



OPPORTUNITY
International

STRENGTHENING SMALLHOLDER FARMERS THROUGH VSLA AND REGENERATIVE AGRICULTURE:

Insights from the Field



Smallholder farmers play a crucial role in rural economies, yet they face persistent barriers to financial inclusion, agricultural sustainability, and economic growth. The Parish Development Model (PDM – see page 2) is a strategic initiative designed to address these challenges by strengthening Village Savings and Loan Associations (VSLAs), improving financial literacy, and promoting regenerative agriculture. By equipping farmers with the knowledge and resources to save, invest, and farm more sustainably, this program fosters both individual and community-level resilience.

To evaluate the impact of these efforts and identify areas for improvement, we conducted a comprehensive assessment of 881 VSLA members across multiple districts. This report presents the key insights shared by farmers: what is working, where they face challenges, and how Opportunity AgFinance can refine its support to help them build stronger, more sustainable livelihoods.

Farmers' Experiences with VSLAs: Trust, Participation, and Growth

The findings highlight high levels of trust in VSLAs, with 92% of participants expressing confidence in their groups. This trust has been key to sustaining collaboration, enabling members to pool resources, access loans, and support each other in achieving financial and agricultural goals. 67% of participants rated their VSLA's unity and cooperation highly, reinforcing the strong community bonds these groups foster.

However, farmers also pointed out challenges that hinder their VSLAs' ability to thrive:

- **Limited Resources (42%):** Many groups struggle with insufficient working capital, restricting the number and size of loans they can provide.
- **Low Member Participation:** Some groups have seen a decline in attendance due to inconsistent training and engagement efforts.
- **Internal Conflicts:** Disagreements among members can undermine trust and cohesion, affecting group functionality.
- **Financial Mismanagement (6%):** A small but notable percentage of groups cited poor financial oversight as a barrier to success.

WHAT IS THE PARISH DEVELOPMENT MODEL (PDM)?

The Parish Development Model (PDM) isn't just a plan - it's a promise to smallholder rural farmers who wake up before the sun, whose hands shape the earth, and whose work feeds communities. By bringing resources, planning, and decisions closer to the people who need them most, PDM makes sure that promise becomes reality. It's about more than numbers. It's about lives. It's about farmers who finally see their fields thrive because they get proper training and support. It's about supporting their hard work so they can access decent markets and get fair prices.

PDM builds more than infrastructure; it builds connections. Rural roads become lifelines, storage centers become safety nets, and market spaces become opportunities. Every mile of road, every storage unit: they all bring farmers closer to the people who need their products. And in doing so, they bring hope.

But hope needs support. That's where financial inclusion steps in. By strengthening Village Savings and Loan Associations (VSLAs), PDM helps them evolve into well-managed, member-owned Savings and Credit Cooperatives (SACCOs). These SACCOs offer farmers micro-financing without the shadow of exploitation. Imagine a parish of 12 villages and 6,000 households, each one knowing they can turn to their own community for financial support. This model can build extreme trust and support in rural communities.

And when the project ends, the promise doesn't. A well-run SACCO keeps going, long after the last meeting and the final report. Farmers keep growing, markets keep thriving, and communities keep building futures. The Parish Development Model doesn't just transform rural livelihoods - it empowers people to write their own stories, filled with resilience, opportunity, and hope.

Members of the Talandila, Tiyamike and Tiyanjane VSLA's in Mulanje district.



Expanding Financial Inclusion: Savings, Loans, and Access Barriers

The survey revealed a strong savings culture among smallholder farmers, with 98% actively saving, and 88% doing so through their VSLAs. Farmers recognize the importance of savings as a tool for future investment and financial security. While the majority (96%) are aware of available financial services, access to credit remains a significant challenge, particularly when it comes to securing loans. Among those surveyed, 73% of VSLA groups and 35% of individuals have applied for loans, yet only 51% of applications were approved, leaving many without the capital needed to grow their farms and businesses.

