productivity

Low productivity is by far the most important challenge to Mzuzu Coffee's business model. The Annual Report 2014, says, '*Production is still very low. This is mostly due to low productivity. The current*

<sup>33</sup> <http://www.ruralpovertyportal.org/country/home/tags/malawi>

number of trees would easily make the coffee business viable as long as productivity can increase. Even the best performers have yields of 0.7-2kgs per tree'. There are two critical issues.

1. Overall productivity for both women and men is extremely low. According to Mzuzu Coffee staff, the potential productivity per tree that should be achievable by members within their particular context is 5 kgs. In ideal circumstances the target should be 12 kgs. Data provided by Phoka Hills Cooperative show that only 4% of men and 1.3% of women members achieve 5 kgs per tree.
2. Second, average male productivity is double average female productivity.

The study explored the reasons for this through FGDs with members, and through limited primary data collection on productivity per tree.

**Age** is a constraint. A large number of members are in their 50s to 70s. Some older respondents complained their fingers lacked flexibility to pick cherries. Women in their 70s still headload coffee, which weighs around 40 kgs per sack, along mountain pathways for many kilometres to reach the Business Zones. Fatigue, aching legs and knees are major issues for them.

**Distance to Processing Plants.** Women met in FGDs repeatedly requested micro-processing facilities closer to home because headloading is very tiring. Mzuzu staff responded that smaller plants are under consideration, but that they are expensive. Staff also raised concerns about maintaining coffee if processing facilities are managed by poorly trained staff.

**Labour.** Coffee is a labour-intensive crop. A 2007 study<sup>34</sup> showed that land preparation and planting on an average farm requires 66 family labour days; weeding and fertilizing 85 family labour days; and harvesting 143 family labour days. Among members of Phoka Hills Cooperative the hiring of labour is rare. If women are working on their husband's plantations as well as their own then it is possible they are not managing to provide enough labour to their plantations.

**Women have fewer, and younger (therefore less productive), trees.** Among the FGD participants the average number of trees (producing and non-producing) owned by male members was 1623 (range 4500 to 200), and by women members 1317 (range 4020 to 200 - the majority hold less than 1000). Among young men, the average number of trees held was 1208 (ranging from 400 to 2000) whereas young women had considerably fewer, with an average of 759 (ranging from 200 to 3000 with most in the lower range). This suggests that young men have an inbuilt income advantage, which they can build on over time, thus accelerating differences between themselves and their female counterparts. Generally, women have fewer trees because they are new entrants to coffee production. Previously, women have supported men on family plantations. This implies that the production levels of women will increase over time. The WIC coordinator provided the following data on the number of seedlings women are expected to hold up to 2016/2017 and expected production.

Table 5: Seedlings and Expected Production by Phoka Hills Cooperative WIC members

| Year      | Membership (No) | Seedlings (No) | Processed cherry (kgs) | Remarks |
|-----------|-----------------|----------------|------------------------|---------|
| 2014/2015 | 197             | 68000          | 96000                  | Actual  |
| 2015/2016 | 226             | 91700          | 131000                 | Actual  |
| 2016/2017 | 228             | 97000          | 155000                 | Target  |

Source: WIC Coordinator, 2016

Data provided by women respondents allowed the following calculation to be made:

- Average productivity per producing tree for men owners: 1.3 kgs (data from one FGD, 20 participants).

<sup>34</sup> Ephraim W. Chirwa, E.W., Dorward, A., and Kydd, J. (2007) Reforming the Smallholder Coffee Sector in Malawi: A Case Study of Smallholder Commercialisation. Future Agricultures Consortium. [http://r4d.dfid.gov.uk/PDF/Outputs/Futureagriculture/Reforming\\_Smallholder\\_Coffee\\_Malawi\\_2007.pdf](http://r4d.dfid.gov.uk/PDF/Outputs/Futureagriculture/Reforming_Smallholder_Coffee_Malawi_2007.pdf)

- Average productivity per producing tree for women owners: 0.67 kgs (data from five FGDs, approximately 50 participants).

These findings are close to those presented in Mzuzu Coffee's Annual Report. Based on the fieldwork sample and discussions with FGD members the following issues emerge:

- Length of membership influences productivity. Some women who have been members for longer have achieved higher productivity (for instance 1.6, 1.4, 1.1 kgs per tree). The men with highest productivity became members around 10 years or more ago. This is because their trees are older and thus producing more. They have also learned more about coffee tree management.
- Older men, and widowers, have significantly lower productivity. They explained that they found it difficult to manage the plantations and to pick the cherries.
- The man with the highest production has 50 producing trees. This raises questions for further research regarding how effectively labour and other inputs are deployed on typical plantations which number well over 1000 trees. As noted above, the minimum tree holding for membership is 1,500 trees, though this is waived for women and youth.

