SUCCESS IN AGRICULTURE STARTS WITH EASY ACCESS TO INPUTS

REAPING THE FRUITS OF AIP THROUGH AGRODEALERS

AICC ENHANCES BUSINESS LINKAGES THROUGH ITS AAI PROJECT
TABLE OF CONTENTS

Editor’s note .................................................................................................................... 3

Executive summary ........................................................................................................ 4

Improved business management strengthens Emmanuel Agrodealer .............................. 5

Business diversification skills transform Mungadetse Agrodealer .................................. 6

Knowledge gained from AAI sustains Toma Chemicals .................................................. 7

Success in Agriculture starts with easy access to inputs ............................................... 8

AICC Boosts capacity of agrodealers in the Affordable Input Program ......................... 9

AICC Enhances business linkages through its AAI project ............................................ 11

Business linkages resuscitates M & B Enterprises ......................................................... 12

Reaping the fruits of AIP through Agrodealers ............................................................. 13

Walusiya Investments becomes a model agrodealer through AAI ................................ 14
Welcome to the second edition of “Malawi Agrodealer” for African Institute of Corporate Citizenship (AICC). This issue is dedicated to disseminate interventions and awareness on initiatives being done by AICC through the Agribusiness Acceleration Initiative (AAI). AAI project is addressing some of the challenges that agrodealers are facing in Malawi through building capacity of SMEs to increase small agribusinesses turnover, profitability, enable small rural agribusiness, increase number of farmer suppliers/customers, facilitate small rural agribusinesses increase their range of market services and to facilitate small rural agribusinesses increase in their workforce.

There exist evidence that 50% of employment avenues in Africa are created by SMEs and that agro-dealing is a component that has the ability of improving the agricultural landscape of an economy. Malawi has had a considerable number of agro-dealers that were not certified as well as not complying with some legislations on pesticides management. AICC through its AAI project has managed to build capacity in agro-dealers, unleash full potential of SMEs through market access points as well as promoting SMEs through improved management practices.

This publication presents selected successes that the project has made in providing linkages as well as capacity building for agrodealers in the Malawi’s agriculture flagship program, Affordable Input Program (AIP). As we continue updating and informing readers and stakeholders, we urge you to visit our Facebook page www.facebook.com/aiccafrica, our website www.aiccafrica.org, our Instagram page “aiccmalawi,” our Linkedin page “African Institute of Corporate Citizenship” and our tweeter handle “@AfricaAicc” for further information.

We will be more delighted to continue interacting with you and responding to your comments and questions left on the above online media channels. Ample appreciation goes to all our contributors, readers and stakeholders for the support rendered in the production of this issue.

Enjoy the Newsletter!

Godfrey Pumbwa
Governance and Communications Officer
Lack of access to basic farm supplies has made it quite challenging for poor rural farmers to increase their yield or income, reinforcing widespread poverty. However, the emergence of private sector led sustainable agricultural growth through the promotion of agro-dealers has positive impacts in boosting productivity of small-scale farmers.

On the other hand, agrodealers in Africa face myriad challenges that affect their effectiveness and efficiency. Liberalization of the agricultural input industry has made the sector favourable to multinational companies that have made agrodealers as only a medium for them to make more profits. In the long run, agrodealers have turned to be seasonal and others have ceased to exist due to unfavourable environment that is not suitable to their small-scale handling.

To address some of the challenges agro-dealers are facing, AICC is implementing the Agribusiness Acceleration Initiative (AAI) project that builds capacity of SMEs to increase small agribusinesses turnover, profitability, enable small rural agribusiness, increase number of farmer suppliers/customers, facilitate small rural agribusinesses increase their range of market services and to facilitate small rural agribusinesses increase in their workforce.

Through the AAI project, AICC has facilitated business linkages and built capacity of agrodealers under AIP to transform the currently fragmented input distribution system into an efficient, commercially viable input infrastructure which has enabled farmers to have greater access to productivity enhancing inputs and technologies. Through the AAI project, agro-dealers are assisting in addressing the question of missing markets for the rural farmer and deal once and for all with the question of pervasive food insecurity in Malawi.

This second edition of “Malawi Agro-Dealer” highlights the interventions of AAI project and the gains that have been accrued by agrodealers under AIP with initiatives from AICC.

I believe that you will be delighted with this edition. I wish you a wonderful read!

