

In Malawi, a group of private firms belonging to the Farmers World Group illustrate that smallholder-friendly business practices can be both profitable for the private sector and benefit farmers. In this blog post, Dimitri Giannakis, Director of Farmers World, describes the group's work with P4P and the initiative's potential to encourage the further development of agricultural markets in Malawi.

Farmers World Holdings Ltd is a group of Malawian agribusiness companies founded in 1995. Throughout the years, we have worked with rural people to enhance food security and development while being mindful of our corporate social responsibility and the United Nation's Millennium Development Goals. Our business ventures enhance the lives of rural smallholder farmers and their communities by providing them with access to farming inputs, agricultural extension, credit programs, ATMs, adequate storage and fair prices for their surplus crops.

Private sector engagement to benefit all

I believe that our work in Malawi is an excellent example of the way in which the private sector can complement and contribute to the work done by P4P. Our experience also shows how smallholder-friendly business models can be beneficial for both parties. Coupled with capacity development efforts by P4P and partners, our work provides smallholder farmers with the tools necessary to produce higher yields and market quality crops. The rural locations of our sales outlets make farming inputs such as fertilizers and improved seeds accessible, and facilitate programs that provide smallholder farmers and their organizations with credit, which allows them to purchase inputs when they are needed most. Through the warehouse receipt system, we offer these smallholders the opportunity to have their grain professionally stored and treated for a small fee. This reduces post-harvest losses and allows farmers to wait to sell their crop when sales will be most profitable.

Farmers' World also buys crops such as maize, soya and pulses in bulk at over 300 buying points in rural locations as well as at the farm gate. By purchasing crops from P4P-supported smallholders and their organizations, we link them to sustainable markets such as animal feed manufacturers, food processors, breweries and large grain traders, as well as WFP. In order to ensure the transparency of this process, we use calibrated scales, issue purchase receipts clearly marked with price and weight, and display and communicate our buying prices openly. In Malawi, we have also played a leading role in developing a market for staple crops, as a founding member of the Agricultural Commodity Exchange for Africa (ACE), an online public commodity exchange. This platform has benefited many P4P-supported farmers' organizations

by providing them the opportunity to participate in collective sales to a variety of institutional buyers.

Facilitating healthy markets

In the future, we hope to further engage with maize storage and warehouse receipts, moving these points further into rural areas to reach more farmers. In order to facilitate the creation of a rural maize market, we also hope to encourage the development of rural trading platforms for commodity buyers and sellers, linking them through a commodity exchange. These efforts hinge upon our ability to educate farmers and traders regarding timing and quantity of purchases, and upon our capacity to have a positive impact on local and regional prices.

Today, the commercialization of maize and the liberalization of the maize market has created a tradable surplus in Malawi. In 2013, an estimated 1 million metric tons (mt) of surplus maize was produced, 90% by smallholder farmers. However, policies which disrupt healthy market environments, such as the restrictions on the exportation of maize, or the dumping of free maize, threatens the further development of this sector. Because of this, I believe it is vital that WFP and other relevant partners utilize its potential to promote and develop liberalized commodity markets in Malawi through further collaboration with the government.

This will require the development of food security strategies which allow the government to step away from the market with confidence that the country's food security will not be compromised. WFP and other development partners must also further promote the development of the private sector, and engage with it to promote practices which lend mutually beneficial support to rural smallholder farmers. With increased private sector engagement and reduced government intervention, I believe it will be possible to reduce the food aid currently relied upon by many rural individuals, by empowering them to become self-sufficient thanks to sustainable food security solutions built into the structure of a healthy liberalized market.

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