## 8.5 Improving Productivity through Fertiliser Use: the Challenge

A key way to raise productivity would be to apply more fertiliser. However, very few members apply the recommended amount. Inorganic fertilizers are supplied to Business Centres at cost price, but almost every farmer has to purchase inorganic fertilizer on loan. The base price pro bag is 17,000 MKW and the associated loan cost is 5,000 MKW per bag. Many farmers require between two to four bags and therefore would have to spend a minimum of 44,000 MKW. This amount is then deducted when they are paid for their coffee. The Annual Report 2014 notes that low fertiliser use is endemic across all Cooperatives, and that loan recovery is proving impossible in two Cooperatives. It recommends, in fact, that '*Cooperatives should have a weaning policy for farmers who are mature and can run their businesses on minimal use of loans.*' This said, in Phoka Hills Cooperative fertiliser use is higher than the norm for all Cooperatives and recovery rates are better. No sex-disaggregated data on fertiliser use/acceptance of loans is collated by Mzuzu Coffee. However, as discussed below, women are highly unlikely to take out loans for fertiliser.

All respondents, if sometimes grudgingly, accepted that the loan itself helped pay Cooperative overheads, but many women (and a few men), felt unable to take out the loans. The women's statements can be summarized as follows: *Trees take three years from planting to start producing cherries. We do not have any money during this period to pay for fertilizer. When money is paid for the coffee, we desperately require the money to pay for basic needs such as food, clothing and school fees. We do not have enough money to cover these needs.*

The women are fully aware that if they paid for fertiliser they would have higher yields. However, they are not in a position to pay now for a future gain. The income analysis underlines the point that on an average income of around 110,000 MKW or less from coffee, women cannot afford a deduction of almost half for fertiliser. Men respondents concur that women have significant financial responsibilities and very limited cash. Men also asserted that some men, particularly young men, face financial problems, and likewise cannot buy fertiliser. In other words, almost all women and some men face a chronic and apparently unbridgeable productivity gap.

Rather than confronting this issue directly, Phoka Hills Cooperative is placing significant emphasis on developing organic production systems. Indeed following the study visit they received organic certification through Eco Cert. This approach is officially recommended for all Cooperatives. The Annual Report 2014 notes that '*farmers are not keen to pay back loans. Farmers should embrace sustainable production systems so as to reduce loan burdens and be profitable.*' Switching to organic is expected to address the cost of inorganic fertiliser issue (and the relatively high loan cost) because such fertiliser is apparently 'free'. Organic production is also expected to help adaptation to climate change through the use of shade trees to help lower temperatures, the use of mulches to retain moisture, and the



planting of Geisha Arabic coffee - this has a lower yield, is shade-tolerant, and has a much higher value on the world market.

Consequently, much effort is being expended on teaching women and men to make their own organic compost. However, making fertiliser is time-consuming. It takes around two hours a day to produce enough compost for an average plantation. Women in particular find it difficult to source enough animal manure since they do not own cattle as a rule.

## **8.6 Development Benefits Promoted by Mzuzu Coffee**

Members are expected to meet four quality of life indicators (decent accommodation, food security, adequate warmth, and good education). The study team also asked about other development benefits. These include the degree to which WIC is contributing towards equity in intra-household decision-making over the use of coffee monies, participation in community networks, and women's participation in leadership structures.

### **8.6.1 Decent Accommodation**

Mzuzu Coffee expects its members to aim for an iron-roofed house with a cement floor, plastered and with adequate ventilation. Is this being achieved? Some male respondents reported building new houses, bit by bit, and some want to lay electricity to their homes. However, women provided the most startling testimonials, particularly given that improving housing is culturally a male responsibility. One woman reported, *"I said to my husband, 'We are getting old. Let us get iron sheets for the roof.' He said, 'Stop that talk. We are already old. We can't do that.' But in the first year I got seven iron sheets, and in the second I got six. I roofed the house. My husband told me, 'You are intelligent and you are courageous'."* Other women told similar stories, whereby men said that they had been growing coffee for decades but had never succeeded in improving their homes. However, women managed to build improved houses within a short period of time. In many cases the respondents were elderly women, and it is possible that they succeeded because their other outgoings were minimal, with children already settled in homes of their own. The money from the WIC programme was central in enabling them to realise their goal for a better house.

### **8.6.2 Food Security**

Mzuzu Coffee expects its members to eat three decent meals a day. Both women and men reported that this was being achieved. Some widowed men said they could now feed their children properly. More research is required with respect to whether all household members eat equally (including children from earlier marriages) and whether the food basket provides sufficient micro-nutrients. All communities appear to have health and nutrition workers drawn from the villages to advise people on whether they are eating healthily, so knowledge is not necessarily an issue. Several women respondents asked very seriously for training in cooking healthy and delicious meals, so this may be an unmet need that could be covered by the WIC training budget. Training in catering could become a valuable income-generation opportunity.

