Summary Paper
VC 6: Smallholders – How to involve small farmers in commercial agriculture?
November 2nd 2010

Introduction

Seven countries took part in the video conference (VC) on November 2nd 2010 along with the issue paper author from London; Ethiopia, Kenya, Madagascar, Mozambique, Tanzania, Uganda and Zambia. The first section of this short summary paper will introduce the context of the VC subject and the main issues presented in the position paper produced by the expert on the subject. The second section will consider the current situations and challenges of each country as discussed during the offline national discussions and in the country National Position Papers (NPP). Section three will consider the future directions to be considered in regard to increasing regional trade. Finally, section four will conclude.

Context

The current revolution in high-value agriculture as discussed in the World Bank – World Development Report 2008 is being spearheaded by the private sector with state facilitation. Linking smallholders to processers and retailers has led to increased access to more financial capital through banks, technical extension and buy-back arrangements. Smallholders can deliver broad-based growth to rural areas and also benefit large-scale farmers. Benefits of the aforementioned revolution are often more widely shared when smallholders participate as consumption linkages associated with growth lead to higher demand for locally produced non-tradables. Smallholder-based commercial growth can also be self-reinforcing as seen in Thailand where those that gained took to lobbying for policies and investments in the commercialization process and generating needed financial resources.

Current literature[1] points to the importance of recognizing that farmers are net buyers of food crops and rely on proceeds from cash crops and wage labor to generate earnings needed to supplement their own food crop production with market purchases. Many policymakers and development researchers however are still holding discussions from the standpoint of farmers being net sellers and so likely to benefit from increased prices. Rapid urbanization is developing new commercial agriculture opportunities for smallholders (subject developed in VC7). Supplying to formalized markets, modern food restaurants and supermarkets etc is calling for food safety standards, greater choice of produce, higher income and improved business relations. However there needs to be significant upgrading in product quality, more secure supply chains and more efficient marketing and business management by smallholders to take advantage of these new opportunities.

---

[1] C Barrett – 'Smallholder market participation: Concepts and evidence from eastern and southern Africa', Food Policy 33 (2008) 299-317, TS Jayne et al – 'Principal Challenges Confronting Smallholder Agriculture in Sub-Saharan Africa', World Development (2010), doi.10.10106/j.worlddev.2010.06.002

A range of perception of benefits to smallholders exists in available literature; potential benefits from increased participation in value chains when considering costs and profits accruing to individual participants and nonmonetary benefits. However difficulties are also put forward in the form of challenges to integrating into technically demanding production chains as in the case of high value vegetables. This has been seen by the actions of Kenya where exporters have been regaining control to assure a better chance of meeting more stringent quality requirements such as those imposed by the UK. Although there are clear steps that the private and public sector could put in place to further develop value chains these will be discussed during the VC. Interventions to increase smallholder market participation should aim to reduce the costs of households' access to local markets, integrate local and international markets, organize farmers and put in place policies to stimulate increased trader competition.

Although the focus of the VC will be on the positive impacts of increased participation of small scale producers it is important to be aware of the negative impacts. These relate to issues such as institutional characteristics of supply chains; socio-economic and environmental concerns and situations such as the locking of smallholders into patterns of specialization that benefit downstream buyers rather that the farmers themselves. There are concerns that the arrangements put forward for increasing smallholder participation do not present a viable long-term approach to poverty alleviation as market leaders will only purchase from a particular group of smallholders while it still proves profitable and will then switch to new suppliers[2].

Current national situations and challenges

Ethiopia

Cultivation of horticulture crops in Ethiopia is less than 10% of total production[3]. This is mainly due to historical risk aversion as horticulture crops are highly perishable, have high capital requirements and a long gestation period in particular for fruits. 95% of the fresh vegetables that are produced however are supplied to the domestic urban and regional export markets[4]. There has been recognition and a push by the Ethiopian government and donor community involved in the country to encourage the transformation of smallholder production toward market oriented agriculture. A project started in 2007 by the Common Fund for Commodities and the FAO aims to strengthen vegetable export capacity of smallholders through the removal of critical supply-side constraints and weaknesses.