Farmers cited several key barriers that hinder their access to financial services. High interest rates make borrowing unaffordable for many, while strict collateral requirements often exclude smallholder farmers from formal lending institutions. Complex loan application processes further complicate access, leaving many farmers uncertain about how to navigate the system. Additionally, the distance to financial institutions remains a persistent challenge for those in remote areas, making it difficult to apply for or manage loans efficiently.

These findings highlight the urgent need for more accessible and affordable credit options. Simplifying loan application procedures, reducing interest rates, and offering alternative collateral options would significantly improve farmers' ability to secure funding. Expanding mobile banking solutions and digital financial literacy initiatives could also help bridge the financial gap, ensuring that rural farmers can access the resources they need to invest in their farms and secure their financial futures.



Patricia, a farmer from Malawi, has found great success by joining one of her community's VSLAs

Adoption of Regenerative Agriculture: Progress and Barriers

Farmers in the region use a mix of soil fertility techniques, but the transition to regenerative agriculture (RegenAg) practices remains in its early stages. The data shows:

- 47% rely on chemical fertilizers, which provide immediate yield boosts but pose concerns for long-term soil health.
- 27% use organic fertilizers, including farmyard manure, reflecting a growing interest in sustainable farming methods.

However, two major challenges hinder wider adoption:

- **Financial and Market Constraints:** Many farmers recognize the benefits of RegenAg but lack the funds or market access to invest in organic fertilizers, climate-resilient crops, and regenerative techniques.
- **Climate Pressures:** Unpredictable weather (51%), including erratic rainfall, makes it difficult to plan planting and harvesting cycles. Pests and diseases (17%) and drought (13%) reduce crop yields, pushing farmers toward quick-fix chemical inputs rather than long-term regenerative solutions.

Transitioning to sustainable practices requires **integrating modern and traditional agricultural knowledge**, providing farmers with **affordable access to organic alternatives**, and equipping them with **climate adaptation strategies**.



How These Findings Will Shape Future Support

The survey results make it clear that strengthening **VSLA operations** is essential for sustaining financial inclusion and group cohesion among farmers. To address challenges related to trust and participation, upcoming efforts will include **conflict resolution training** for group leaders, equipping them with the skills to maintain unity and resolve disputes effectively. Expanding **financial oversight and literacy training** will ensure that VSLA groups are well-managed and transparent, helping members make informed financial decisions. Additionally, new strategies will aim to **increase member participation**, using regular workshops and engagement incentives to encourage active involvement in savings and loan activities.

Improving **financial access** remains a key priority, as many farmers struggle with high-interest rates, restrictive loan terms, and complicated application processes. Future initiatives will advocate for **lower interest rates** and more **flexible loan options** to reduce borrowing barriers. Partnerships with financial institutions will work to **streamline loan procedures** and introduce **alternative forms of collateral**, making it easier for smallholder farmers to access the funding they need. Expanding **mobile banking solutions** and **digital financial literacy programs** will also bring financial services closer to rural communities, ensuring farmers can save, transact, and borrow more efficiently.

In response to ongoing challenges in agriculture and sustainability, training efforts will focus on **promoting regenerative farming practices**. Farmers will gain hands-on knowledge in using organic fertilizers, crop rotation, and intercropping to improve soil health and long-term productivity. **Demonstration plots and peer-to-peer learning programs** will serve as practical examples of how these methods can lead to higher yields and sustainable farming systems. Additionally, access to **climate-resilient crops and market opportunities** will be expanded, empowering farmers to adapt to changing environmental conditions while increasing profitability.

Creating Lasting Impact: A Call to Action

The farmers who participated in this study **are not just beneficiaries of support - they are active agents of change** in their communities. Their dedication to strengthening their VSLAs, improving their financial stability, and adopting more sustainable farming methods is driving real progress.

To build on this momentum, we must **continue refining financial services, increasing training accessibility, and creating solutions tailored to the realities smallholder farmers face daily**. By working together - farmers, financial institutions, and development organizations - we can **break down barriers, expand economic opportunities, and empower farmers to grow more, earn more, and build a more resilient future**.



Learn about our global work at

AgFin.org