### **8.6.3 Adequate Warmth**

Mzuzu Coffee expects its members to obtain decent clothes for everyone in the family, and adequate bedding (mattress and blankets). Women certainly reported improved dress: *'Men see us dressing well now. They see we can do anything.'* A young woman reported that one reason she joined WIC was to obtain good clothes and skin lotion for soft skin. Women also reported that they are buying bed-frames, mattress and blankets. A large number of households simply sleep straight on the earthen floor. It seems that although these are 'male responsibilities' most men do not finance such purchases.

### **8.6.4 Good Education**

Mzuzu Coffee expects its members to send all children to a good school - as opposed to *'any old school'*. Many women reported joining WIC in the hope that they could pay school fees. In some cases they had full responsibility because they had been widowed, or because their husbands had married again. Men also reported wishing to pay school fees as a key motivation (along with buying bicycles, cars and maize mills). Interestingly, one man said that his children now demand education because they know he has enough money from coffee to pay for it. Other parents reported that, beyond paying school fees, the fact

that they could meet basic needs meant they did not need to pull children out of school to work with them on the farm.

## 8.7 Further Development Benefits

The study team discussed whether participation in the WIC programme strengthened women's voice in intra-household decision-making, in community networks, and in leadership. These issues were discussed with women, men and with male and female youth.

## 8.8 WIC and Intra-household Decision Making

The fact that household expenditures can be high, yet women generally have little money, can lead to enormous tensions and also reportedly high rates of Gender-Based Violence (GBV) as women struggle to obtain monies from their husbands. The vital question is whether the Women in Coffee programme, by paying women separately AND encouraging men to allow women to keep this money and spend as they wish, has changed this situation.

According to the majority of men respondents' life has improved in several ways. First, women no longer ask them for money. This is reducing tension in itself, but it is also leading men to say: *'We value our wives more. They are improving our assets more than before.'* This sense of optimism about the future was widespread. Second, men involve women more in decision-making because both the husband and wife are now committed to ensuring coffee succeeds. Before, women were merely helping men on their coffee plantations. These two key benefits, taken together, are resulting in some men helping their wives with their coffee production, through providing land and labour and sometimes inputs. Men acknowledged that strong, top down direction from the CDM and other staff was important to them accepting and working with the new situation created by the WIC programme.

Not all men are positive. They feel threatened by women's financial independence. Women reported men as saying: *'So you want to become the man now'*, and *'You are starting to underrate me. You are doing things alone.'* Other men reported that some male members are using their proceeds to buy further wives or engage in relationships, or indulge in excessive drinking. A fair number of women found their husbands continued with negative behaviours: *'He does not love his family.'*

In almost all cases men claim some of the WIC monies paid to women. However, all women reported that they allow men small sums. However, *'men understand it is our money'*. More broadly, women said, *'When women are paid directly, they can decide on their own what to do with the money.'* Woman after woman reported that they no longer faced the 'shame' of begging from their husbands. One said, *'I saw that depending on my husband to solve our problems wasn't working. I decided to grow my own coffee to depend on myself, to be free.'* Another said, *'We want to be rich and to change our lives'*. Several women claimed that the WIC programme enabled them to *'dress better, eat better, everything in my house is getting better'* and that *'we are now free.'* This perceived financial independence attracts women into the WIC programme. A fascinating corollary of reduced tension around money is an upsurge of positive feelings. Some women said: *We are are happier. There is more love in the family! We love our husbands more.*

## 8.9 Participation in Community Networks

Young men reported that they had been invited to join committees such as the Food for Work Committee, church, water and other development committees. They were certain this was due to being promoted by Mzuzu Coffee as 'youth in coffee.' One man said: *'In the past we were considered low class and not useful members of our community, but now we are viewed differently, in a positive way.'* Women provided a similar list, and some said, 'I believe in myself more.' However, other women said nothing had changed for them.

There are large gender differences in group dynamics and the ways in which Mzuzu Coffee institutions, such as the Business Centres, impact upon these. Men generally asserted that *'we never help each other.'* Nevertheless, men reported that a key benefit of membership is that they can share ideas with each other. They said, *'We used to underrate ourselves but when you are in a group you get motivated by other farmers,'* and *'We learn so much from each other and this helps us grow.'* These and similar comments reveal that a sense of isolation itself contributes to poverty. Conversely, the strong sense of ownership

that most male respondents feel over their Business Centre - *'it is ours'* - is spurring them on to achieve more.

Traditionally, women engage in reciprocal support networks. Support includes working on each other's land plots on given days. The beneficiary prepares food for everyone. Discussions with respondents, both male and female, showed that the WIC programme had strengthened these networks further. One man observed that this has led directly to improvements in women's production and productivity. One young woman claimed support for her coffee venture from her husband, family and friends. Due to this, she is determined to *'buy a car and drive it.'*

At WIC meetings women discuss coffee production issues, visit each other's farms, and they also discuss social issues. *'If someone has a problem they cannot work. We must encourage them to share their problems. We have to love each other and support each other.'* In the meetings held with respondents, women openly expressed pride in each other's successes. However, several women expressed disappointment in the WIC programme, in that they are never taken to visit other Cooperatives or to Mzuzu, unlike men who seem to be invited more frequently. They feel that visits are as important as a way to learn as any local capacity development course.

