



What Kinds of Agricultural Strategies Lead to Broad-based Growth? Strategies for FTF

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Main issues to be covered

1. What does “broad based growth” mean?
2. Review research evidence on returns to alternative investments and policies to achieve broad based growth
 - Special focus on the ultra-poor and women
3. Why there is no alternative to a smallholder-led agricultural development strategy
4. Five priority strategies for FTF

I.
What does “broad-based growth”
mean?

Broad based growth defined

- Growth processes that effectively reach a large proportion of the population
- Especially the poor – *equitable* growth
- That being said, broad based equitable growth is difficult to achieve.

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample							
Top 50% of maize sales								
Rest of maize sellers								
Farm hhs not selling maize								

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample							
Top 50% of maize sales	1.6							
Rest of maize sellers	19.6							
Farm hhs not selling maize	78.8							

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)						
Top 50% of maize sales	1.6	2.0						
Rest of maize sellers	19.6	1.3						
Farm hhs not selling maize	78.8	1.2						

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)	Asset wealth ('000 kw)					
Top 50% of maize sales	1.6	2.0	208					
Rest of maize sellers	19.6	1.3	94					
Farm hhs not selling maize	78.8	1.2	14					

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)	Asset wealth ('000 kw)	Maize sales (kgs)				
Top 50% of maize sales	1.6	2.0	208	2,510				
Rest of maize sellers	19.6	1.3	94	204				
Farm hhs not selling maize	78.8	1.2	14	0				

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)	Asset wealth ('000 kw)	Maize sales (kgs)	Non-farm income ('000 kw)			
Top 50% of maize sales	1.6	2.0	208	2,510	101			
Rest of maize sellers	19.6	1.3	94	204	31			
Farm hhs not selling maize	78.8	1.2	14	0	12			

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)	Asset wealth ('000 kw)	Maize sales (kgs)	Non-farm income ('000 kw)	female headed (%)		
Top 50% of maize sales	1.6	2.0	208	2,510	101	13		
Rest of maize sellers	19.6	1.3	94	204	31	25		
Farm hhs not selling maize	78.8	1.2	14	0	12	28		

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)	Asset wealth ('000 kw)	Maize sales (kgs)	Non-farm income ('000 kw)	female headed (%)	Subsidized fertilizer received (kgs/hh)	
Top 50% of maize sales	1.6	2.0	208	2,510	101	13	166	
Rest of maize sellers	19.6	1.3	94	204	31	25	85	
Farm hhs not selling maize	78.8	1.2	14	0	12	28	60	

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Extreme concentration of marketed maize output – Malawi, 2008/09

	% of total sample	Farm size (ha)	Asset wealth ('000 kw)	Maize sales (kgs)	Non-farm income ('000 kw)	female headed (%)	Subsidized fertilizer received (kgs/hh)	commercial fertilizer bought (kgs/hh)
Top 50% of maize sales	1.6	2.0	208	2,510	101	13	166	251
Rest of maize sellers	19.6	1.3	94	204	31	25	85	48
Farm hhs not selling maize	78.8	1.2	14	0	12	28	60	34

Source: Agricultural Inputs Support Survey (n=1904 farm households), sample frame from National Statistical Office, Government of Malawi

Evidence has shown that broad based growth is associated with:

- Relatively equitable initial distribution of productive assets / resources within society
- Agricultural growth in agrarian-based economies
 - Crops that feature prominently in cropping system
 - Geographic coverage
 - The nature of government involvement in the sector/crop
- Public support for investments that most of the population can take advantage of: infrastructure, seed research, extension programs

Evidence has shown that *inequitable* growth is associated with:

- Highly concentrated initial distribution of productive assets / resources within society
 - e.g., latifundia-type landholding systems
- Elite capture of political process
- Use of public funds to invest in ways that are primarily appropriated by elites
 - Marketing board operations that raise prices with regressive income distributional effects
 - Input subsidy programs that are disproportionately targeted to better-off farmers (not in all cases though)

II.

