

# Where are Our Profits?

## Farmers Use Gross Margin Analysis Tool

### Crop Livestock Integration and Marketing in Malawi (CLIM<sup>2</sup>)

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#### Rationale

The CLIM<sup>2</sup> project promotes crop-livestock integration with comparative gross margin analyses (GMA) to influence farmer decision-making towards viable enterprise selection.

Farmers who understand the use of GMA can better evaluate agricultural enterprises, returns on labor, cash and other investments.

#### When and who

- The SLLP team, along with agri-business officers and agricultural extension District Officers held GMA trainings in March 2018 for 180 farmers.
- One group in Balaka, three in Chiradzulu and two in Thyolo.

#### Activities

Two-day participatory training workshops for farmers to understand and apply GMA.

#### Process

- Farmer groups practiced GMA, comparing typical crops and livestock enterprises.
- They prioritized changes for their enterprises for the coming season.
- Plans were developed to realize profit at higher margins.
- Experimentation and follow-up will continue through CLIM<sup>2</sup> project lifespan.



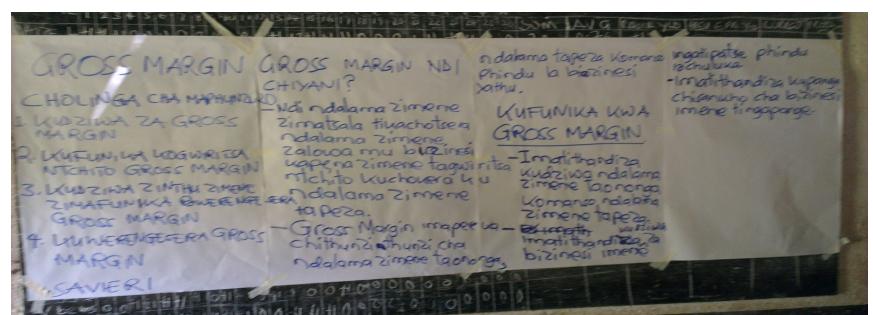
#### Approach

The CLIM<sup>2</sup> project and government staff explained the concept of GMA as estimates of possible returns from various farm enterprises.

- Comparison of gross margins per farm activity using government estimations of achievable yields and village level prices
- Importance of gross margins for planning and selection of profitable crop/livestock enterprises, based on the households' resources.

Farmers calculated gross margins for their current enterprises.

The results were discussed as a group; this opened the eyes towards more profitable enterprise options.



	Maize (1ha)	Pigeon pea (1ha)	Chicken (n=30)
Gross income	280,000	120,000	407,100
Variable cost	253,050	105,300	26,500
Net income	26,950	14,700	380,600

Example of GMA in Thyolo district

#### Key messages

Smallholder farmers calculating gross margins for their enterprises is a powerful concept for decision making.

Farmers realize opportunities to reconfigure their farms, inspired by the GMA tool and scope for increasing efficiency.

Extension officers engaging with farmers on GMA get a fresh look at how they can improve food and nutrition security and income in their constituencies.



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