

Consultancy Report
Trainers Report

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Malawi: Smallholder Credit Training Program
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TRAINERS REPORT

AGRICULTURAL CREDIT ADMINISTRATION COURSE

for

SMALLHOLDER AGRICULTURAL CREDIT ADMINISTRATION

April 21 - May 8, 1992

Namiasi Residential Training Center

Mangochi, Malawi

Funded by
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Produced by
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AGRICULTURAL CREDIT ADMINISTRATION COURSE

TRAINERS REPORT

I. Summary

There were two macro objectives for this training program. One was to assist the Smallholder Agricultural Credit Administration (SACA) develop their in-country credit training capability. The second was to deliver a three-week credit course to key staff to improve overall staff performance and in the process, refine course materials and techniques.

Twenty participants, all senior staff members of SACA, representing all 8 Agricultural Development Districts attended this first Agricultural Credit Administration Course. A list of participants can be found in Section IV.

The course was carried out between April 21 and May 8 at the Namiasi Residential Training Center at Mangochi. Rex Schultz, Vice President of ACDI was the lead trainer. He was assisted by a team of trainers from SACA and the Ministry of Agriculture Training Office. The training team is identified in Section IV also.

The methodology employed was open and participative. Once the participants got accustomed to this style and the philosophy that everyone is both teacher and learner, they enjoyed the discussions very much. The group of twenty was divided into 4 small groups of five each and they actively participated.

II. Course Design and Content

The course objectives are to improve the understanding and increase the ability to explain:

1. The role of small farmer credit programs as they relate to agricultural development;
2. The economics of smallholders and small farmer credit programs;
3. Constructive borrowing and lending practices;
4. Credit and financial accounting principles and practices;
5. Effective adult learning and presentation methods.

After detailing the course objectives to the participants and reviewing the schedule, their specific expectations and learning objectives were discussed. As a result of this exercise, we emphasized or de-emphasized material to meet as many expectations and personal objectives as possible. We call the method of organizing material and scheduling the course, structured flexibility. We are rather flexible within a very structured environment. That is, we do not compromise the overall objectives but do try to accommodate the individual needs.

The daily schedule of the course is shown as Appendix I. In future courses, the daily schedule will have to be monitored very carefully by the training team so as to accommodate individual needs.

Based on the evaluation of the Course, there are other topics that seem to interest these participants. However, none of the suggestions warrant, I believe, an overhaul of the course. We tried to cover a lot of basic principles of credit, economics, and management without going into detailed technique. With the time limitations, I believe the appropriate approach has been taken. It would be helpful to get to technique but time constraints preclude this possibility.

III. Field trips

During the course, we spent one day visiting farmers and farmers' clubs in Nsenga EPA as part of the exercise on constructive credit. This was an important learning experience for the participants (and training team) and should be continued in future courses.

Suggestions for improvement in the field trip include:

- (a) The appropriate member of the training team that is going to manage the sessions on constructive credit should work with local ADD and EFA staff to identify case study loans 4-6 weeks before the course starts.
- (b) They should carefully select four or five case loans that all very different from each other to enhance the presentations in the classroom and expand the learning that takes place.
- (c) The participants should be given some background information but should clearly understand their assignment when visiting the farmers/clubs.
- (d) The training team member should visit all the case study farmers/clubs and make sure they understand what is going on and what will take place. This should NOT be done by the local staff.
- (e) Transportation could be a problem if not managed very carefully.

Extracurricular activities

During the course, the participants were given the opportunity to partake in two weekend activities that were not officially part of the course, but added significantly to the morale of the group and the camaraderie of the staff. I believe these activities added greatly to the learning experience of the participants and certainly encourage their continuation in the future courses.

The group visit a crocodile farm, Cape Maclear Park, and Liwonde National Park.

IV. Participants

Samalani Chimangeni
Monica M. Kulesi (Mrs.)
Master Kenneth Chikondi
Lister Steve Botha
Paul G. Chisendera
Oliver M. Ndhlovu
M. Fransico James Chisale
Paul J.C. Mwafulirwa
Ledge L. Mzira
Ronald F.F. Kuntiya

V.H.L. Kisyombe
Dokiso Listerimba
Albert Ian Nambwale
Winston L. Chigadula
Moses M. Mwale
Precious M. Neba
Nellie C. Mipando (Mrs.)
Stain Will M. Soko
Stainer Benjamin Hausi
Arnold C. Nyasulu

Training team:

F.W. Kaimila, Deputy Administrator, SACA
H.A.K. Jere, Financial Controller, SACA
Stanley C.C. Mahongo, Lilongwe ADD
Gerard Gompo, Principal Training Officer, Ministry of Agriculture
Daniel J. Malongo, SACA Headquarters
Rex Schultz, ACDI

V. Evaluation

We conducted an informal "mid-course" evaluation to determine how the training team was performing and get feedback on any suggestions from the participants. Because the weather was so hot, they recommended that we reserve any small group activities to the afternoon so they could get out of the classroom during the warmest part of the day. We were able (and happy) to accommodate this request.