Felix Benson Lombe PhD
Chief Executive Officer
African Institute of Corporate Citizenship (AICC) understands that agro dealership is one of the important components in the agriculture sector as it ensures that inputs and other necessary services reach the farmer for production and that the farm produce in turn moves along the chain until they are consumed by the end user. It is against this background that AICC under Agribusiness Acceleration Initiative (AAI) project has been increasing the structured capacity to the rural small and medium agribusinesses in order for them to make a significant contribution to their performance, and their ability to grow, generate employment and market opportunities for their customers and suppliers. The development of agro-dealership is subject to many limitations that emerges both from their external environments, internal weaknesses and lack of knowledge in small business management. Lack of improved business management skills and application of these skills are some of the biggest factors contributing to Agro dealer’s failure. As one way of improving small and medium enterprises (SMEs), AICC through its AAI project is improving SMEs with high potential of growth through tailor-made agribusiness solutions that includes training in improved business management.

Small and medium enterprises often have limited exposure to the skills required for operational and business reporting, business plan preparation, navigating regulatory requirements, and keeping meaningful records for decision making. Skills in record keeping and business management have helped SMEs to easily access finance and to be recognized with large scale businesses as their distributors among others. One of the unique Agro dealers under this project is Emmanuel Agrodealer, a business located in Kasungu owned by 51 year old Elias Mpumira from Lilongwe. Mr. Mpumira joined the AAI project in December 2018 while their business was small and without a business plan. Through AAI, Mpumira has learnt to keep records for the business and has developed a business plan which he follow. Through the training of record keeping and business planning, Emmanuel Agrodealer has now been fully registered with all the relevant authorities and has also been diversified into an aggregating entity of farm produce having demonstrations field for different crops and also linked to Osho and Farmers Organisation who are supplying Emmanuel Agrodealer with Chemicals. As part of sustaining the business, Mpumira is running the shop together with his wife.

AICC through AAI project, engages and build partnerships with private sector players ranging from input suppliers, off-takers, supportive service providers, government as well as other regulatory service providers to enable SMEs have skills in diversification and record keeping among others.
**BUSINESS DIVERSIFICATION SKILLS TRANSFORM MUNGADETSE AGRODEALER**

“AICC has enhanced my business as through AICC I have been linked to large scale enterprises like Osho Chemicals Industries who are always supplying my shop with consignments of chemicals.”

African Institute of Corporate Citizenship (AICC) through the Agribusiness Acceleration Initiative (AAI) project partnered with Old mutual and Business Development Services (BDS) to impart knowledge on agrodealers. Small and Medium Enterprises (SMEs) have been vested with diversification mentorship as seasonality of agro dealership business in Malawi affect annual turnover of the agro dealers and thus they fail to sustain their businesses throughout the year-round. Trainings were done to equip agro dealers and aggregators on how to stock other products and services apart from agro inputs only.

Old Mutual and BDS have been engaged on partnership basis where an agreement was made that AICC will not pay training fees to the partners but will only refund the transport and accommodation costs for the trainers.

One of the successful Agrodealer who benefited from the diversification training is Mungadetse Agrodealer, a business located at Kasungu Town and owned by 35 year old Davie Mungadetse Nkhoma. The Agrodealer was only selling agro inputs like chemicals which were only targeting small holder farmers during the growing season.

The business has been meeting several challenges like reduced rate of sales and losses after the growing season since it was stocking seasonal agro inputs. After series of trainings ad mentorship, the business is now stocking both pre and post-harvest agro inputs that meet small holder farmers’ demands in all the seasons. Mungadetse Agrodealer has also diversified into aggregation that has improved its marketing strategies and gross revenue of the business. Mungadetse now boasts of increased turnover and increased number of work force “AICC has enhanced my business as through AICC I have been linked to large scale enterprises like Osho Chemicals Industries who are always supplying my shop with consignments of chemicals.” explained Nkhoma while smiling. As an evidence that Mungadetse Agrodealer is now a trusted SME, the business has also been involved in the just ended 2020 AIP that has made the agro dealer reach over 4000 small holder farmers from Chipala and Ntunthama areas in Kasungu District for the first time since its establishment.
KNOWLEDGE GAINED FROM AAI SUSTAINS TOMA CHEMICALS

“I always advise all agro-dealers that are just venturing into this business to engage AICC because it is the wisest decision any agro-dealer can do.”