Evidence on returns to alternative investments and policies to achieve broad based growth

Ranking of Alternative Investments:
Meta-Study Evidence from Asia and Africa

	The Economist	IFPRI study
Policies		
Road investment		
Agricultural R&D		
Agricultural extension services		
Credit subsidies		
Fertilizer subsidies		
Irrigation		

Ranking with respect to *agricultural growth*:
Evidence from Asia

	The Economist	IFPRI
Policies	1	
Road investment	2	1
Agricultural R&D	3	2
Agricultural extension services	4	
Credit subsidies	7	3
Fertilizer subsidies	5	4
Irrigation	6	5

Ranking with respect to *poverty reduction*:
Evidence from Asia

	The Economist	IFPRI
Policies	1	
Road investment	2	1
Agricultural R&D	3	2
Agricultural extension services	5	
Credit subsidies	7	3
Fertilizer subsidies	4	4
Irrigation	6	5

III.

Why there is no alternative to a
smallholder-led agricultural
development strategy

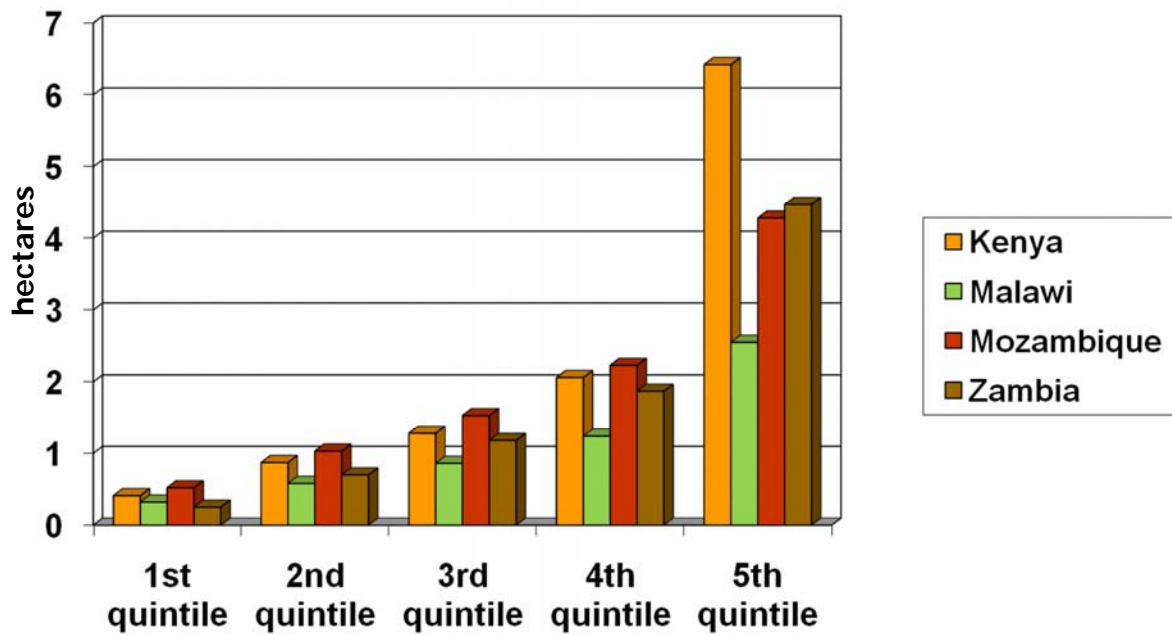
Why there is no alternative to a smallholder-led agricultural development strategy

- 50-70% of the population is engaged primarily in agriculture
- Agricultural growth with poverty reduction requires that smallholders be the engine
 - Large-farm-led model → latifundia
- Multiplier effects highest in smallholder agriculture
- Broad-based ag. growth leads to virtuous symbiotic rural-urban development

