MALAWI

STRATEGY SUPPORT PROGRAM

IFPRI Key Facts Series: Agricultural Cooperatives[1]

May 2023

This Key Facts Sheet on Agricultural Cooperatives is part of a series of Key Facts sheets that IFPRI Malawi is producing based on Integrated Household Surveys (IHS). The purpose of the series is to present data relevant to key policy issues on agriculture, food systems, and development topics in Malawi. Other Key Facts Sheets are available on our website at massp.ifpri.info.

Highlights

- There is an operational agricultural cooperative in every tenth community in Malawi, but they are not well utilized to access markets or services.
- Almost no farmers (0.6 percent in 2019/20) receive extension advice through cooperatives.
- Although an increasing share of farmers engage in input and output markets, few do so through cooperatives.
- Few farmers buy inputs on credit in general, and almost none receive credit from cooperatives.
- Farmers who buy inputs from cooperatives do not pay less than farmers who buy inputs elsewhere.
- Farmers who sell their produce to cooperatives also do not obtain better prices than farmers who sell to other buyers.

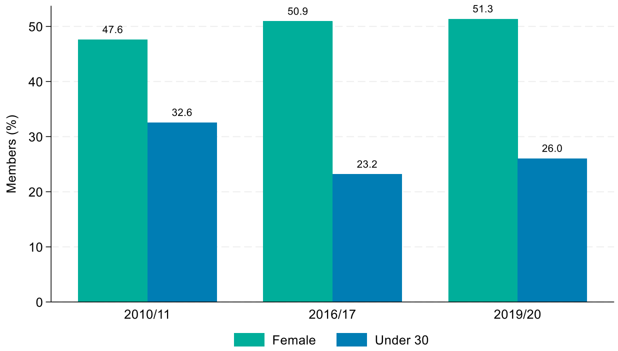
Background to the Integrated Household Surveys (IHS)

This analysis draws from the third, fourth and fifth Integrated Household Surveys (IHS3, IHS4 and IHS5), conducted by the Malawi National Statistical Office (NSO). The IHS3 was conducted between March 2010 and March 2011, covering a total of 12,271 households, IHS4 was conducted between April 2016 and April 2017, covering 12,447 households while IHS5 was conducted between April 2019 and April 2020, covering 12,288 households. All surveys used four questionnaires: (1) household, (2) agriculture, (3) fisheries, and (4) community. Once appropriately weighted, the IHS surveys are representative of national, district, and urban/rural levels. The analysis in this sheet uses mainly data from the agriculture questionnaire and survey sampling weights provided by the NSO, hence all values presented below are representative of Malawian farming households (those that grew crops or reared livestock), which made up 90.5 percent of all Malawian households in 2010/11, 82.8 percent in 2016/17, and 84.8 percent in 2019/20.

Agricultural Cooperatives in Malawi

Agricultural cooperatives in Malawi are growing in both number and size. In 2019/20, there was an agricultural cooperative present in 9.7 percent of communities, up from 9.3 percent in 2016/17 and 7.7 percent in 2010/11. Their size increased form an average of 28 members per cooperative in 2010/11 to 33 members in 2016/17, and 41 members in 2019/20. They are also reasonably inclusive. The share of female members increased from 47.6 percent in 2010/11 to 51.3 percent in 2019/20. Although the share of young members declined from 32.6 percent to 26.0 percent in the same decade (see Figure 1), it remains at par with the share of young people among farmers in general.

Figure 1: Composition of cooperative membership



As the remainder of this key facts sheet shows, few farmers use cooperatives to access extension advice or inputs and outputs markets. Moreover, farmers who buy inputs from cooperatives do not pay less than farmers who buy inputs elsewhere, and farmers who sell their produce to cooperatives do not obtain better prices than farmers who sell to other buyers.

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Access to Agricultural Extension

Fewer than 1 percent of farmers reported receiving any agricultural extension advice from cooperatives or farmers' associations[2] in any of the survey rounds, and the share of farmers receiving advice from these sources seems to be decreasing (Table 1).