The NPP highlights several challenges for smallholder horticulture production promotion including the absence of innovative market information and trade promotion systems, absence of coordination in production planning and marketing, absence of appropriate post harvest handling facilities and agro

[2] S Henson et al – 'Linking African Smallholders to High-Value Markets: Practitioner Perspectives on Benefits, Constraints, and Interventions'

[3] National Position Paper Ethiopia – Pg. 3

[4] Ibid – Pg. 5

processors in case of price fluctuation, and absence of coordination in water and land management. It is also expensive to install quality assurance systems and as with many of the countries there is little in the way of government provided extension and research systems. In regard to the challenges facing smallholder involvement directly in commercial agriculture, these include lack of infrastructure for post-harvest handling, weak extension education services, challenges of adapting market labels and consumer standards, smallholders' farms being too scattered, the absence of a strong institutional set-up for facilitating innovative marketing linkages and market information as well as limitations in technical and marketing expertise and knowledge and limited access to capital for investment.

Kenya

Up to 80% of horticultural production in Kenya is undertaken by smallholders and is a major source of livelihood to farmers generating in excess of $1.0 billion in foreign earnings per annum[5]. They face a number of challenges including high cost of inputs, limited access to extension services, unreliable weather, limited access to direct markets and low produce prices. In regard to limited access to extension services there is around 1:1,500 national extension staff to farmer ratio[6]. A decline of 50% in exports of beans has been noted in 2010 compared to the same period in 2009[7].

The government has been implementing a number of horticultural projects and programs. The National Horticulture Task Force (NHTF) has been set up as part of the Ministry of Agriculture jointly with sector Ministries, relevant regulatory organizations and industry members. The government also created the Horticultural Crops Development Authority (HCDA) to develop, promote, facilitate and regulate the industry. At a regional level the East Africa Community (EAC) along with UNIDO are working to facilitate trade in the region and other activities are organized under the umbrella of the Horticulture Council of Africa (HCA).

Madagascar

Smallholder farmers make up around 75% of the total population of Madagascar who ensure 90% of agricultural value-added[8]. The constraints faced by Madagascar are similar to those faced by other countries in SSA. Smallholders in Madagascar face challenges in regard to meeting global market demand in terms of quantity, quality and delivery commitment. In regard to investment, smallholders have to try to meet requirements with savings from their incomes and land status, which is often tenuous. Lack of technology, a poor road network, issues with meeting standards and unstable prices also pose obstacles.

[5] National Position Paper Kenya – Pg. 1
[6] Ibid – Pg. 2
[7] Ibid
[8] National Position Paper Madagascar – Pg. 1

Mozambique

It is estimated that 90% of horticultural production in Mozambique comes from smallholder producers[9]. The majority of this production is marketed domestically while exports go mostly to South Africa and then to the European market[10]. 91% of the horticulture destined for domestic consumption is sold through informal markets. Despite literature concerning the urbanization of food markets, observations in Mozambique in the smallholder sector have found that smallholder producers are not able to meet the needs and requirements of supermarkets. The Mozambique National Position Paper (NPP) listed several existing constraints in the sector that have been acknowledged as needing to be tackled before real steps forward can be taken. These constraints are the transport network, a lack of good agricultural extension services nationally, a poor national communication system particularly in rural areas, high transaction costs, lack of infrastructure, lack of a national classification/certification scheme for products, lack of access to improved seeds/technology, lack of market information and weak linkages between research and extension. The NPP estimates that up to 40% of horticultural production is lost due to lack of post harvest technologies and facilities such as cold rooms, storage rooms and packing houses[11].

However Mozambique has a number of well established and supported groups/associations in the sector as well as strong donor support which will hopefully aid in overcoming these constraints. These groups include the Horticulture Task Force with participants from the public sector, private sector and university as well as cooperation partners. There are also smallholder organizations at the local level. On the government side of things, the National Directorate of Agricultural Extension (DNEA) exists to reduce the constraints encountered by smallholders. CTA, the Confederation of the Economic Associations in Mozambique also has a department focused on agri-business and gathering agri-business associations.