### **8.10 Women in Leadership**

Leaders are elected through a transparent process for three years. Voting is anonymous. Key criteria include Malawian citizenship, membership and shareholdings. Beyond this, leaders are expected to embody a range of personal attributes. According to respondents, these include being a *'successful'* coffee farmer able to demonstrate increase in productivity, literacy and numeracy skills, good interpersonal skills, good standing in society, commitment and passion. A propensity to GBV was never stated as a disqualifier even though this is known to be a major issue in the area, particularly *following the coffee harvest (and among members)*. *Women ADC members stated that TAs attempt to 'prevent cruelty to women'* and work to reconcile couples in violent situations. Despite efforts at community level, discussions with Mzuzu staff showed that they were unwilling to list GBV as a disqualifying criteria for leadership.

Although women are visible in the higher tiers of leadership (Union and Cooperative level) no quotas are set at Business Centre and Zone level. Nor do Mzuzu Coffee staff encourage women to stand. The WIC programme trains women who are elected to positions within the WIC group. It does not actively identify potential women leaders, nor does it have any programmes to develop women's sense of self-esteem and confidence. Many women met in the course of the study were embarrassed to be asked if they would like to become leaders: *'To be selected you have to prove your courage. You have to speak freely.'* Both women and men agreed that women frequently lack confidence, and women said that men usually do not take their ideas seriously. Some women argued that there is little point in women being leaders because men have power - the implication being that mere female leadership is unlikely to change fundamental societal structures.

Some men said they would support women leaders. However, a number of men claimed women had no time to campaign for election, nor time to perform leadership roles. Some women agreed with this, though female WIC leaders said they managed by planning their time very carefully. Interestingly, men said that some husbands or male siblings prevent women from considering leadership positions. Some men believe they will be bewitched if their wives become leaders.

All women wanted female leaders at the Business Centre and Zone level. They felt that women leaders would understand their problems, support their ideas and find solutions to their problems. Critically, both women and men said that the CDM (the Cooperative Development Manager) and higher decision-making structures had to explicitly come out in favour of women in leadership. Women said, *'the CDM must give us authority to speak. Then the men will listen.'* Men said that quotas had to be established for women leaders.

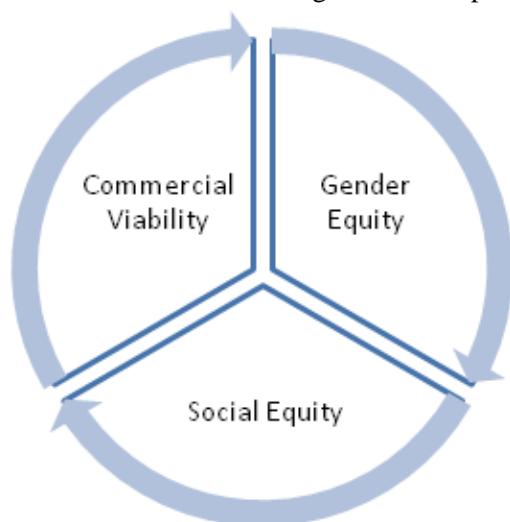
# Conclusions

## Headline Findings:

1. Producer organisations can be effective at combining good business with social and gender equity.
2. Ensuring women are paid directly for produce, and are able to decide how to spend their income, results in strong development impacts. If these conditions are not met benefits are dissipated.
3. Working with households using household methodologies (HHM) to develop individual and family visions and plans contributes to improved smallholder investments in productivity and productivity, strengthened spending on development goals, and stronger women's leadership.
4. The pervasive weakness of Malawi's agricultural sector makes achieving and maintaining gains difficult and may threaten the commercial viability of producer organisations.

Over the past few years, doubts have emerged about the efficacy of producer-led investments centring on whether, from their 'downstream position' they are capable of understanding, responding to, and shaping market dynamics. The nub of the argument is that it is necessary to 'front-load' business objectives in agricultural chains. Buyers should take charge in structuring such chains because they understand end markets. If agricultural investments are not efficiently and effectively structured towards the requirements of the consumer they will founder. Should this happen the achievement of social and gender equity objectives for producers and other value chain actors is obviously impossible.

On the other hand, working towards gender and social equity is sometimes considered by buyers to constitute an almost unbearable 'welfare cost' which hampers achievement of commercially viable chains. In many cases, the 'business case' for equity has not yet been effectively made, or, when there is evidence that equity makes business sense, this evidence is not necessarily internalised and operationalized across core agribusiness operations. Work on 'equity' is often parcelled out to CSR initiatives.



