

AGRA Impact Series

CAAs Playing Vital Role in Assisting Farmers in VSLA Groups to Access Improved Inputs - Malawi

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Formal banks do not usually reach out to smallholder farmers due to high transaction costs and high risks they incur when dealing with them. Among other things, smallholder farmers do not usually keep adequate records of earnings and spending from past farming and thus banks are hesitant to lend them funds fearing that farmers will not raise enough revenue to repay the loans.

As part of ensuring that smallholder farmers have access to finance, Sydney Khando, owner of Kasungu Market Resource Center (KMRC), is promoting Village Savings and Loans (VSLAs) for smallholder farmers to easily access finance and consequently purchase improved inputs. KMRC is a hub agrodealer who has received capacity strengthening support from AFAP under AGRA's Strengthening Fertilizer Systems in Malawi. In 2019/20 growing season, KMRC with assistance from 42 (33 Male and 9 Female) Community Agribusiness Advisors (CAAs) formed 12 VSLA groups with membership of 180 (121 Female and 59 Male) beneficiaries. The groups have been trained in record keeping, savings management, group dynamics and leadership. Beneficiaries of the VSLAs have experienced the benefits through this arrangement. Smallholder farmers affirm that they can now afford to buy inputs for agriculture production. "We are now able to manage our funds more effectively and manage to procure improved inputs which we have always deemed expensive," Janet Katundu, a smallholder farmer in the area of Traditional Authority (T/A) Mpoma narrated.



A stock for Kasungu Market Resource Center at one of its shop at Kasungu Boma

"We have managed to save one million nine hundred and fifty thousand kwacha (MWK 1,950,000.00) (\$2,484.67) to invest in the recommended agricultural production practices we had seen through Global Seed and MUSECO field demonstrations," remarked a member of Veyo VSLA Group, T/A Mpoma in Chatoloma



Kasungu. During the share-out (the period where funds contributed are disbursed) in 2020, KMRC Agrodealer facilitated a community input promotion event where representatives from KMRC promoted their products to the community members. The farmers purchased seeds produced by Global Seeds, MUSECCO and other Private Seed companies, instead of using recycled seeds from the previous growing season. “We have also learnt the importance of planting legume crops using double row method of planting, which has increased the quantity of our production,” said Mary, a member of Veyo VSLA.

Smallholder farmers expressed their joy during input promotion where they used their VSLA savings to purchase certified seeds. According to Lingilirani Phiri another member for Veyo VSLA, through proceeds from her VSLA savings, she invested in farm input and land for production. She doubled the size of her farm, from one acre in 2018 to two acres in 2020, and is expecting to expand to three acres in the next

farming season. “Using part of my savings, I bought certified seeds, and patronized new technologies like the use of inoculant and Aflasafe. I could hire the service of a spray service provider. I expect a total of MWK1,400,000.00 (\$1,783.86) from 80 bags of maize and 30 bags of Groundnuts compared to the usual MWK540,000.00 (\$688.06) from 30 bags of maize and 12 bags of Groundnuts that I have been producing.” Said Lingilirani.

Besides its contribution to increasing agriculture production, the money saved or loans secured from VSLAs are used to pay for educational bills of beneficiaries’ children as well as other social needs. KMCR is currently setting up new groups and continue to use the VSLA approach for smallholders to purchase production inputs to increase their yields and income.

