

Agricultural Commodity Exchange: The Nathenje Journal

This is the first entry of the Nathenje Journal, where we follow a community in Nathenje from the start of the warehouse receipt programme, to document their reaction to the installation of the facility. The warehouse at Nathenje will be equipped with state of the art storage facilities, complete with an integrated Internet and Computer Technology (ICT) hub.

The warehouse will allow the local community to store their harvest in a safe place, where it will be free from pests. But most importantly, they will be able to wait for prices on the market to go up again in the period after harvest when markets are flooded and prices are high.

In addition, the two way flow of agricultural and market information between farmers, warehouse managers, buyers and the commercial sector, encouraged at the facility is intended to improve the quality of produce that farmers deliver and the prices they will get. Surrounding communities and agricultural extension workers will have access to the computer facilities – giving them vital computer skills in today's competitive job market as well as access to information.

Here we document the reaction of the people of Nathenje right at the start of the project, before the warehouse is in place and while the concept is still being unraveled among the community. Daniel Chilima, the project manager of structured trade at the Agriculture Commodity Exchange, ACE, notes that the warehouse receipt programme is already up and running in Lilongwe, with 116 metric tonnes currently on the system. The first receipt was sold two days ago and the trader made a \$ 750 profit, an increase in profit margin of 25%. This is the kind of benefit that ACE wants to roll out to other areas such as Nathenje.

Daniel Chilima: "We have explained the concept to the community and they have agreed in principal but we still need to do this sensitization at top level. The approval of the chiefs is critical for the whole system.

One main issue is that small transporters take advantage of the fact that farmers have to sell their produce in town. The warehouse will give these farmers credit from the banks instead, so they can bring their maize to the warehouse and not have to worry about transport until a buyer has been found.

The maize still belongs to them in the warehouse, they have access to it. The idea is that the money from maize and any profits should go straight to the farmers pocket – they are the ones that take all the risk and spend the year planting it."

Aubrey Chinseu, agro-processing manager at the National Small Farmer's Association of Malawi which trains farmers in effective agricultural techniques and established the Agricultural Commodity Exchange. NASFAM has a commercial programme which handles marketing and the value chain, and a development programme which trains farmers in agricultural production for better livelihoods, including methods of conservation agriculture for example.

"We have been facing challenges in terms of storage facilities. Currently the biggest storage facility holds 200 metric tones and we are not able to accumulate farmers' produce adequately. Now we will have capacity to bring in more produce at farmer level, to cut out the middle man to some extent. It gives a bit more benefit to the farmers.

"During the harvest season the prices are low, if they wait to sell their produce and the prices go up, that's a very big benefit. The biggest problem is access to markets. This receipt will give a physical thing to the farmer that they can see directly linked to their problem of accessing markets. They will be energized to fill those storage facilities."

On the way to Nathenje, Trade Facilitation manager at ACE, **Edna Chamgwera**, explains what most farmers don't have access to the internet so it's her job to interact with them in other ways, such as via text message, to link them with buyers. The new warehouse facility is an exciting prospect, she says, and might offer different methods of keeping in touch and transferring information to farmers, as well as a market.

"At the moment we are getting farmer profiles because most of them don't have access to the internet. Through ESOKO we send SMS messages to farmers and since June we have got 96 contracts for farmers, most who are with an association and who are linked to grain bulking centers.

How to get markets is the concern most expressed by small scale farmers, and the second is transport to the market. I will be coordinating the rural facilitation centers, and we are thinking of ways we can help farmers with transport to the warehouse."

On reaching the current Nathenje Farmer's Association, manager **Bickson Gangata** greets the Connect Africa team and shows us around the plot. "We are excited about the idea of a bigger warehouse," he says.

The new facility will take storage capacity at the Association to 500 tones. Currently it is an empty space, albeit one with a very nice view. Situated on the main road to Lilongwe, it's in a perfect location for transporting produce to and from the facility.

Bickson explains that although there is storage available at the current Nathenje facility, weevils regularly destroy produce kept there. There is also not enough space to

accommodate the bulk of farmer's produce. The new facility is overdue and more than welcome, he said.

To prove the point, he accompanies us to a village deep in Nathonje, down a bumpy road and through a compound, to meet some of the community who can tell us themselves what they think about the warehouse receipt project.

Our escort is **Alice Dete**, NASFAM field officer. She interacts with farmers on a regular basis, to train them in agricultural methods such as conservation farming and give advice on market information. She enjoys her role especially working to empower women in the farming community, she explains as she leads us up a dirt track to a small building where a group of women sing and clap to welcome us to their meeting.

"Some of the producers sell and find markets through ACE, otherwise they sell to small scale traders. They have a direct link to a bigger market through ACE," she said. "The farmers in this group are excited about the warehouse facility because they currently don't have buyers for their produce," she explains. There are other problems too, particularly with storage.

Loiness Mwase, a small scale farmer, explains that great challenge is the rats and weevils which eat her maize because she has to store it in the house. In addition, "We are not happy with the current market, we sell for a very low price to vendors," she said.

But although the warehouse receipt system would seem to solve this issue, there has been some concern raised that perhaps farmers won't trust the system. Many currently keep maize in their house partly because they don't trust associations or other storage facilities. When this was put to the women, they didn't seem concerned, pointing out that they already face issues of trust at home.

One farmer, Rosemary Fusani, said that sometimes husbands will take some of the maize to sell. At other times: "The children steal maize when we are away. I'm happy about the system because we'll be able to keep most of our produce safe, and just keep small amounts in the house for food," she said. It was also appealing that the produce would be treated in the warehouse against pests, she added.

And in addition to the benefits of storing produce at the warehouse, Rosemary also expressed excitement at the prospect of the integrated computer technology. "We'll also be able to get information at the warehouse and I will be able to find out what computers are to help me get agricultural information," she said.

So, there is excitement in the air about the proposed arrival of the warehouse facilities. In the New Year, we will follow up with more news on progress from the community.