## 8.11 Development Impacts

Mzuzu Coffee and NASFAM have developed commercially successful value chains marketing premium products, they are improving gender and social equity, and they are helping members to improve quality of life. NASFAM has built Kilombero Rice as a quality branded product and placed it effectively in markets across the country, and it is increasingly developing an international market. Mzuzu Coffee, likewise a producer-led investment, has developed a premium coffee product sold almost entirely into overseas high quality markets. Through collaboration with the Joint Marketing Initiative and Twin Trading, Mzuzu Coffee is closely attuned to the

requirements of end users. Both organisations are committed to returning a high proportion of the final selling price to their producer membership. In the Kilombero Rice value chain, producers receive approximately 51% (2015 figures - the actual proportion is sometimes higher). Coffee producers receive between 60% to 70%. The biggest difference between the two organisations is that Mzuzu Coffee covers its operational costs from the monies deducted from sales (i.e. approximately 40%) whereas only a part of NASFAM's costs are covered by the approximately 50% deducted from the final selling price. Further costs, particularly regarding capacity development, are largely covered by donors. This may be partly related to the fact that coffee sells at a considerably higher price per kilo than rice. Organisational and product development costs may be roughly similar; profit margins are not. Other factors impinging on commercial viability are discussed below.

NASFAM and Mzuzu Coffee are strongly committed to achieving gender and social equity through their governance structures. They promote women leadership and have achieved good representation at middle to higher levels (though - importantly - not at lower levels). In the context of Malawi, achieving these levels of representation is outstanding. In both organisations, membership is between one quarter to almost two thirds female. Since both organisations have robust consultative and participatory mechanisms, their awareness of farmer needs as well as social and gender equity issues is very high.

NASFAM and Mzuzu Coffee target farmers who are mostly below the national poverty income with small land parcels. In many cases, NASFAM and Mzuzu Coffee are the only mechanisms through which farmers can improve their agricultural practice and secure a guaranteed market. Broader development benefits can be demonstrated. For both organisations, these include higher spending than non-members on development indicators such as improved housing, food and clothing. Mzuzu Coffee offers the most powerful finding. Through the Women in Coffee initiative, men are encouraged to provide their wives with land and coffee trees, and women members are paid direct for their coffee. Men are urged to see this income as belonging to women alone. Placing income in the hands of women has resulted in many women being able to make more substantial improvements to their family's quality of life than many men. In the Kilombero Rice chain, though women members can be paid direct for their rice, they typically struggle to retain the benefits and overall development impacts are lower. Explicit recognition of women through WIC means that women feel a strong sense of pride and identity as women farmers; the overt recognition of this through the Women's Premium is highly valued.

Benefits for workers in these chains are less clear, NASFAM and Mzuzu Coffee employ many seasonal casual labourers. They ensure the national minimum wage is met, that safety procedures are followed (including protective clothing), and that medical care is covered should there be an accident. Apart from the NASFAM rice mill in Karonga, lunch is not offered and this causes resentment. Child care is also not offered. Women are typically employed as sorters at piece rates; men work as packers and in processing operations on a full daily wage. No casual staff participate in governance structures, and they do not appear to be organised or have independent representation. At Mzuzu Coffee, a number of women occupy permanent positions as coffee cuppers and quality controllers in the laboratory. There is only one woman, the WIC coordinator, in the eight strong management team.

The Mzuzu Coffee and NASFAM case studies provide evidence that their work on integrating gender and social equity, and making money, is achieving some notable gains, despite the many constraints they face in a difficult business environment. The sections below explore the wider challenges that Mzuzu Coffee and NASFAM contend with, before examining the gender challenge in more detail. It is precisely here that improvements in productivity, income, and development impacts could be achieved were the organisations to do more to challenge inequitable gender relations.

### **8.12 Challenges**

The competitiveness of both chains is compromised by several factors. These are shared by all agri-business investors in Malawi. Conducting business in the country is extremely challenging. The financial sector offers extortionate interest rates on agricultural loans. Physical infrastructure is sparse and poorly maintained. Negotiating import and export bureaucracy is time-consuming. It is difficult to develop well-constructed value chains due to the paucity of processing facilities and effective small and medium sized enterprises higher up the chain.

An overall enabling policy and legislative environment is still being created. Historically, the Government of Malawi has been hostile to the private sector, and tried to micro-manage farmer associations and cooperatives. For many years, smallholders were not permitted to market key cash crops such as tobacco, coffee and tea - these were the prerogative of the estate sector. It is only in the last decade or so that countless restrictions have been loosened in the interest of creating a dynamic, semi to fully commercialized smallholder agricultural sector running alongside the estate sector. The opening up of the smallholder economy offers many opportunities for improving the position of women, and enriching smallholders more generally.

Commercialising the smallholder sector faces challenges related to broader underdevelopment. Malawi is one of the poorest countries in Sub-Saharan Africa with low ratings across all indicators. Gender



inequalities are very high and this hampers the effective deployment of both male and female human capital. Producing agricultural commodities is an extremely expensive business. Inputs are costly, infrastructure weak and risks enormous, whether related to climate adverse event, or to a collapse in the price of the commodities grown. Farmer knowledge is weak, and delivering training expensive. As a consequence of these constraints, productivity is extremely low, and maintaining quality a challenge.

