

By Atakilte Beyene

# Small farms under stress play a huge role for Africa

## Smallholder Agriculture and Emerging Global Challenges

Widespread poverty as well as food and income insecurity plague Africa's dominant smallholder agriculture. Paradoxically, the very people who mainly depend on agriculture are not able to secure their own food and nutrition needs.

Today, three-quarters of Africa's malnourished children and the majority of people living in absolute poverty are found among the smallholder farmers who are key to the development of the continent.



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A farmer in Kenya tills his land with a pair of bullocks. The low productivity level of the smallholder agriculture is one of the most concerning issues for Africa.

Decades of low agricultural sector performance, particularly in land and labour productivity, is recognised as the main reason for the current food and nutrition challenges the continent faces. And yet, the continent's prospects of addressing these challenges are inextricably linked to whether Africa reverses the negative trend in smallholder agriculture.

So, what are the major challenges facing Africa's smallholder agriculture? This policy note highlights three broad research and policy issues: long-term impacts of past agricultural policies; production relations among the small farmers; and emerging global challenges.

### The lion's share are small farms

African economy is identified as dominantly agrarian and dependent on the smallholder

farmers. Smallholder agriculture (farm sizes less than 2 hectares) accounts for about 80% of all farms in sub-Saharan Africa, employs about 65% of Africa's labour force (175 million people directly employed), and about 70% of all smallholders are women.

### Growth in agriculture effectively reduces poverty

There is a consensus among researchers, donors and policy makers that growth in agriculture in general plays a key role in the overall economic development of a country. In Africa especially, growth in the smallholder agricultural sector is key in light of the continent's challenging issues: poverty, food insecurity, and equitable and broad-based development needs.

For instance, Gross Domestic Product

growth originating in agriculture is 2-4 times more effective in raising the incomes of poor people than GDP growth originating outside the sector. Prospects of nurturing rural employment opportunities, locally sustainable nutrition and food systems and decent rural-life are strongly related to the performance of smallholder agriculture.

### Farms important as cultural hubs

Farms in general are often seen as simply sites of crop and livestock production or means of livelihoods. However, farms are also sites of cultural and social foundations of rural life. Smallholders often settle and live on, or close to, their farms. For many rural people farming is a way of life, and their values and traditions are deeply embedded in the land. Furthermore, small farms are labour intensive and low-energy

input agricultural systems. They have the potential to rely on ecological processes and sustain biodiversity. Conservation agriculture, crop rotation, intercropping and agroforestry practices are associated with smallholder farmers.

### Low productivity a deep concern

It is well recognised that African agriculture in general has underperformed for decades. The low productivity level of the smallholder agriculture has been, perhaps, the most concerning issue for Africa. Africa's smallholder agriculture, despite the large proportion of the population involved in it, accounts for only about 32% of GDP. This reflects the relatively low productivity of the sector. Hence, most of the rural population in the continent has not been able to move out of poverty. Today, many small farmers in Africa are net food buyers and Africa's food items import bill has reached more than US\$ 40 billion per year.

And yet, empirical studies show that smallholder agriculture can perform better and there is room for improvement. Some perspectives put the emphasis on improving 'efficiency' and 'farm management'. For in-

stance, farm management, technological solutions, pre- and post-harvest management systems are important aspects in improving the productivity levels of smallholder agriculture. In addition to these, there are also broader historical and global processes that condition the performance of smallholder agriculture in Africa. This policy note highlights these broader issues as follows.

### Challenge 1: Lingering policy challenges

The impact of structural adjustment program (SAP), perhaps the most important policy undertaking in the modern agricultural history of Africa, has undermined the agricultural sector across the continent. Throughout the 1980s and 1990s, public expenditure on agricultural extension, input and research were severely cut. In recognition of this challenge, African governments decided in 2003 to allocate at least 10% of their GDP to the agricultural sector. However, the allocations so far are below expectations and vary among the governments: only 9 out of the 54 countries managed to meet the targeted allocation. Furthermore, broader questions of rural infrastructure, including

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access roads, marketing and storage facilities, as well as health and education services are critical in many African countries. So, by and large, discrimination of small farmers in respect of public goods and services over a long period of time is an important factor in the current situation.