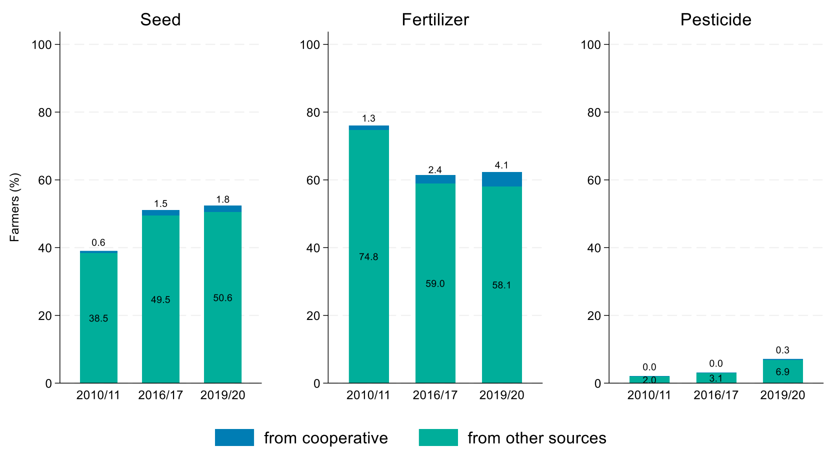
Table 1: Source of agricultural advice among farming households

Source of advice	2010/11	2016/17	2019/20
Received from Agricultural Cooperative / Farmers' Association	0.88	0.61	0.57
Received, but not from Agricultural Cooperative / Farmers' Association	44.56	84.66	52.25
Not received	54.54	14.73	47.18
Number of observations	10,406	10,418	9,629

Access to Inputs

Figure 2 shows that an increasing number of farmers purchase commercial seed (from 39.1 percent in 2010/11 to 52.4 percent in 2019/20) and pesticide (from 2.0 percent in 2010/11 to 7.2 percent in 2019/20). The trend is reversed for fertilizer (from 76.1 percent in 2010/11 to 62.2 percent in 2019/20), where the decline was likely due to a reduction in fertilizer subsidy. The share of farmers who purchase these inputs from cooperatives is also increasing, but remains very small (1.8 percent, 4.1 percent and 0.3 percent for seed, fertilizer and pesticide respectively in 2019/20).

Figure 2: Input purchases



Even fewer farmers obtain credit for inputs from cooperatives (Table 2). T-tests comparing prices of inputs purchased from cooperatives to those purchase from other sources show that improved maize seed, urea fertilizer and NPK fertilizer (which were sourced from cooperatives by a sufficient number of farmers to allow for statistical comparison) were not procured more cheaply from cooperatives than from other sources.

Table 2: Purchases of inputs, as a % among all farming households

Input	Type of purchase	2010/11	2016/17	2019/20
Seed	On credit from cooperative	0.00	0.07	0.08
	On credit from other source	0.33	1.26	1.68
	Purchased without credit	38.72	49.69	50.65
	Did not purchase	60.95	48.98	47.59
Fertilizer	On credit from cooperative	0.00	0.00	0.13
	On credit from other source	0.62	0.95	1.10
	Purchased without credit	75.43	60.46	61.02
	Did not purchase	23.95	38.59	37.75
Pesticide	On credit from cooperative	0.00	0.00	0.01
	On credit from other source	0.08	0.29	0.56
	Purchased without credit	1.94	2.79	6.58
	Did not purchase	97.98	96.92	92.85

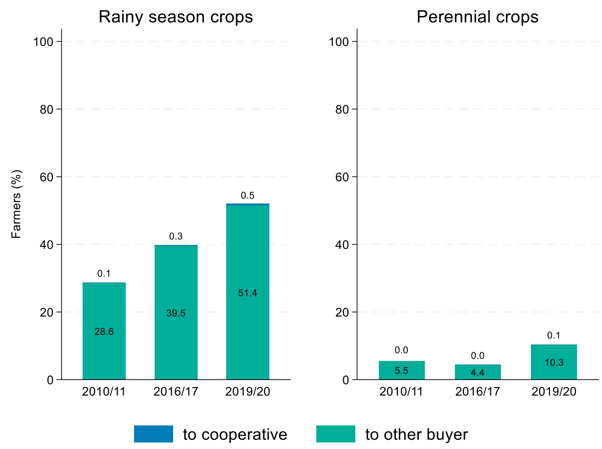
[2] The IHS survey module on agricultural extension does not distinguish between cooperatives and farmers' associations. The modules used throughout the rest of the key facts sheet do.