In addition to the informal adjustments, we conducted a written evaluation at the end of the course.

The highlights of evaluation include:

We asked, on a scale of 1 to 5 with 5 being "completely", how effective was the course in achieving its overall objective? The weighted average response was 4.50. All twenty of the participants found the course productive and interesting. On the same scale, the Training Team effectiveness was rated 4.60 and received some very positive comments.

Course content - In evaluating achievement of training objectives, on a scale of one to five with five meaning fully achieved, the participants indicated the following:

OBJECTIVE:	LEVEL OF ACHIEVEMENT:
a. Understand role of SF credit	4.50
b. Understand economics of small farmers	4.25
c. Borrowing and lending practices	4.30
d. Accounting principles and practices	3.50
e. Loan Portfolio Management	4.55
f. Training techniques	4.25
g. Their expectations being met	4.40
Effectiveness of training materials	4.55
Usefulness of knowledge and skills learned	4.50
Pace of presenting material (1 = too slow, 5 = too fast)	3.40
Overall quality of facilities	3.40
Sleeping facilities	4.10
Food and service	3.55

While there was satisfactory achievement of all training objectives, number d. (Accounting principles and practices) received the lowest average number. This was not a surprise to the training team nor should it cause drastic changes to the schedule. Accounting is not a favorite subject of credit personnel anywhere but it is very important and generally unfamiliar to agriculturalists.

Course design and delivery - All twenty participants reported the daily schedule (8:00 - 5:00 pm with one and a half hours for lunch) was about right. All of the participants found the pace of covering materials about right. All the participants found the methods used helpful.

Specific comments included the following:

What pleased you most about the course?

- Loan portfolio management aspects. [Several mentioned this.]
- Group discussions and exchange of ideas/experiences.
- The way the material was delivered.
- Timing of sessions (starting and closing time well planned).
- Constructive lending techniques/loan appraisal.
- Practical applications of economic principles.
- Learning to think like a manager.
- Partial budgeting.
- Allowances!
- "The best time to collect a loan is when you make it."
- Opportunity for everyone to "practice" their presentation skills.

What displeased you most about the course?

- The exercises on accounting.
- Transport the final week (The minibus had to return to Lilongwe and was not available to transport participants to their meals and lodging accommodations).
- No evening entertainment because participants were dispersed.
- No tests to check whether people really understood lectures.
- Financial accounting was hurriedly presented. Needed more time.

VI. Materials

The materials used in the course included a course manual and several videos. The manual remains under development with major effort required to produce a detailed Training Guide for Trainers and a Participants Manual. Those manuals will be completed as soon as possible and delivered to the SACA Administrator.

VII. Observations

Based on the evaluation by the participants and comments from the training team, I would rate the Course as very successful.

The participants overall level of interest and experience in providing credit to smallholders continues to improve. There are several noteworthy changes taking place in the attitude of participants who attended this course. There is an expanding level of curiosity about the methodology, issues, and processes related to:

1. Lessening reliance on external donor funds for lending;
2. Charging market rates of interest and flexible pricing;
3. Mobilizing savings in rural areas;
4. Making productive loans (loan appraisal) rather than delivering a "package" of inputs; and
5. Improving institutional management.

At the conclusion of the Course, the participants were given the assignment of producing a presentation wherein they practiced a one-hour staff briefing entitled, "What I learned at the Namiasi Training Course." They were instructed to report the most important items they learned, how it applied to the situation at home and what the staff was to do about these issues. It was interesting to observe the "most important points" noted. They all selected "portfolio management" as an issue and were genuinely impressed with the idea of "using money to make money." Economic mindedness and thinking like a manager were other common themes of "most important points".

I was very impressed with the training team and believe that the current management of SACA is thoroughly capable of presenting this course to another group of SACA employees.

Appendix 1
Daily Schedule

SMALLHOLDER AGRICULTURAL CREDIT ADMINISTRATION

CREDIT COURSE / 21 APR - 8 MAY, 1992

DAILY SCHEDULE OF ACTIVITIES

Each session will begin at 8:00 am. There will be a refreshment break between 10:00 and 10:30 AM. The lunch break will be taken from 12:00 until 1:30 each day. It may be, if there are other groups in the training center, that we will want to change the time of the lunch break to more efficiently accommodate the eating facility. The afternoon tea break will be from 3:00 to 3:30 pm. We will generally recess each session at 5:00 pm. for the day.

TUESDAY 21 APR

- 8:00 AM Introduction and discussion
Logistical issues will be resolved.
- 9:00 AM OFFICIAL OPENING OF COURSE

Remarks by Mr. E.S. Malindi, Controller of Agricultural Services, NRDP
- 10:30 AM Introductory discussion
This session will introduce the objectives, content, and methodology of the Course, philosophy of the trainer and SACA management. In addition, the participant's problems, needs, expectations, and desires will be identified.
- Afternoon Effective training and presentation techniques
Participants will discuss the principles of designing a training course. We will review the steps required including planning a course, developing learning objectives, teaching methods, delivery skills, and evaluation. This will be a "refresher" for those who have participated in the MATOT Program. Participants will have opportunity to practice their skills during this course. The final exercise for this course will be discussed at this time.