Tanzania

The export sub-sector for horticulture in Tanzania involves over 2 million smallholders on more than 2.7 million holdings of at least 1.6 million hectares[12]. There are also more than 5,000 smallholder farmers grouped into more than 60 grower groups involved in horticulture outgrower schemes[13]. Over the past 3 years the sector has seen large growth, much of which is due to the Tanzania Horticulture Association (TAHA). The sector has been held up as an engine for socio-economic growth and a contributor to poverty alleviation in rural areas.

---

[9] National Position Paper Mozambique – Pg. 1

[10] In 2009, 94% of Mozambican exports (by volume) went to South Africa and 6% to Europe: Ibid Pg. 4

[11] Ibid - Pg. 3

[12] National Position Paper Tanzania – Pg. 1

[13] Ibid – Pg. 4

Undermining factors for smallholder horticulture growth in Tanzania include disorganized production that does not target markets, inadequate supply of quality seeds and planting materials, poor infrastructure such as access roads, inadequate/inappropriate irrigation facilities, inadequate storage and poor cold chain facilities inducing high post-harvest losses, inadequate extension services and limited access to finance and markets.

Uganda

Horticulture is one of the fastest growing sectors in Uganda and provides 37,000 formal jobs in the horticulture sector, with over 75% being female. Uganda is the second largest producer of fresh fruit and vegetable in SSA producing 1.1 million metric tons per year with exports of around $35 million per annum[14]. Uganda also raised several constraints, many of which were the same as those raised by other countries. These constraints included limited access to land, insecure seed systems, poor input distribution systems, underdeveloped irrigation systems, low farm level organizations and links to the outside, low access to financial services, poor logistical arrangements for marketing and complicated market access requirements.

At the national level there are several organizations in Uganda which are involved in issues related to horticulture, however there is no direct policy on horticulture. Although it is interesting to note that the NPP points out that horticulture is a priority under the CAADP Compact of Uganda.

Zambia

In 2008, 38% of the 1.7 million small and medium scale farmers in Zambia were producing fresh produce and 18% involved in actively marketing/selling it[15]. Over 90% of the produce[16] goes to the traditional market system which also ends up supplying regional markets. Zambia evidently has a very small horticulture sector and many constraints, including as with other countries, the large requirement for cash inputs and knowledge in the sector. These types of constraint are compounded by the fact that there is no national organization or committee mandated with addressing these issues; the Horticulture Working Group is still in its formative stages and the Horticultural Association of Zambia has yet to be formed. There are some national programs involved in the mobilizing of farmers in low cost irrigation and market linkages but these are donor funded and just scratch the surface of what needs to be done at the national level.

Future directions

After the online session, the countries continue with offline discussions partly guided by the online discussions. For this VC, as well as post-VC papers on the offline discussions some countries produced

[14] National Position Paper Uganda – Pg. 1
[15] National Position Paper Zambia – Pg. 2
[16] Ibid – Pg. 4

log-frames with an indication of what future steps/activities are required while others provided recommendations.

National level

As with many issues in Sub Saharan Africa, infrastructure is a constraint as well as the facilities to improve access to markets and improving organization of farmers and increasing market knowledge. Ethiopia plans to foster innovations in how horticulture products are produced and sold, primarily though a market information service, smallholder extension and training services and value chain optimization. They also want to increase representation of sector interests at bilateral and multilateral forums with the aim of improving international market access. As with all the participating countries, necessary infrastructure development was highlighted as well as the need for dialogue with existing producers to better identify and address current problems and constraints.

Uganda lists several approaches that could be followed to develop the horticultural sector including collective action along the entire value chain, capacity building at all levels, water for production and input distribution systems, processes and procedures for rural financial services, farm management and technical skills development, strong regulation on seeds, interstate seed regulation harmonization, a protected physical environment for farmers and coordination at a regional level.