POs are not given tax breaks or other incentives to help them internalise the massive costs of Malawi's underdevelopment. The bottom line is that producers, in their capacity as members, literally pay the price of national underdevelopment. For members of Mzuzu Coffee, a significant proportion of the balance of the sales price is used to cover these costs (transport, training *etc.*), though some is used for staff salaries, processing, transport, etc. The coffee plantation developed by Mzuzu Coffee is expected to subsidise all its operations from the profits. This will allow producer members to receive a much larger percentage of the final sale price, and will reduce reliance on donors. NASFAM has developed a similar solution by likewise hiving off the majority of its costs to a specific unit called NASFAM Development. This leaves NASFAM Commercial free to concentrate on purchasing and marketing. The difference is that NASFAM Development is almost entirely donor funded. The evidence suggests that both POs incur large costs along the value chain due largely to externalities rather than internal inefficiencies. However, a rigorous cost-benefit analysis would be helpful.

With regard to existing gender inequalities that hampers the efficiency of the supply chain, both POs are addressing the socio-cultural norms of the communities within which their initiatives are received. It is clear that in Malawi, as in many sub-Saharan countries, women and men generally manage different crops and plots and typically have separate roles and responsibilities. Whilst women and men support each other in production tasks, women are expected to provide significantly more assistance to men, including in weeding and harvesting. Although women carry out a large percentage of the work men tend to command almost all the proceeds from sales regardless of whether it is grown on a woman's, man's plot, or shared plot. The fundamental issue here is that the lack of a pooled budget in many households, and inequalities in decision-making, mean that women and men do not necessarily cooperate to reach a shared 'family' vision such as an improved house. Monies are not recycled effectively within the household economy, meaning that investments in productivity are low. This in turn compromises the ability of the household to secure productivity gains. Without a clear goal, it is difficult to treat farming as a business at the micro-level. In turn, the ability of the smallholder sector to commercialise is compromised. Smallholders will remain poor and marketable surpluses will not be generated in large quantity. The basic tenet that commercial viability is critically dependent on achieving gender equity. If gender equity is not achieved, then social equity will not be achieved either.

NASFAM and Mzuzu Coffee are aware of this situation and both have developed gender equity programmes that seek to address those challenges. However, the minor case study (coupled with evidence from other studies on household methodologies) suggests that an intervention targeting the heart of intra-household decision-making processes is critical for change. A family smallholder business cannot be founded on a divided house.

### **8.13 Implications for Leadership**

Mzuzu Coffee and NASFAM have succeeded in working against national trends for low female representation in leadership. Through identifying and supporting women leaders, some women occupy prominent positions at higher organisational levels. Both organisations are thus playing an important role in building acceptability of female leadership, and developing a cadre of women leaders. However, neither organisation is working to support female leadership at the lowest rungs of their organisational structures - Farmers' Clubs (NASFAM) and Business Centres (Mzuzu Coffee). This level is the key interface between the majority of the membership and their organisation. The very low representation of women leaders at this level means that women find it very difficult to articulate their issues, particularly gender-based issues. Since gender-based constraints are not articulated, they are not addressed. The playing field therefore remains strongly biased against women members, who typically have less working and investment capital to invest in increasing productivity and meeting other challenges. More broadly, neither organisation works on strengthening the ability of women members

to speak out, and voice their issues clearly. Sensitizing men to the importance of women in leadership is also not conducted.

It appears that male resistance to women leadership at lower levels is a consequence of three factors. First, Mzuzu Coffee and NASFAM do not challenge male dominance at this level. Second, the concept of women representing women (as in the WIC programme) is very different to the concept of women representing both women and men in their own community. It is possible that women leaders at higher levels are more palatable because they do not directly represent a specific community. More broadly, widespread cultural norms suggest that women should not be decision-makers when men are available for the task, nor challenge men in meetings. Evidence from the two GALS sites studied indicates that this methodology has potential to overcome male resistance to female leadership at the lowest rungs, and is enabling even illiterate women to take on leadership positions.

It should be noted, however, that women alongside young men and women in both organisations reported increased social standing as a consequence from participating in WIC initiatives, in Farmer Clubs, in youth-focused initiatives and in the GALS. This is expressed in the form of more respect from other community members, as well as in concrete invitations to take on decision-making roles in community level groupings in some cases.

#### **8.14 Implications for Building Assets**

Mzuzu Coffee set up a Women in Coffee (WIC) initiative in 2011. Men are urged to allocate some of their land and coffee trees to women. This represents an extension of their usufruct rights under customary law and thus works within the existing system. Mzuzu Coffee requests men to allow women to retain control over the proceeds. Placing money directly in the hands of women has led to significant impact in some households, with new houses being built, beds and mattresses being purchased, as well as a host of essential items such as cooking equipment. The study did not investigate 'who' the assets would belong to should a relationship break down. However, though the study area is patrilineal women who have married into the community are allocated land to enable them to stay and raise their children within the clan. This suggests they *may* have a fairly strong say in retaining assets they have bought.