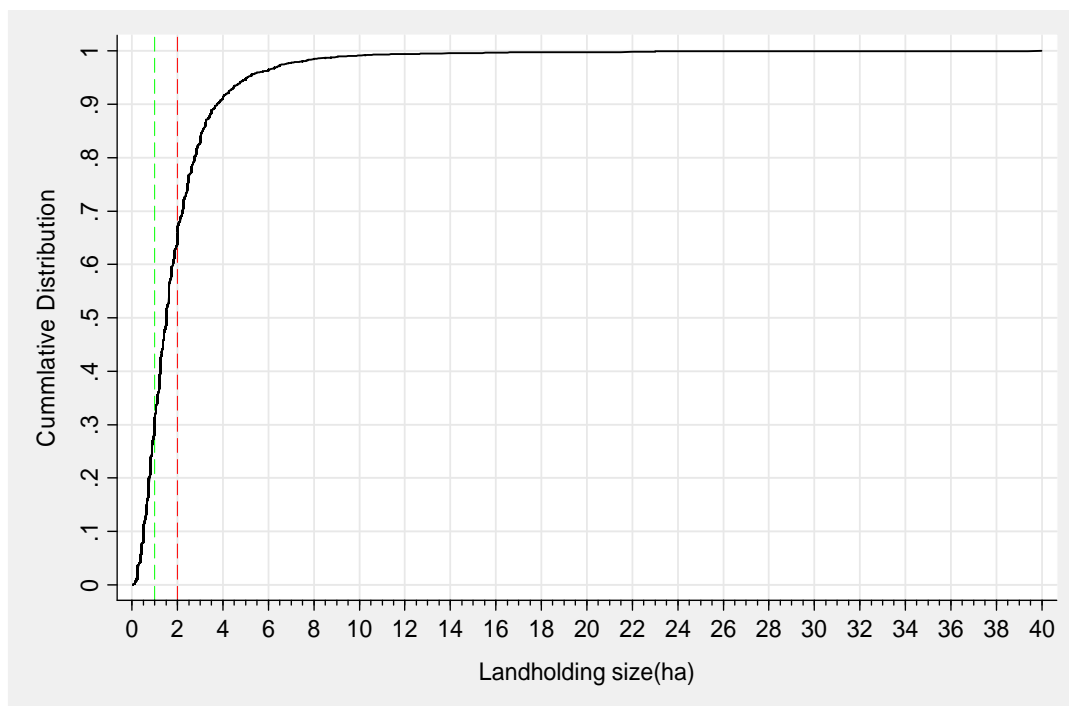
A major challenge for success of FTF:

- Addressing the asset constraints that prevent a large % of rural population from being able to respond to growth opportunities and incentives