Agro-dealers have a major role to play in the agriculture sector. They strength improved input supply and output marketing distribution channels to smallholder farmers in the underserved, remote areas of Malawi is in the hands of a viable network of agro-dealers. Agricultural productivity depends on the affordability and accessibility of agriculture inputs including seeds, pesticides, and fertilizers that are essential for improving yield and raising incomes. Unfortunately, farmers in Malawi must incur significant up-front investment in agro-inputs before they can generate revenues to recoup these pre-seasonal expenses. As part of building a strong viable network of agro-dealers, African Institute of Corporate Citizenship (AICC) through Agribusiness Accelerative Initiative (AAI) project has been providing different interventions that promotes good business practices in order to increase smallholder farmers access to inputs from vibrant agro-dealers in all angles of the country, thereby raising rural incomes and increasing household productivity.

Rachael Chisambo, a 31 year old lady is one of the agrodealers under AAI. “AICC has been developing my business through its different trainings that have turned it to glory” she revealed. The project has been providing trainings on how to manage finances, how to display inputs and advertisement; how to sustain the relationship between farmers and suppliers “I adopted the business in 2019 from my former employer Mr. Tonic Mushali who was the owner of TOMA Chemicals. He abandoned the business due to many losses made for the past five years. I owned the business when it had a stock of MWK 200,000 only,” alleged Racheal. She further disclosed that, before attending the trainings organised by AICC and other partners, she was running her business ignorantly and that made her business stack with no progress at all. “I was thinking of getting myself into unnecessary loans in order to boost business but I would likely not manage to repay the loan,” She said.

“When I got in touch with AICC, my business perspective changed for the better. I didn’t know that record keeping, proper financial management and diversification have the power to boost my agro-dealer business. I was operating my business anyhow without a defined relationship with smallholder farmers or extension workers and that harmed my annual turnover,” alleged Rachael.

From the interventions that Racheal has participated under AAI, her business capital has grown from MWK 200,000 in 2019 to MWK 8,000,000 in 2021. Racheal has managed to buy land to be hosting demonstrations and she is currently the breadwinner of her family.
Agriculture continues to face many challenges primarily being the access to inputs among rural subsistence farmers who form the largest farming population in Malawi. While many agro-dealers concentrate in townships and leave rural subsistence farmers to travel a longer distance to find agriculture inputs of their needs, as well as extension services, Chikwendeni Trading find it wise to set up most of their shops in rural areas. Apart from this, most farmers, especially those far from major trading centers, do not have access to quality seeds and farm inputs. This affects their output and development as farmers.

Mr. Edgar Lutepo, the owner of Chikwendeni General Trading is 40 years old, married with two kids. Edgar established Chikwendeni trading an agro-dealer business in 2017 and has 13 permanent outlet shops in the Northern region only, most of which is in rural areas. “We are also running demonstrations and trials of different farming technologies in the farmers’ fields so that they can choose what best suits their needs,” says Edgar. To make these demonstrations plot helpful to farmers, we thought it wise to engage private extension workers to help farmers and monitoring these demo plots. Most of these demonstration plots were mounted in remote areas where many agriculture extension workers disregard to reach farmers.

Agro dealership is one of the important components in the agriculture sector as it ensures that inputs and other necessary services reach the farmer for production and that the farm produces in turn moves along the chain until they are consumed by the end-user. Chikwendeni Trading benefited from the African Institute of Corporate Citizenship (AICC) under The Agribusiness Accelerator Initiative (AAI) project. It has been receiving series of pieces of training on how to handle their business professionally more especially; on how to take care of their customers, Record-keeping, knowing their customers and their suppliers. “These kinds of training have helped us to earn more customers as well as being trusted by our input suppliers of which in return they do give us consignment on loan,” Said Edgar.

The newly elected government of Tonse Alliance introduced the Affordable Input Program (AIP) as one way of eradicating poverty and ensuring food security in the country. To make this possible, the Government involved a lot of agro-dealers to be part of the Input Supply to household farmers across the nation and Chikwendeni Trading was selected to be among agro-dealers supplying inputs to farmers. Malawi Government accepted us since we have all valid certificates, well-established outlet shops, professional training we gain from AICC, and as well as we get our inputs from well-known suppliers. 15,000 farmers were reached in the 2020/21 growing season. Transport was provided to all
farmers that bought large quantity inputs to their designated homes. We do sell our inputs on loan to our customers in the form of seeds. “I am very sure 2021/22 growing season the government of Malawi is going to engage us again,” Said Edgar.