There is no doubt that NASFAM is less effective in its mainstream work at getting money to women members in the value chain studied. This situation arises because money is paid to the person who brings the rice for sale, whether or not this is the member who actually produced the coffee. There is also no 'top down' directive that women retain the monies from their production. The findings from the Kilombero Rice case study show this compromises development impacts. It is interesting to note that, nevertheless, spending by NASFAM members on development benefits is higher than that of non-members. This may be partly due to the high female membership of NASFAM in the study area, as well as an indication that a guaranteed market offers the stability needed to make longer-term investments.

#### **8.15 Implications for Productivity**

Low productivity is a core issue which prevents households from increasing their incomes and asset bases. Mzuzu Coffee and NASFAM both struggle with this. Their recipe is to offer more training in good agricultural practices, to enrol more lead farmers from the community, to provide access to inputs and so forth. However, they do not address the fundamental issue, which is that men and women within the same household rarely have the same ability to pay for inputs (fertiliser, pesticides, herbicides, labour, machinery), or to command labour. Without a shared household level vision, investment in productivity can be almost impossible because women and men are pulling in different directions and often have different spending agendas.

In both research sites, men - though still poor - earn considerably more money than women in most cases. Women are typically not able to meet the basic household needs they are responsible for, and any money they do have is spent on these rather than on farm inputs.

Achieving social equity is also hampered. In the case of Mzuzu Coffee, only wealthier members with high levels of production are provided with advance payments. This enables them to meet personal and farm requirements, whilst poorer members struggle with income gaps before harvest. This is a critical issue given that both crops are harvested only once a year.

It is essential to address intra-household decision-making around expenditures, and to develop institutional mechanisms which level the playing field for women and poorer members.

### 8.16 Implications for Intra-household Decision-Making

The WIC initiative enables women to fulfil 'their' roles, such as clothing children, putting food on the table, and paying school fees, more easily. It also enables them to take on 'male' expenditure responsibilities such as improving housing. However, the WIC initiative does not address gender relations *per se*. Women are being empowered to do much more, but this does not *necessarily* mean that women participate more in intra-household decision-making, or that men are changing their spending priorities. In some cases women and men certainly share decision-making; however this appears to precede the initiative rather than be a consequence of it. However, the fact that women have their own budget is reducing household tensions.

In the NASFAM Karonga case study, most women did not report an increase in their participation in intra-household decision-making. Women's participation as members in cash crop production, and their failure in many cases to secure sufficient benefits or set spending priorities, can result in significant tensions. This said, as with the Mzuzu Coffee study a number of respondents said that decision-making is equitable. A few women linked this directly to the training on gender they have received from NASFAM.

The minor case study on GALS shows that the methodology has had an important impact upon gender relations within the household, and at community level. It appears to be making a significant difference to productivity and production in many families.

## 9 Forward Looking Recommendations for Gender-Responsive Agricultural Investments

The study shows that being gender-neutral is not enough. Agri-business investors must adopt pro-active gender and pro-poor policies and strategies. Implementation must be thorough and fine-grained. Specifically, the findings indicate that producer organisations should be encouraged to work on gender and social equity at the lowest rungs of the organisational hierarchy, because it is here that discriminatory gender relations are continually reinforced. A well-defined bottom up strategy is essential to complement top down strategies. It is fundamental to develop structural mechanisms for addressing gender inequalities as opposed to relying on mere training on gender. Specific measures to enable women and youth to improve productivity should be introduced alongside behavioural change mechanisms. This should be complemented by messaging from the top down that gender and social equity are organisational goals which are intrinsic to achieving technical quality and livelihood resilience goals. The one depends on the other.

### 9.1 Strategies for Improving the National Policy, Regulatory and Business Environment

#### 9.1.1 Strengthen policy coherence and promotion of gender equity

- **Producer organisations need to participate fully in national dialogue processes around agribusiness investments.** Participation is essential to represent and advocate for producer interests, including their gender interests. This includes involvement in drawing up legislation around land tenure and management, and the development of regulations around contract farming and out-grower schemes. It is essential for women smallholders, and youth representatives (both male and female) to be part of these processes.
- **Strengthen gender-responsiveness of traditional authorities and government decision-making structures at community level.** Build on existing positive mechanisms, and work to develop new mechanisms to promote gender and youth equality in relation to effective participation in decision-making structures, and in relation to assets managed through customary law. Work closely with existing, relevant civil society organisations on this.

#### 9.1.2 Make the business case for gender and social equity

- **Producer organisations should partner with private sector initiatives to develop gender-responsive initiatives.** Partnering with programmes to streamline value chains, and develop effective producer buyer relationships are important. Producer organisations should assist private

sector partners to understand the costs of gender inequalities, and conversely the profits to be made when women are targeted for inputs and training.