Most smallholder farms lack the land and other resources to produce a surplus

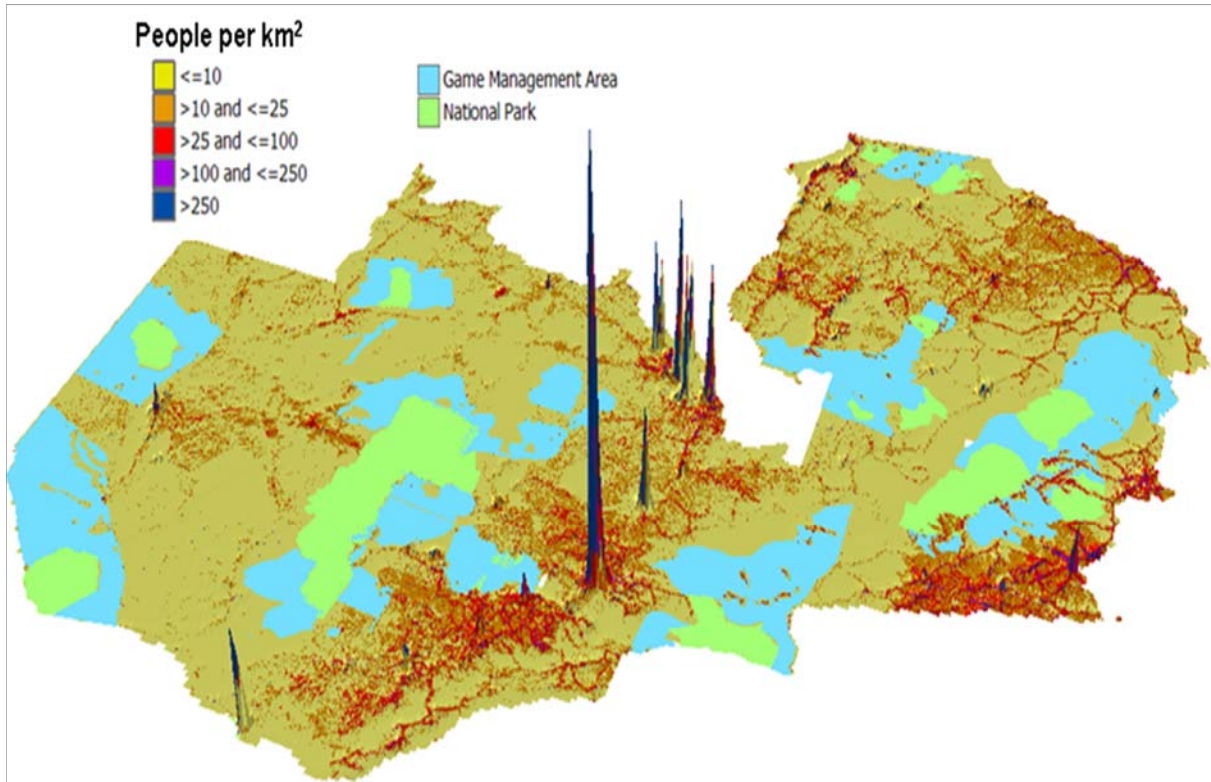


Distribution of Smallholder Landholding Size and Land Cultivated, 2004



Source: Central Statistical Office, Govt. Zambia

Population Density, Zambia



Consequences of not addressing the land access for the rural poor:

1. Inability of large % of rural population to participate in / respond to agricultural growth opportunities
2. Broad based growth will be more difficult
3. Unviable rural livelihoods contributes to rural-urban migration and the myriad problems associated with rapid urbanization
 - rise of urban slums, poor sanitation, health crises
 - unemployment, poverty
 - rising national food deficits
4. possible civil instability

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IV. Priority Strategies for FTF

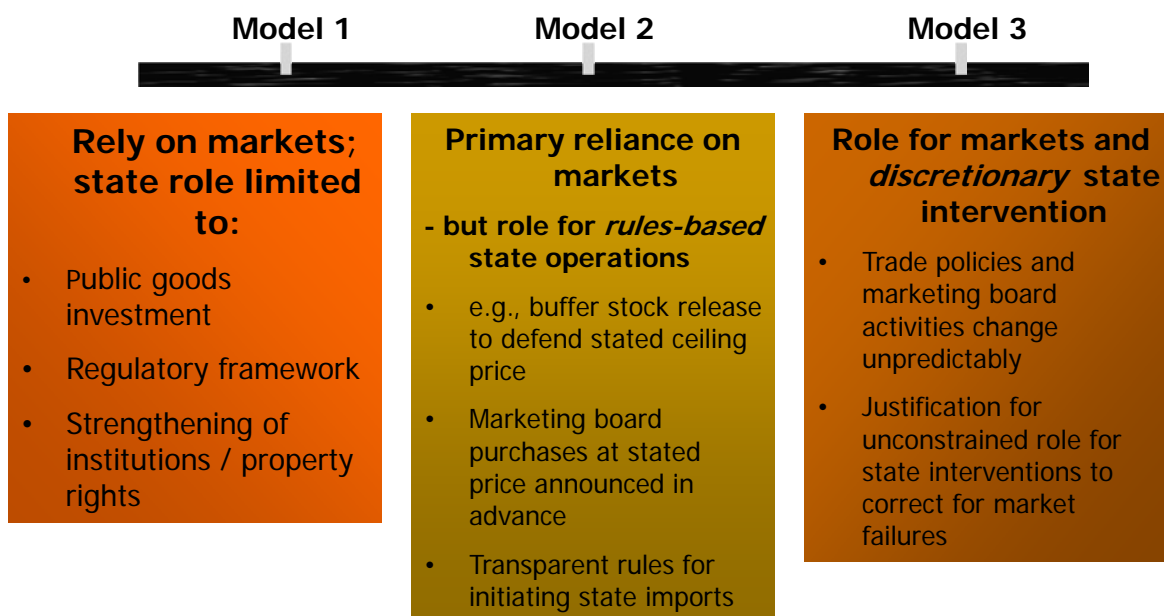
Three basic pathways

1. Strategies that can greatly raise farm productivity that are appropriate for 1 hectare farm conditions
2. Strategies that can shift composition of farm activities from low-value / low-return activities to high-return activities
3. Strategies that expand the rural poor's access to additional land → area expansion