Agribusiness in Malawi is a sector that encompasses farming and farming-related commercial activities. It involves all steps required to ferry an agricultural product to market ranging from production, processing and distribution. It is a significant component of the economy especially in a country like Malawi where agriculture employs 80% of the workforce and the economy is heavily reliant on agriculture. Being an agricultural based economy that is characterized by a lot of smallholder farmers, agro dealers render a principal service that cannot be understated.

As one way of empowering Agribusiness, AICC through its Agribusiness Acceleration Initiative (AAI) has been building capacity of small and medium enterprises (SMEs) with high potential of growth through tailor-made Agribusiness solutions that includes; training in financial management, business governance, marketing principles, investment and supportive service delivery, among others. AAI has been implemented with support from NORAD. AAI has been contributing in various Agribusiness initiatives that includes increasing the capacity of SME agribusiness to deliver market services to the smallholder market and increasing commercial partnerships between SME agribusinesses and other market actors.
Through AICC’s Public Private Partnership approach, the project has so far engaged and built partnerships with private sector players ranging from input suppliers, off-takers, supportive service providers, government as well as other regulatory service providers. The impact of the AAI project has been registered in this country as a lot of agro dealers who have been part of the project were legally hired by government to take part in Malawi’s 2020 Affordable Input Program (AIP). This has been so because SMEs have now been impacted with skills in diversification, record keeping, business formalization and women empowerment as well as marketing and service provision.

One of the SME who has fully been engaged in the 2020 AIP is Tiwonge (Rose Harris) Investment operating in the northern city of Mzuzu. The AAI project has been equally targeting women business owners to strengthen their capacity in running their business. Tiwonge (Rose Harris) Investment is such an enterprise which is owned and run by Mrs. Rose Kaluwa, a 56 year old married woman with 6 children (2 sons and 4 daughters). The business is located in 2018 after graduated itself from a grocery to an agro dealership shop. Mrs. Rose Kaluwa joined the AAI project in December 2019. After successfully attending trainings by the project and implemented all the skills, government in 2021 recommended the business to be part of the agro dealers who took part in the implementation of the 2020 AIP and has managed to reach about 30,000 small holder farmers in Mzimba north and part of Rumphi District. Tiwonge (Rose Harris) Investment assisted farmers to access both seed and fertilizer under AIP and managed to mount 35 demonstration field where the Agrodealer has been providing private extension services to farmers.
Malawi Agro-Dealer News

AICC ENHANCES BUSINESS LINKAGES THROUGH ITS AAI PROJECT

“We have never participated in Farm Input Subsidy (FISP) before. AICC assisted us to link up with Pindulani Seeds in the Affordable Input Programme (AIP) this growing season and our business has been transformed”

These were the words that one Keston Nzeka uttered when asked to explain about his experience in the Affordable Input Programme (AIP). Mr. Nzeka owns and runs Edfa Agrodealers in Zomba. Through his business, he has been participating in various kinds of trainings that AICC has been offering agro dealers through its AAI project. Mr. Nzeka has been part of the trainings in business plan development, customer management, financial management, book keeping among others. “I am one of the early agro dealers that has been part of this project, but I used to despise this intervention as a lot of NGOs have betrayed us. They have been giving us a lot of hopes only to frustrate us in the end due to lack of direction in their activities,” stressed Nzeka whilst telling us the gains that he has made by being part of AAI project.

“AICC has built my business’s capacity to the extent that large scale agrodealers are now trusting me. Receiving consignment from Pindulani seeds is one of the evidence. I could not participate in FISP due to lack of capacity that reduced trust of different players on us. But this is story of the past now,” revealed Nzeka. Edfa Agrodealer received a consignment of seven thousand kilograms of Pindulani seeds under AIP. The seeds were in packs of seven kilogrammes each. After selling all the seeds, Edfa Agrodealers received a commission of MK 830 per seven KG pack they sold and the commission amounted to MK 830,000.00.

“To others, this amount (the commission) may seem little but to my business this is a great break though. I did not use any money for the seeds to come to our shop. The linkage that AICC made, gave Pindulani seeds trust to give us the consignment. So, this is money just coming based on trust, and this indicates our growth. We have been assured that this year’s AIP, Pindulani seeds will give us a huge quantity of seeds because we have been reliable,” alleged Nzeka.