## 9.2 Strategies for Developing Community Level Enabling Environments

- **Strengthen community level support for gender and youth equality.** Work closely with traditional authorities and government representatives (formal structures as in ADCs/VDCs and also education, religious and other structures) in the community to obtain their support for gender and youth equality. This will include soliciting support to promote women's and youth's access to land and to grow cash crops, support for women's right to be paid independently for their produce, and support for their right to manage that income. Community leaders and other gatekeepers must be trained on the GALs or another HHM to help them develop community level visions.
- **Develop a gender-positive, youth-positive producer organisation membership.** Facilitate the introduction of structural mechanisms to level the playing field, such as quotas, reduced membership fees etc. The support of top management is important. Responsibility for moving towards gender equality should be embedded in job descriptions of technical as well as gender and human resource management staff.
- **Create male champions for gender equality.** Securing male support for measures to empower women is critical. Work with men to create a win-win situation. There are many inspiring initiatives which support men in discussing changes to gender identities, roles and responsibilities.
- **Identify and promote successful couples as well as female-headed households as change agents.**
- **Capitalize upon positive gender norms.** Identify and build on existing mutual help mechanisms such as mutual work groups, and existing opportunities for women and youth leadership.

## 9.3 Strategies for Behavioural Change

- **Tackle gender inequality at the household level.** Implement household methodologies to enable women, men and children to develop visions for their future, action plans and budgets for how to get there, and indicators for monitoring progress. Implementing HHM lies within the capacity and domain of producer organisations and is guaranteed to contribute towards improved productivity and production impacts, as well as provide improved development outcomes.
- Donor funding will be required in most cases because **initial** investments in training are high. Staff also need to devote time over several months to ensure the process is on track. Beyond this, material costs are very low. Outscaling is 'free' through the peer replication system. This said, POs must build in reviews and refresher courses to ensure the methodology is being correctly disseminated, revise methods as necessary based on farmer experiences, and to track outcomes.

## 9.4 Strategies for Equitable Payment

- **Place money into women's hands.** Ensure that contracts are signed directly with women producers and that they are paid directly for their produce. This relies on the provision of unique identification numbers and bank accounts held by women in their name, or through making payments to mobile phones.
- **Encourage transparency over payments made to all members by publishing lists of names and payments.** This will improve women's negotiating power.
- **Make advance payments to cover income shortfalls.** Advance payments should be available to all members regardless of their expected production.

## 9.5 Strategies to Increase Productivity

**Stimulate Productivity.** Develop measures to enable lower income members, who are likely to include the majority of women and youth members, to make rapid and meaningful investments in productivity. This can include:

- Allow women and youth more time to raise share capital.
- Longer pay back periods for loans for the purchase of inputs, and machinery, according to eligibility criteria agreed by members. In the case of machinery, the item itself should form the collateral.
- Lower interest rates for women and youth members.

- Paying for a certain percentage of the produce partly in kind (e.g. seed, fertiliser and household necessities such as school books, seedlings and basic food items)

### 9.6 Strategies for Strengthening Voice and Leadership

- **Develop women and youth agency.** Provide assertiveness training to enable relatively 'voiceless' members to articulate their ideas clearly and with confidence. This should be offered automatically to all eligible candidates, not just leaders.
- **Identify and promote potential women and youth leaders at all levels.** A special effort must be made at the lowest tiers to identify, support and develop a cadre of women leaders able to articulate their gender-based concerns, and represent their communities.
- **Make zero tolerance for Gender-Based Violence a criterion for leadership candidates.**
- **Ensure organisational bylaws facilitate rather than prevent women leadership.** Remove any stipulations that women are likely to find difficult to meet. Train men in the importance of facilitating women to speak in mixed gender meetings, and to take on decision-making roles. Ensuring support to men is important during this process.

### 9.7 Strategies for Monitoring and Evaluation

- **Develop effective data bases.** This will require ensuring all members have unique identifying numbers, mapping their productivity and production in selected crops, identifying key assets etc. upon joining the organisation. Progress should then be measured regularly against organisationally important indicators as well as personal indicators important to the farmers themselves.
- **Develop remedial actions as necessary.** The POs should be alert to unexpected and negative implications of their investment, including their work on promoting gender equality. Steps to remedy the situation should be drawn up with the member organisations concerned.

### 9.8 Strategies to Improve Conditions for Casual Hired Workers in Processing and Packaging Facilities

A code of conduct to manage relations between casual staff and the organisation should be developed.

- **POs should consider the fair treatment of casual staff part of their mandate.** At least the minimum wage should be provided (ideally considerably more), and lunch together with childcare facilities. Health checks at the start and end of employment, paid medical care in the case of accidents, and safety clothing, are essential. Separate toilet and washing facilities are required.
- **Develop measures to facilitate open dialogue on terms and conditions of labour.**
- **Institute equal opportunity employment policies and practices.** This should provision of contracts for an agreed period of time, and training and skills development to improve women's as well as men's ability to work effectively and to broaden their overall employability. Women and men should be supported in entering typically male, or typically female, occupations. Wherever possible, opportunities to enable female casual hires to take on permanent positions should be made.