Priority Strategies for FTF

1. Projects to improve the “*enabling environment*” (e.g. working within government ministries to improve quality of policy and public investments)
 - difficult to achieve success in short-run
 - but in many cases is crucial
 - The enabling environment may constrain growth so severely that progress on other fronts cannot be made without tackling fundamental policy environment
 - Examples:
 - warehouse receipting systems
 - Commodity exchanges
 - Storage to reduce magnitude of seasonal price rises
 - Support for development of local analytical capacity
 - Locals can make the case for effective reform more compellingly

Competing models of the role of state and private sector in food markets:

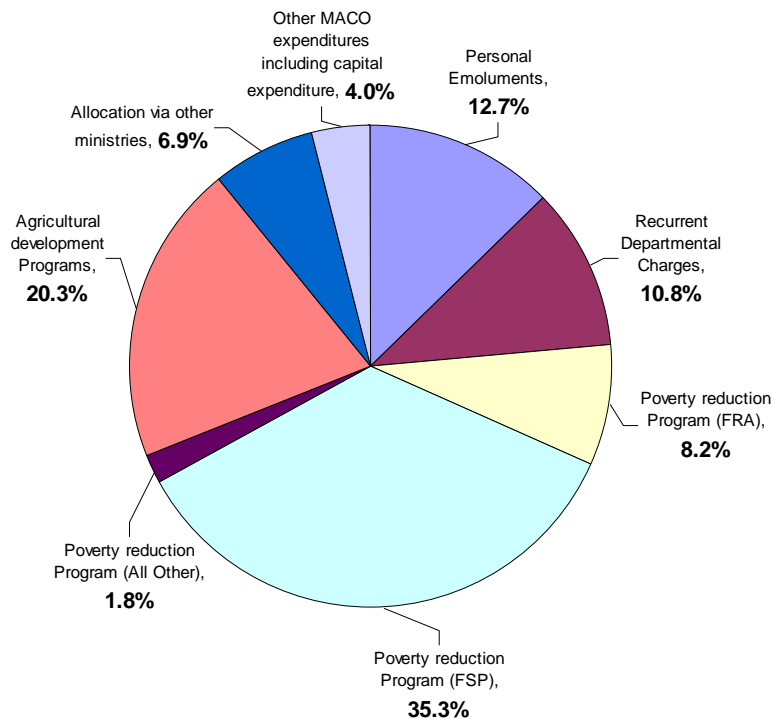


Priority Strategies for FTF

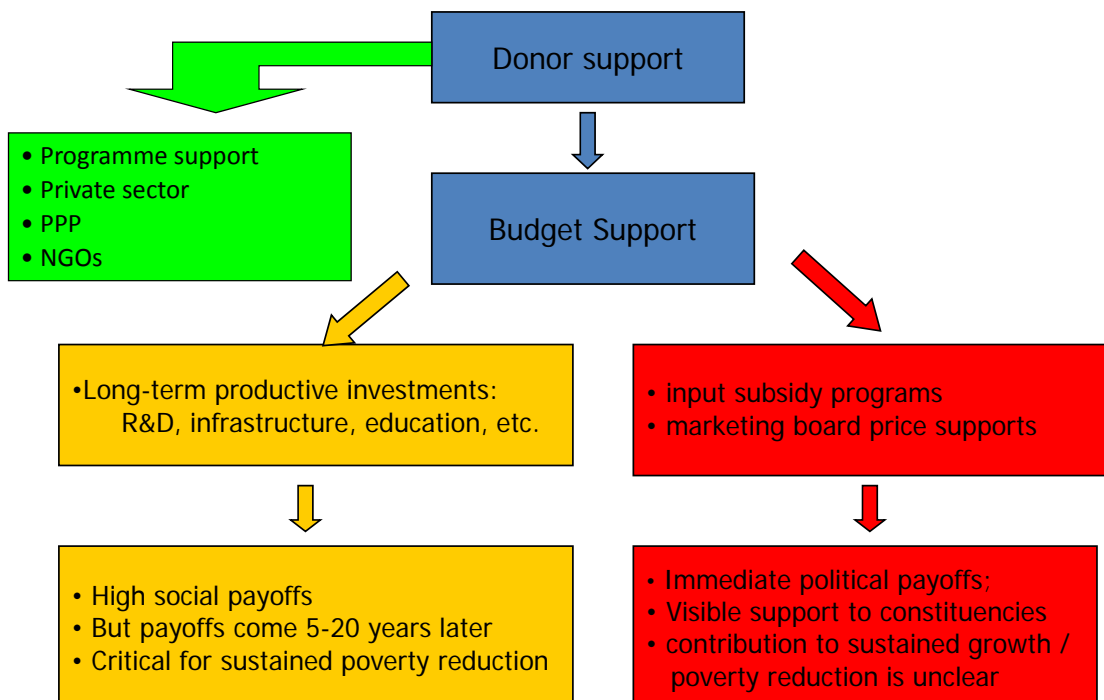
2. Projects to improve allocation of public resources in ways that encourage broad-based economic growth