It was evident from the discussions that the countries themselves are at different stages with the maturity of the smallholder sector involvement in horticulture. This meant that each country came up with very specific elements of a national 'way forward' alongside the common constraints faced by all. Issues not previously mentioned in the preceding paragraph that were country-specific include the following. Ethiopia mentioned the need to strengthen capacity of smallholders through training on production and marketing and policy lobbying to encourage the Government to support the sector. Madagascar interestingly caged their constraints in the value chain method; mapping the horticulture value chain, developing favorable environment of the SWOT analysis, enhancing integration and dynamic communication. Mozambique highlighted the ever present financing issue and also called for technical assistance as did Zambia who also brought up the issue of standards.

Regional level

Kenya with perhaps the most 'advanced' smallholder involvement focused on the regional aspect of the issue calling for sharing on successes and challenges of successful farming models. Ethiopia called for the creation of linkages in areas such as research, markets and trade, market standards and partnership and marketing to be coordinated at a regional level through COMESA. Tanzania focused on the role of the HCA and TAHA's role to initiate activities in the council. The role of the East African Business Council was also floated. Zambia also recognized the importance of regional collaboration and listed the following as some of the issues that need to be addressed: improving quality/standard volumes, simplifying and increasing access to finance, developing and implementing training skills programs, facilitating and strengthening flow of market information and product visibility, developing appropriate production technologies, developing better communication and transportation systems, promoting processing facilities and improving extension services.

Conclusion

This was a well-received topic and there was a great deal of interest which led to the decision to have all seven countries participate. Smallholder participation in commercial horticulture has many constraints, as witnessed by the NPPs and the discussions during the VC. However, many of the countries also came up with ways forward, both nationally and internationally. The seven countries are at different levels of development sectorally and so face slightly different constraints, however there is a large opportunity for those with commercial horticulture sectors in their infancy to learn from those with more developed sectors such as Kenya. Meanwhile the level of development of the sector in countries such as Kenya will allow for a focus there on more regional issues to build a bright future for those countries that will be able to be more involved at a later date.

The possibilities made available by smallholder participation in commercial horticulture both from an economic and poverty reduction point of view appear to be vast, and in many of the countries not exploited to their full potential. It is hoped that this VC gave countries an opportunity to understand the similar and different constraints of other countries, to understand their successes and challenges and begin open discussion on how to move forward nationally and regionally.

Bibliography

D Tshirley (2010) – Smallholders: How to involve small-scale farmers in commercial horticulture

National Position Papers of Ethiopia, Kenya, Madagascar, Mozambique, Tanzania, Uganda and Zambia.

Post-VC Papers of Ethiopia, Kenya, Madagascar, Mozambique, Tanzania, Uganda and Zambia.

Annex 1 – Participants in VC6

	Institution	Name	e-mail address
ETHIOPIA	Ethiopian Horticulture Producers Exporters Association **Addis Ababa**	Mr. Tilaye Bekele	tilayebek@yahoo.com
	Ministry of Agriculture and Rural Development **Addis Ababa**	Dr. Workafes Woldetsadik	workafes48@yahoo.com
	Ethiopian Fruit and Vegetable Marketing SC **Addis Ababa**	Mr Sisay Kibret	deyessag@yahoo.com
	SNV- Netherland Development Organization **Addis Ababa**	Mr. Yohannis Agonafir	yagonafir@snvworld.org
	Agri-Service Ethiopia, National Coordinator **Addis Ababa**	Mr Tesfahun Fenta	tfenta@yahoo.com
	Ethiopian Horticultural Development Agency **Addis Ababa**	Mr Gossaye Dechasa	hortmarket@yahoo.com
	Omotic General Trading **Addis Ababa**	Ms Almaz Teka	talmaz@yahoo.com
	Huruta Vegetable Growers Association **Huruta, Oromiya**	Mr Getaneh Belayneh	mabebeb@yahoo.com
	Ethiopian Horticultural Science Association **Addis Ababa**	Mr Zenebe Woldu	Zenebe12@yahoo.com
MADAGASCAR	Ministry of Agriculture, Rural Credit Service **Antananarivo**	Mrs. Niry Randriamanana	niryarimanga@yahoo.fr
	Shoprite Supermarket Freshmark Manager **Antananarivo**	Mr Johary Ranaivoarivelo	freshmarkmada@shoprite.co.za
	CITE (Technical and Economical Information Center)	Mrs Nirinasoa Rakotovelo	nirina@cite.mg