Governance and institutional constraints related to rural land and water rights have also been important constraining factors in smallholder agriculture. Secure and equitable access to natural resources; and accessible and effective legal systems that support existing local rights are still deficient in many rural areas of Africa. Political progress to recognise and support customary and community rights has also been weak in most parts of the continent. As the pressure and competition for land and water are increasing, improving land governance is more urgent than ever.

### Challenge 2: Internal challenges

Internally, smallholder farmers are dynamic, but they also have challenges around production relationships. Gender relations, including women's weak rights when it comes to land and other economic assets are critical problems. Exploitative production relationships among the small farmers themselves, due to gender and differences in access to resources are also reported as problems. Furthermore, rural production and economic relationships are also dominantly based on reciprocity, embedded in group and social affections, and are distributive.

As a result the overall potential of smallholder farmers to consolidate their farm and household resources are undermined, often across generations. There are, of course, explanations why rural people rely on such systems, including risk minimisation, the importance of local trust and a lack of alternative means of accessing resources. But, economic efficiency is highly compromised in such contexts.

The overall effect of these is that African smallholders have been undergoing a downward spiral in terms of their productivity and sustainability. The sizes of the farms have become smaller as households accommodate new members of the house-

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Farms are also cultural and social hubs. For many rural people, farming is a way of life and their values and traditions are deeply embedded in the agriculture.



hold; and rural households are rarely purely fulltime-farmers as they diversify their sources of income to meet their needs.

### Challenge 3: Emerging global processes

A situation is emerging in which small farms face new global challenges and opportunities. Notable issues in this are the current large-scale land and water acquisition by FDI and the global food corporates' potential to control the food value chain.

Firstly, since the mid-2000s there has been a growing global interest in African land and water resources; and corporates have already acquired significant amounts of land and water in Africa. Often the processes of land and water allocations are criticised for lack of transparency and the impact of these acquisitions on the rights of the local people to the resources is highly debated. The impact of commercial large-scale agricultural investments on local livelihoods is another issue. Such investments are often mechanised and their demand for local labour is very limited, on average 2 people per 42 hectares in Africa. Furthermore, the objective of the investments is often to sell products to high-value markets in which case the local people normally cannot afford to participate to buy the goods.

As the corporates expand into the food production sector, the major risk is that African smallholder farmers can be marginalised in future food production. Such a trend can damage not only the small farmers, but also Africa's prospect of reducing poverty and securing its own food production. Therefore, Africa's policy on commercial food production by large corporates needs to be re-examined in light of these risks. Agricultural policies should prioritise strategies that ensure active and productive engagement of the small farmers and thereby create win-win strategies.

Secondly, the participation of rural people as small growers, workers and consumers in high value markets, both domestic and global, is critical in poverty reduction in

An Ethiopian farmer tends a Moringa Cabbage Tree. It is drought resistant and plays a vital role for household food security, as a source of income, medicine, fodder, fuel and shade.



**/// Growth in the smallholder agricultural sector is key in light of the continent's challenging issues.**

developing countries. Rapid urbanisation, income growth and a growing middle-class across many African countries are generating large domestic consumer demand and markets for food products. These demands are also generating new types of procurement channels and marketing options for farmers. An example is the rapid expansion of supermarkets across Africa and their significantly growing market share. The interaction between the producers and retailers, and barriers for small farmers to enter high value markets are critical issues.

Food markets have also increasingly become globalised, and global food corporates are expanding into Africa. A general characteristic of corporate expansion strategy

is their control over the processing, storage and distribution of food products. In this context, the fate of the small farmers – in respect of their role in the food value chain and in terms of their being able to take advantage of the market – is highly uncertain.

The evidence so far shows that African agricultural products face global competition in their own markets. Import restrictions on processed foods, safety standards and product labelling procedures in developed countries have undermined Africa's potential to benefit from value adding export products. Furthermore, export subsidies, along with other agricultural subsidies, by developed countries on their food items are reported to have created agricultural price dampening in developing countries. The EU's Common Agricultural Policy (CAP) is notable because of the harm it causes to producers in developing countries.

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## Policy recommendations

- Secure smallholders' land and water rights; and improve political space for rural people to build their institutions and capacities so that they take a more active role in decisions as regards the natural resources on which they depend.
- The role of large agricultural corporates engaged in food production in Africa needs to be examined in terms of their impact on the food system and economy of rural Africa.
- Improve the stake of small farmers in high-value food markets through, for instance, assisting farmer and producer organisations, and creating agricultural exchange market links.



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