- Improved seed generation systems
- Improved agronomic practices
- Road, rail, port infrastructure – feeder roads

2009 Allocation of Public Budget to Agriculture



Political economy of public resource allocation

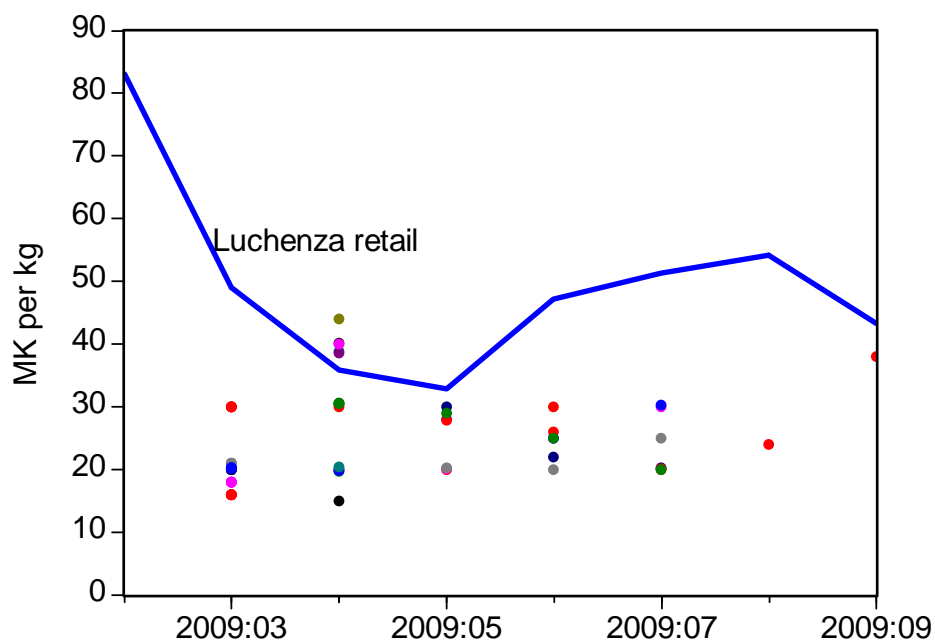


Priority Strategies for FTF

3. Training programs that reach women farmers

- functional literacy (not an ag program but an important adjunct to help ag. programs effectively reach women)
- Crop / animal husbandry to improve productivity and incomes for women farmers marketing skills
- Promotion of group marketing arrangements
- Marketing training

Farm-gate maize prices compared to retail prices, Mulanje District, Malawi, 2009



Priority Strategies for FTF

4. Programs that address the increasingly severe land access problems facing smallholder agriculture
 - a. Programs to develop improved farm technologies appropriate for 1 hectare farms
 - b. Programs that support small farm entry into higher-value crops with high growth opportunities
 - Pay attention to gender barriers
 - c. Open up unutilized land for small farm-based expansion – Gokwe example

Priority Strategies for FTF

5. Invest in locally managed agricultural policy institutes that can:
 - Produce credible research to guide policy discussion
 - Work with local media → shape mainstream ideas
 - Serve as both a resource and a watchdog over public policy process
 - Long-term support for African university capacity building would help raise the supply of local analysts



Thank you