Access to Output Markets

Figure 3 shows that despite an increase in the share of farmers selling their rainfed and perennial crops, very few farmers sell their produce to cooperatives. Out of the 51.9 percent of farming households who sold some of their rainfed crops in 2019/20, only 0.5 percent sold any to a cooperative in 2019/20. The rainfed crop most often sold to cooperatives is tobacco, but the prices realized by farmers who sell their tobacco to cooperatives are not statistically different from the prices realized by farmers who sell to other buyers.

Only 0.1 percent of farming households sold their perennial crops to cooperatives in 2019/20 and even fewer in earlier survey years. The perennial crop most often sold to cooperatives is coffee, but too few farmers sell it to cooperatives to enable comparisons between prices offered by cooperatives and other buyers.

Figure 3: Crop sales



Livestock

The share of farmers who bought livestock increased from 8.4 percent in 2010/11 to 11.6 percent in 2019/20, but fewer than 0.1 percent made the purchase from a cooperative. The share of farmers who bought vaccines for their livestock rose from 1.1 percent in 2010/11 to 6.3 percent in 2019/20, but again, only few made the purchase from a cooperative (0.2 percent in 2019/20, up from fewer than 0.1 percent in 2010/11) (Figure 4).

Figure 4: Livestock purchases

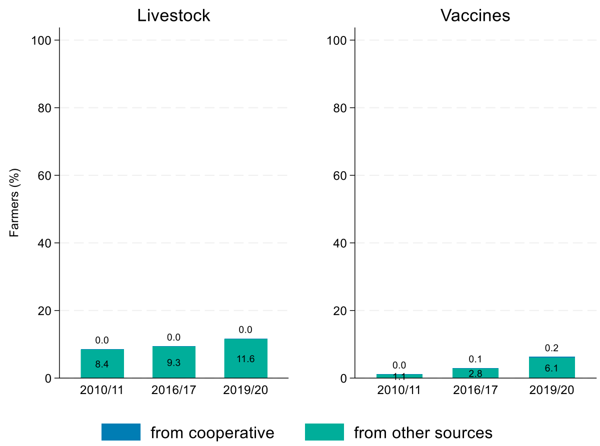
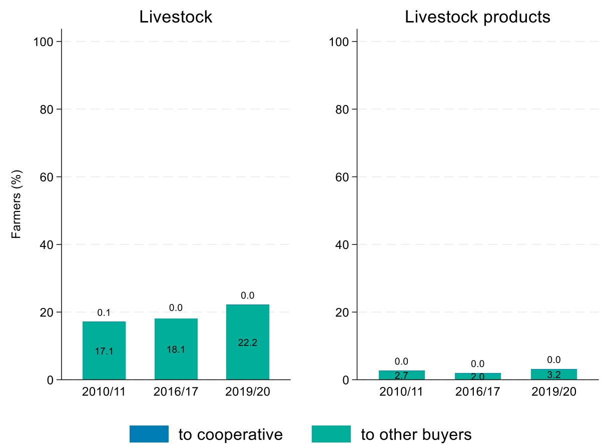


Figure 5: Livestock and livestock products sales



The share of farmers who sold livestock increased from 17.2 percent in 2010/11 to 22.2 percent in 2019/20, and the share of farmers who sold livestock products increased from 2.7 percent to 3.2 percent over the same period. However, fewer than 0.1 percent sold their livestock or livestock products to a cooperative at any time (Figure 5). The only animal products reported to have been sold to a cooperative were cow milk and eggs.

Government of Flanders