WEDNESDAY 22 APR

- Morning The role of smallholder credit in economic development

Small and large group discussions. The participants will be divided into four groups of five individuals to facilitate discussion and individual participation. Four topics will be presented and discussed. Each small group will appoint a leader and a reporter who will present key ideas made by the small group. The discussion leader will lead the general discussion; at the conclusion of the exercise. The four topics are:
1. Smallholders, who are they? / What is general definition?
 2. What are some special needs of smallholders?
 3. Agricultural development and the smallholder.

Afternoon: 4. The restraints to increasing agricultural productivity.
Group presentations of morning discussion.

THURSDAY 23 APR

Morning Economic principles affecting smallholders

Follow-up discussion of yesterday's groups on the role of agriculture and capital in economic development.

Lecture and discussion:

What is agriculture's contribution to economic development?
What are the specific farm management problems faced by farmers with whom you work?

Problems will be presented and discussed.

Afternoon Economic mindedness and application to the farmer

The principle of diminishing returns. Exercise
The idea of fixed vs. variable costs. Exercise

FRIDAY 24 APR

Morning Other lending institutions activity
A discussion of activities of the Malawi Mudzi Fund.

Afternoon Understanding human behavior

Video: "Productivity and the Self-Fulfilling Prophecy: The Pygmalion Effect" - The first of several videos that deal with management and communications skill building.

Review and summary of first week.

WEEK TWO
LOAN APPRAISAL

Objectives:

1. To discuss and understand principles of making sound loans and credit analysis.
2. To practice decision-making related to the extension and collection of loans.
3. To develop an understanding of the construction and administration of loans to individuals and groups.

MONDAY 27 APR

- Morning Fundamental factors of sound loan appraisal
Lecture and discussion of five credit factors:
A. The man (or woman) / Group.
B. Financial position and progress.
C. Repayment capacity.
D. Purpose of the loan and basis of approval.
E. Collateral offered as security.
- Afternoon Group discussion of assigned questions.

TUESDAY 28 APR

- Morning Accounting principles

Discussion of accounting principles and practices. Preparing a simple balance sheet and income statement for the firm.
- Afternoon Practical exercises on case studies

WEDNESDAY 29 APR

- Morning Case Study / Loan application

Exercise / Assignment:
Participants will continue to work in small groups to prepare an analysis of a loan application. Each group will be given information and data on a different "case study" loan and asked to construct a loan package that will be presented to a "loan committee" made up of other participants and trainers. Visits to the case study borrowers will be carried out today.

THURSDAY 30 APR

- Morning Groups will have the morning to finish preparing their loan packages for discussion with large group.
- Afternoon Large group discussion of "case study" loans

Two groups will present their case study loans to the "loan committee" for action. Role-play will be followed by critique and discussion.

FRIDAY 1 MAY

Morning Large group discussion of "case study" loans, continued

Two remaining participant groups will present their case study loans to the "loan committee" for action. Role-play will be followed by critique and discussion.

Afternoon Review of loan appraisal techniques and principles discussed during the week as well as their application to the "case study" loans.

Evaluation of the week's activities will be discussed and documented.

WEEK THREE

CREDIT ADMINISTRATION AND MANAGEMENT

Objectives:

1. To discuss the problems loan officers have in managing loans.
2. To review principles and procedures relating to credit administration.
3. To develop an understanding of management systems and practices.
4. To review effective management skills.

MONDAY 4 MAY

Morning Portfolio Management

Discussion of principles and techniques of managing a group of loans including risk analysis, credit administration, portfolio analysis, loan classification. Actions loan officers can take to assure performance of a loan will be discussed.

What is portfolio management?

Why is portfolio management important for SACA?

What are chief causes of default?

Importance of a Management Information System.

Afternoon

Group discussion of and report back on assigned questions.

TUESDAY 5 MAY

Morning Club Lending

Micro objectives: (a) Define a club and state the factors to be considered in forming a club; (b) Understand the relationship of farmers' clubs with other rural institutions; and (c) Develop strategies for training farmers' clubs for better performance.

Afternoon

Video - "Working with Difficult People". The video will detail a specific approach to curing or coping with difficult behavior.

WEDNESDAY 6 MAY

- Morning Basic principles of management
What is management? / What are the functions of management?
Why is management necessary?
Management systems and leadership
- Afternoon Exercise: Case studies on management problems.
- Video - "Learning to Think Like a Manager". There are five major differences between being a manager and being a subordinate.

THURSDAY 7 MAY

- Morning Free time for groups to finalize their "final examination" presentations
- Afternoon Two groups will make their presentations. Discussion and critique will follow each presentation.

FRIDAY 8 MAY

- Morning Two groups will make their presentations. Discussion and critique will follow each presentation.
- Course evaluation.
- 12:30 CLOSING CEREMONIES
- Remarks by Silas Murotho, Administrator, SACA and E.S. Malindi, CAS/NRDP.
 Presentation of certificates.