	Antananarivo		cite@cite.mg
	PSDR (Rural Development Support Project) Head communication and Agribusiness **Antananarivo**	Mrs Eliane Hantalalao Rakotondranivo	elianerak@gmail.com
	University of Agronomy Lecturer **Antananarivo**	Prof. Romaine Ranaivoarivelo	agromanagement1@yahoo.fr
	CARE, Project Manager **Antananarivo**	Mr Bezaka Rivolala	rabeza07@yahoo.fr
	AVRDC – The World Vegetable Center Research Assistant **Antananarivo**	Ms Felana Andrianaivo	felana.andrianaivo@worldveg.org
	SAHA (Intercooperation Suisse) Central Region Coordinator **Antananarivo**	Mr. Harilanto Ravelomanantsoa	saha.rc.cri@blueline.mg
	AVRDC – The World Vegetable Center Liaison Officer - VC National Coordinator, **Antananarivo**	Mr. Benjamin Rakotoarisoa	Benjamin.rakotarisoa@worldveg.org Tel : +261 33 05 555 11
KENYA	USAID Kenya consultant **Nairobi**	Rod Evans	rodneykendal.evans@gmail.com
	Chief Executive Officer Kenya Flower council **Nairobi**	Ms Jane Ngige	kfc@wananchi.com
	Assistant Director of Agriculture Ministry of Agriculture **Nairobi**	Mr Patrick Oncheku	patrickonchieku@yahoo.com
	Meru Green farmer **Meru**	Ms Rosemary K. Muthomi	rosemarymuthomi@yahoo.com muthomi@merugreen.com
	Kenya Horticulture Competitive Program SPS & Standards Manager **Nairobi**	Mr Timothy Mwangi	timothy@fintrac.com
	National Coordinator, General Manager Technical & Advisory Services	Mr James Ogolla Arim	arimogolla@yahoo.com

Horticultural Crop Development Authority HCDA **NAIROBI**		
Usambara Lishe Trust (Vegetables for hotels and supermarkets) Farmer **Lushoto, Usambara**	Mr Rajabu Mgonja	
Tanzania Agricultural Productivity Program (TAPP) Production Manager **Arusha**	Manfred Bitala	mbitala@fintrac.com
HODECT (Horticultural Development council Coordinator **Dar es Salaam**	Mrs. Adah Mwasha	admwasha@yahoo.com info@hodect.org
HODECT (Horticultural Development council Executive Director **Arusha**	Jacqueline Laisser-Shemhilu	jackie_laisser@hotmail.co.uk info@hodect.org
TANZANIA		
Tanzania Cluster Competitiveness Program – TCCP (World Bank) Horticultural Specialist **Arusha**	Tertula Swai	tmswai@yahoo.com.au
Min. of Agriculture, Food Security and Cooperatives, Crop Promotion Service Senior Agricultural Officer **DAR es SALAAM**	Mrs. Judith Kitivo	judithkitivo@yahoo.com
Senior Trade Promotion Officer Ministry of Industry Trade and Marketing **DAR es SALAAM**	Ms Prisca Mbaga	
Ministry of Agriculture Food Security and Cooperatives Horticulturalist **Dar es Salaam**	Mr Merius Nzalawahe	Mwanzalawahe@hotmail.com
Horti Tengeru Institute Principal **Arusha**	Juma Shekidele	jsheiza@yahoo.co.uk
AMAGRO	Mr Burton Nsape	burton@amagro.org