From the commission made, Nzeka revealed that he is setting up some shops in the rural areas where his business should easily reach farmers in this year’s AIP. One of the representatives of Pindulani seeds, revealed that AICC has helped to make their seed easily penetrate Zomba’s market through agrodealers under AAI. “We are grateful to this linkage. We have been given the energy to produce more seeds this year,” concluded the representative.
BUSINESS LINKAGES RESUSCITATES M & B ENTERPRISES

“….if it was not for AICC’s business linkages, my business would have vanished…”

Starting the business (M & B Enterprises) in 2018, Beatrice Chaponda had no idea where she could take the business to. Trained as a professional banker, Beatrice had sustained her career in the banking sector for quite a long period only to turn tables and start agro dealing. As a new entrant on the market, her business had faced difficulties to the extent that she once decided to call it off. Whilst she was still contemplating of giving up the business, she heard about AICC and its AAI project which had transformed most agrodealers and their businesses. Beatrice thus made a decision to be part of it and approached AICC project officer for Blantyre who gladly included her in the AAI project.

Through the project, Beatrice learnt professional business management skills through trainings in records keeping, business plan development, managing workers and customers as well as knowledge on agricultural products that easily sale on the market. Apart from that, Beatrice was exposed to different companies and she has made business linkages with companies such as SeedCo, Old Mutual, Farmers Organization, MyBucks, Shanrai Fertilizer Company and Pindulani Seeds just to mention but a few. From these linkages, Beatrice has now started stocking and selling PICS bags and she has opened an account with SeedCo which she will be getting seeds on loan and sell it to her customers. Beatrice is also finalizing her processes with MyBucks Bank to become its local agent. On top of that, M & B Enterprises managed to get 2,800 KGs of seed from Pindulani seed for the first time and sold it through AIP. The business also received a consignment of 12,000 fertilizer bags for the first time from Shanrai Fertilizer Company which was also sold through AIP. From the fertilizer sales, M & B Enterprises was receiving a commission of MK 250 per bag and managed to realize MK 3,000,000.00. The business also made MK 850,000.00 worth of commission through Pindulani Seed sales. From the money realized under AIP, Beatrice has opened another shop in Msundwe, Lilongwe and she is planning to rent more shops in Blantyre to easily reach out to many farmers in this year’s AIP. “I give many thanks to AICC and its AAI project, if it wasn’t for AICC business linkages my business would have vanished. I had no hope that this business would transform,” alleged Beatrice when she was asked to say a word about AICC.
Malawi remains one of the poorest countries in the world. As a third world country, government usually prioritizes food for its citizenry to be food secure and achieve health and wellbeing. Input subsidies are therefore used for most farmers to produce food for their subsistence use. Input subsidies have proven that they have the capability of reducing hunger and enhancing food security in third world countries. Government thus partners different players to successfully implement subsidies to its citizens.

The Affordable Input Program (AIP) as introduced by the new administration has not been an exception as government used various stakeholders to reach over 3 million households with affordable inputs. Agrodealers have been instrumental players as they acted as brokers between farmers and input suppliers. Clive Investments is one of the agrodealers that has registered significant gains through AIP. Registered in 2009, Clive Investments is run and owned by Denny Makina. The business is situated in Chigumula, Blantyre. Mr Makina reminisced of the past where his business had low capacity and had little traceable documents for his business transactions. “It was difficult to follow my business transactions due to poor record keeping but AICC
Malawi is considered an agro-based economy with agriculture contributing a higher percentage to GDP. This makes a good number of businesses focus on agriculture as it is easy to have customers. Although it may be easy to find customers, business sustainability and growth requires business discipline that is not usually found in many business persons. This thus make various agri-based businesses fail and extinct on the market. Walusiya Investments is one of the rare agri-based businesses that has managed to flourish on the market in different areas and thus provides a model that other businesses can follow. Established in 2015 in Mtaja, Walusiya Investments has grown tremendously and has opened other shops in Blantyre, Mkando, Chonde, Goliyati, Namtambo.
and Likoso. Walusiya Investments has been part of other interventions from different NGOs but they singled out AAI project as a trailblazer and a significant partner in the growth of the business. The business has been part of AAI's savings, insurance and financial management training, marketing and merchandize management training, book keeping and business growth trainings among others. “Ever since we started being part of AAI project, the business has been transformed and people are wondering where we are getting mentorship from,” disclosed Walusiya Invesments Walusiya Investments traded 51 metric tonnes of seed from SeedCo and 10 tonnes from Pindulani Seeds. The investment made revenue of about 10 million kwacha in commission through selling seed. “It's all about AICC that has made us relevant on the market again. AICC has challenged us to do more and we have gained trust from both suppliers and our customers, concluded Walusiya.