

SMALLHOLDER RISK MANAGEMENT SOLUTIONS IN MALAWI AND ETHIOPIA

Design: Area selection & Value Chain Analysis

The project addresses the research question: *What are the key risk factors for smallholders in participating in sustainable agricultural intensification, and what risk management strategies (RMS) can be put in place to manage them?* Specifically, the project focuses on increasing smallholders' access to inputs and participation in the development of commercial value chains by developing inclusive business models that reduce systemic risks and can be scaled-out to stimulate broad-based growth. The first step was to select the 'entry point' crops and the areas for the project: in **Ethiopia** the project focuses on teff in the South Wollo Zone of Amhara Region; and in **Malawi**, the project focuses on pigeon pea in Phalombe District in the Southern Region. This was followed by a Value Chain analysis that involved local stakeholders in identifying key gaps in the local value chains and designing solutions to address them.

ETHIOPIA

Input Supply: The criteria used by the participating cooperatives to select the farmers was socially inclusive, and one-quarter of recipients could be classed as 'poor'.

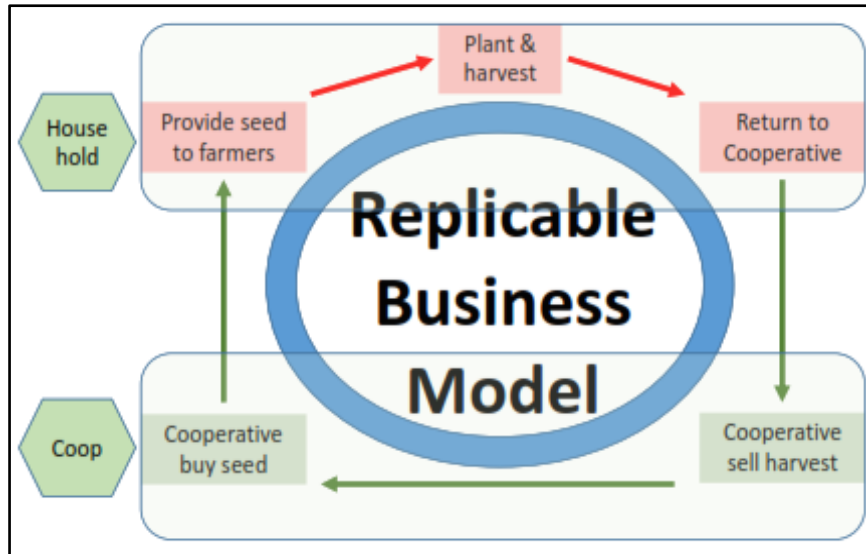
Experimental Game: Variable rainfall had little impact on the levels of teff production and farmers have increased teff sales in response to higher prices.

Social Inclusion: The model increased farmers' awareness and adoption of improved varieties and increased teff production by 1 quintal per household.

Pros: Strengthened cooperation between stakeholders (Agric. office, DA's); Coop management excited by the model and willing to contribute; Increased teff production and reuse of C1 and C2 grains.

Problems: Cultural factors (Haram); Lack of business mindset which has been further destroyed by free interventions; Seed sector provides limited opportunities for the private sector.

Scale Up: Policies / interventions that improve business mindset of farmers; Strengthen the private sector in seed marketing.



MALAWI

Input supply: The surveys show high levels of social inclusion as half of the recipient households fell below the national poverty line.

Experimental Game: Commercialisation is unlikely to disempower women: perceptions on the gender division of labour and decision making did not differ significantly between husbands and wives.

Social Inclusion: The model increased farmers' awareness, access to seed, production, the share of households selling pigeonpea, and the average income from pigeonpea sales.

Pros: More farmers joined the Cooperative and the role of the Coop increased; Farmers utilise the coop marketing service; Better off farmers covered for defaulting members; Coop identified new source for seed.

Problems: Certified seeds are heavily overpriced; Export crops (pigeon pea) follows volatile prices; Free interventions create expectations of farmers.

Introduce competition in the seeds market to reduce prices; Replace free interventions with business oriented programmes.