	Chairman **Dar es Salaam**		
	AMAGRO Executive Committee member **Dar es Salaam**	Mrs Tatu Jongu	viifarms@hotmail.com
	TAHA National Coordinator, Programs Officer **Arusha**	Kenneth Onesmo	taha@habari.co.tz
MOZAMBIQUE	EDUARDO MONDLANE University Agronomist, Economic Dept **Maputo**	Bruno Lopes de Araujo	baraujous@yahoo.com baraujo@uem.mz
	EDUARDO MONDLANE University Agronomist, Lecturer **Maputo**	Angela Loforte Remane	aremane@uem.mz
	University – Institute Polytechnic Superior of Gaza Agronomist, Lecturer **Maputo**	Arão R. Finiasse	araofiniasse@gmail.com
	Private Sector - FRUTISUL - CITRUM Director of CITRUM - Ikuru **Maputo**	Paulo Negrão	paulo.negrao@gapi.co.mz
	SNV Agro Economist **Maputo**	Miguel Correira	lcorreia@snvworld.org
	USAID project: AGRIFUTURO Monitoring and Evaluation Specialist / Enabling Environment Director **Maputo**	Carlos Moamba	carlos.moamba@agrifuturoproject.com
	Direction national of Agrarian Extension (DNEA) Ministry of Agriculture Agronomist **Maputo**	Eugenio Comé	eugniocom@yahoo.com.br
	Institute for the Promotion of Export) IPEX, Min. of Industry and Commerce Environmental Chemical Engineer **Maputo**	Octavio Francisco	ozefanias@ipex.gov.mz
	Ministry of Agriculture - CEPAGRI	Hercília Estrela	hercilia.estrela@cepagri.gov.mz

	Chief of Department of Analysis and Information **Maputo** Ministry of Agriculture - CEPAGRI Economist **Maputo**	Aude Nowak	aude.nowak@cepagri.gov.mz
Uganda	Tropical Fruit Growers Cooperative Society Chief Regional Executive Officer, Teso Region **Kampala**	Mr Patrick Opolot	angusandflo@yahoo.com
	Africa 2000 Network (NGO) Executive Director **Kampala**	Fred Kabuye	fmkabuye@a2n.org.ug
	ASARECA Program Assistant **Kampala**	Mrs. Maureen Katafiire	m.katafiire@asareca.org
	NAADS (National Agriculture Advisory Services) District NAADS Coordinator **Kampala**	Ms Annet Zalwango	naadswakiso@yahoo.co.uk
	HPOU (Horticulture Promotion Organization of Uganda) Agr. CEO **Kampala**	Mr Moses Lubinga	moseslubinga@yahoo.co.uk hpou@graffiti.net
	UNFFE (Uganda National Farmers Federation) Ag. Executive Secretary **Kampala**	Mr Augustine Mwendya	amwendya@yahoo.co.uk
	National Crop Resources Research Institute (NACCRI) Research Assistant, Horticulture Program **Kampala**	Ms Irene Nyakate	
	Tropi Exports Ltd/Mobuku Growers Scheme Exporter and Grower (also member of HPOU) **Kampala**	Mr Apollo Kasozi	kasoziap@yahoo.com hpou@graffiti.net
	Tropi Exports Ltd/Mobuku Growers	Masanda Peter	hpou@graffiti.net

	Scheme	Kayondo	
	Assistant to Mr Kasozi **Kampala**		
	National Coordinator **Kampala**	James Ssemwanga	james.ssemwanga@ssemwanga.com
ZAMBIA	University of Zambia Lecturer Horticulture	Mrs. Shirley N'gandu	sng'andu@unza.zm
	Ministry of Agriculture and Cooperatives	Mr. Philip Siamuyoba	Philip_siamuyoba@yahoo.co.uk
	Food Security Research Project (FSRP), Director, National Coordinator VC National Coordinator **Lusaka**	Mr. Chance Kabaghe	kabaghec@msu.edu
	Farming Systems Association of Zambia Coordinator **Lusaka**	Mr. Mukelabai Ndiyoi	Liowanyi1892@yahoo.com
	University of Zambia (UNZA), school of agricultural sciences Lecturer Horticulture **Lusaka**	Dr Mebelo Mataa	mmtaa@unza.zm mebelomataa@yahoo.com
	International Dev. Enterprise Interim Country Director **Lusaka**	Mr Kenneth Chelemu	kchelemu2001@yahoo.com chelemuk@ide.org.zm
	OPAPA(onions, potatoes and allied products Association) Secretary **Lusaka**	Mr Mike Nyimbili	kmalambo@yahoo.com