



THE LEGUMES DEVELOPMENT TRUST PRESENTS

**The Malawi Groundnut Value Chain:
Can Valid Nutrition and Smallholder Groundnut
Farmers Sustainably Produce RUF in Malawi?**

Thursday 16th October 2014, 8.00am - 3.15pm

Sunbird Capital Hotel

Lilongwe, Malawi



MALAWI: WHERE IT ALL BEGAN

Almost 15 years ago, the founders of Valid Nutrition, together with Irish Aid and Concern Worldwide, piloted a radically new approach to the treatment of Severe Acute Malnutrition (SAM). SAM kills approximately 1 million children under 5 years of age each year. The new approach was CTC called (Community Therapeutic Care), now known as CMAM (Community-Based Management of Acute Malnutrition). CMAM is based on the use of RUF (Ready-to-Use Food, peanut paste product highly fortified with vitamins and minerals) through organized community networks. The outcomes were staggering and as a result in 2007 the UN made a joint statement setting a new protocol for the treatment of SAM through CMAM¹. Some 65 countries have now adopted the new protocol leading to over 3 million children being treated last year saving hundreds of thousands of lives each year.

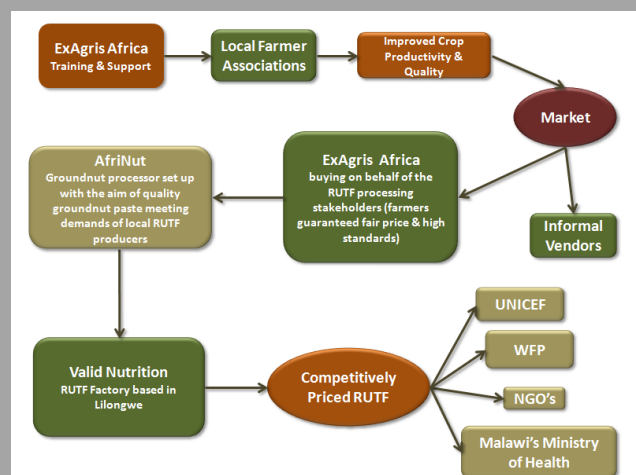
Valid Nutrition manufactures groundnut based RUF in Malawi and argues that all the RUF and its ingredients should be produced, assuming economic competitiveness, where it is consumed, be it locally or regionally.

Since then the demand for RUF has increased substantially. The annual value is now some \$200 million and is expected to rise to \$10 billion with development of similar foods to treat chronic malnutrition. To date, the majority of RUF has been produced in the EU and US. In addition, even for RUF produced outside the EU and US, the majority of raw materials used in its production are sourced from the EU and US.

As much of the early design and implementation of the CMAM approach was in Malawi, with very positive support from the Government, it was appropriate that Valid Nutrition located their factory there.

THE DEVELOPMENT OF A SUSTAINABLE LOCAL RUF VALUE CHAIN

Through various local partners Valid Nutrition in Malawi has been working to develop a sustainable value chain for high quality, aflatoxin free groundnuts suitable for the local production of RUF. Since VN began production in Malawi in 2005, they have faced many obstacles, of which one of the biggest and most persistent is the sourcing of sufficient quantities and quality of groundnuts all year round. Other groundnut processors and traders have faced similar problems in Malawi. In 2009 VN and ExAgris Africa began discussing an intervention to attempt to address this problem whilst also positively impacting on local farmers' livelihoods. These discussions led to the gradual development of the groundnut value chain shown below:



With ExAgris as the key implementing stakeholder the value chain has developed through a learning process and now is the basis of a sustainable model for locally-sourced RUF production.

¹ A Joint Statement by the World Health Organization, the World Food Programme, and the United Nations System Standing Committee on Nutrition and the United Nations Children's Fund

RESEACH STUDY ON THE EFFECTIVENESS OF A LOCAL RUF VALUE CHAIN

Since 2010 Valid Nutrition, funded by Irish Aid, and in conjunction with the Department of Food Business and Development at University College Cork and the Centre for Agricultural Research and Development at Bunda College, has carried out research on the Malawi Groundnut Value Chain.

The specific purpose was to establish a comprehensive analysis of the impact of a market-led intervention on the development of a sustainable groundnut value chain. The intervention, implemented by ExAgris, was a guaranteed groundnut purchasing scheme for smallholder farmers, allied to advisory supports to address the aflatoxin issue.

ExAgris' groundnut purchasing scheme has the economic objective of transforming smallholder farmers into reliable suppliers of groundnuts that can adhere to stringent export standards.

As with Valid Nutrition, ExAgris Africa was founded with a strong social ethos, and thus, the intervention was designed with the higher level objectives of reducing poverty and food insecurity levels in the area where the groundnut value chain is being developed - in this case Malawi's Central Region.

METHODOLOGY

Between 2010 and 2013 the same 200 farmers were surveyed annually to collect information about their groundnut production and livelihoods. Most of the farmers involved in the research received agricultural extension services provided to local associations by Exagris. A control group did not receive such support.

Throughout the study period Valid Nutrition was producing RUTF, however with many macro-economic constraints and crises.

KEY RESULTS

Farmers see good potential in producing groundnuts as a cash crop but face serious constraints of land shortage, lack of inputs, lack of money, marketing difficulties and contamination by aflatoxin.

Valid Nutrition faces constraints including aflatoxin, the high costs of finance; UN processes and standards; government bureaucracy; and donor country trade and agriculture policies. Suggestions will be presented at the event to overcome these constraints. The suggestions have significant implications for the Malawi groundnut export trade and for health policy and practice in Malawi.

IMPLICATIONS

Results will be used for advocacy targeting the respective government bodies, multi and bi-lateral agencies, civil society actors, donors and private sector. The main message is for continued and increased promotion of the local production of crops, such as legumes, that are both environmentally and nutritionally beneficial. However, this should also come hand in hand with strong national and international commitment to seriously addressing food safety risks (e.g. aflatoxin in maize and groundnuts) not only at export and import levels, but at household consumption level.

With appropriate policy changes Malawi and countries like it, which experience high rates of malnutrition, can competitively produce effective nutritional products. This has the potential to save buyers considerable time and money in the procurement of products like RUF, thus increasing the number of lives saved and greatly increasing the proportion of the aid and development budget that remains in the developing world. There will also be significant benefits to the local economy through purchase of raw materials from smallholder farmers and through employment creation along the value chain.

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PROGRAMME

Session I Introductions & Speeches

8.00 - 8.30	Registration and networking
8.30 - 9.00	Welcoming remarks by AICC CEO, Dr. Felix Lombe
9.00 – 9.10	Self Introductions
9.10 – 9.30	Speech by PS, MoAIWD
9.30 – 9.45	Speech by Irish Aid Ambassador

Session II Presentations & Discussions

9.45 - 10. 45	<i>Smallholder farmers' experience with groundnut production – results from four year livelihoods analysis</i> Gretta Fitzgerald, Lead Project Researcher, University College Cork
10.45 -11.00	Group Photograph & Coffee Break
11.00 – 12.00	<i>Constraints faced by farmers and possible policy remedies</i> Howard Dalzell, Director, Valid Nutrition
12.00 – 1.00	Lunch Break
1.00 – 1.45	<i>Local and International Macroeconomic Constraints to Competitiveness in the Malawi Groundnut Value Chain and RUF Production</i> Dr. Steve Collins, Chairman, Valid Nutrition

Session III Feedback and Discussions

1.45- 2.30	Feedback and Discussion
2.30 – 3.00	Way forward
3.00- 3.15	Closing remarks

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