

## Nathenje Community Sensitization

### Quick Facts

- WRS Community Sensitization 21<sup>st</sup> March 2012
- Nyanja Association (34 Female & 4 Male)
- Mpenu Association (5 Females & 13 Males)

### Nathenje Community of Smallholder farmers are sensitized on how they can take part in warehouse receipting system

ACE is running a warehouse receipt project funded by Common Fund for Commodities (CFC) in partnership with European Union (EU). The project includes building and running of 3 rural warehouses for third party storage, and access to finance. Lilongwe south Smallholder farmers association located about 40km from the capital Lilongwe has a membership base of more than 3545 (1770 Men & 1730 Women). The association spans 40km radius with farmers producing Maize, groundnuts, Soya beans, and sugar beans.



ACE Organized a day community sensitization workshops at Mpenu 12km from Nathenje and Nyanja communities 16km from Nathenje. Nathenje is a medium bread basket for central region of Malawi with normally high production areas. ACE is testing the idea of Warehouse receipts and its effects in a rural community of largely food sufficient area by building this 500mt registered warehouse right in the middle of Nathenje. This warehouse is ideally positioned to rural areas with surplus harvest and the area is prone to low prices at the start of the season. It will also help farmer entrepreneurs who are likely to use proceeds from their abundant cash crop like tobacco in surrounding areas to purchase food items such as Maize, Ground Nuts and Soya beans.

### Mpenu and Nyanja Communities sensitized

Despite heavy rains prior to the meeting a total of 39 Men and 17 Women attended the day community sensitization meetings which included WRS presentation by ACE officials, Speech by community elder, and a smallholder association business manager to highlight the benefit of WRS to smallholder farmers. The sensitization was based on three pillars, (1) Farmers are usually forced to sale their produce at low prices as soon as they harvest (high supply \*-Z005Cwith relatively low demand) due to lack of storage as well as their immediate cash needs which prevents them to keep commodity till the price is right for them. (2) Commercial banks are not willing to lend to the smallholder farmers despite 80% of agricultural production is done by smallholder farmers due to the risks associated in that lending portfolio. (3) Contractual performance between smallholder farmers and organizations was very poor leading to numerous defaults on the exchange usually because the change in price could have been higher than previously agreed on the contract, sometimes the quality and volume was never as specified in their respective agreements leading to more defaults and disputes.

| COMMODITY RECEIPT                       |                                      | OFFICIAL USE ONLY<br>Warehouse Receipt No: ..... | OFFICIAL STAMP<br> |  |
|---|--------------------------------------|--|--------------------|--|
| DEPOSITOR                               | WAREHOUSE                            | COMMODITY  |                    |  |
| Farmer: .....                           | Warehouse name:.....                 | Commodity name:.....                             |                    |  |
| Village: .....                          | Warehouse No:.....                   | Variety:.....                                    |                    |  |
| Mobile No: .....                        | Location:.....                       | Grade:..... Quantity (KG):.....                  |                    |  |
| Date of Deposit: ..... / ..... / 20.... |                                      | Moisture level adjustment: .....                 |                    |  |
| DEPOSITOR SIGNATURE<br>.....            | WAREHOUSE MANAGER SIGNATURE<br>..... | MARKETING COMMITTEE SIGNATURE<br>.....           |                    |  |

A warehouse receipt in such an environment perhaps is the answer to solve the above problems. Farmers are able to use their commodity on receipts as collateral to obtain a loan from participating banks during the high supply period in order to offset their immediate cash needs. Banks are willing to lend against this collateral up to 70% of the commodity value on commission that the commodity is in a third party insured warehouse

which will in this case not release collateral unless the loan has been settled. Thirdly contractual performance is improved as a signature to sell the commodity by the depositor will mean an immediate invoice to the buyer and as soon as payment is made the buyer is guaranteed performance as the commodity is in third party hands.

### Community sensitizations in Pictures



*Nyanja Association has 90% women representatives as most their husbands are in tobacco farming, the women are then tasked to produce the food crops for both consumption and sale. The work shop attracted a total of 39 women representing 70% of attendees on the day. Women are critical to grain production and food security in most rural households.*

*Community elders listen on to warehouse receipt concept.*

*Some of the Men look on...*



### Outcome

*57 association members were trained and have pledged to deposit a total of 100mt of Maize and ground nuts. the number was well below an anticipated 120 members in these two communities, ACE intends to organize more community sensitization in areas surrounding the association which has a total membership base of 3545 .*

### Looking Forward

*An intensive community sensitization is planned early month of May in aggregation centers of Chitekwe, Kamphata, Kalumbu, Mtenthera, Kalamba, Mlomba, Mapembe an area spanning 42 km around Nathenje with total membership of 1500.*