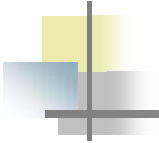


Smallholder Farming in Difficult Circumstances: Policy Issues for Africa



T.S Jayne, D. Mather, and E. Mghenyi

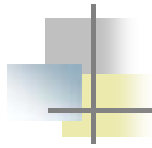
Paper presented at the "Future of Small Farms"
Research Workshop, Wye, Kent, UK

June 27-29, 2005



"Difficult Circumstances"

- Applies to 75% of small farms in Africa
 - Political disruption
 - HIV/AIDS
 - Weak support from national governments for agricultural science/tech., extension, markets
 - Tilted global ag. trade system / WTO
 - ag. policies in developed countries
 - Declining international development assistance



Main issues covered in paper:

- Land distribution – implications for ag. growth strategies
- Crop marketing patterns
- Evolution of food consumption patterns
- Role of education
- Civil/political strife
- HIV/AIDS
- Declining development assistance
- OECD ag. policies / WTO / food aid



Main issues covered in paper:

- Land distribution – implications for ag. growth strategies
- Crop marketing patterns
- Evolution of food consumption patterns
-
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- HIV/AIDS
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Main conclusions:

- 1. challenges facing small African farms are largely the same as the challenges in achieving broad-based agricultural growth



Main conclusions:

- 2. HIV/AIDS reinforces the importance of small farm productivity growth
 - to mitigate effects of AIDS on poverty
 - to reduce spread of AIDS



Main conclusions:

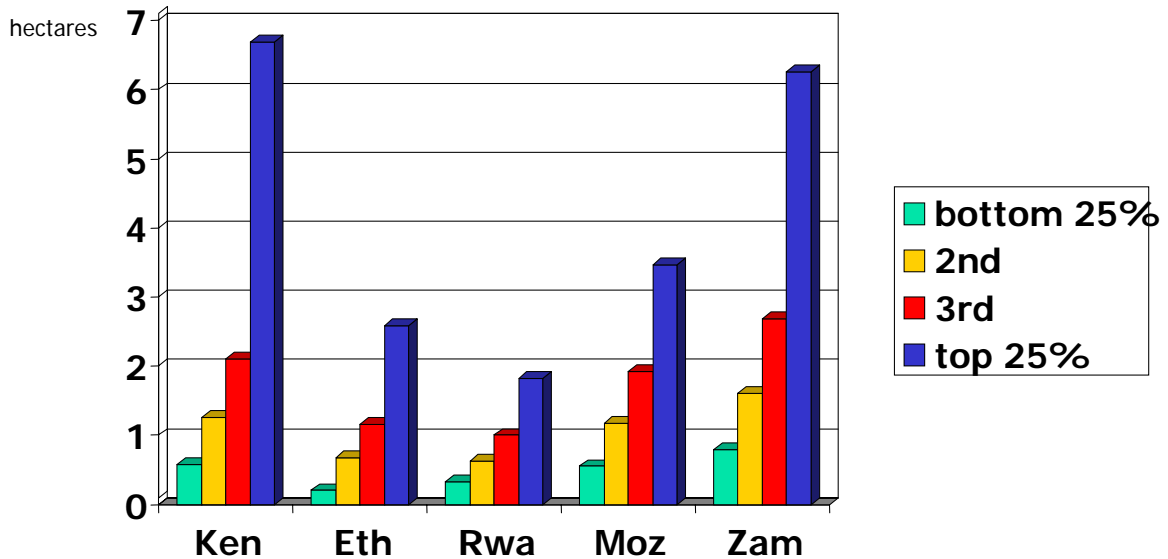
- 3. long run strategy: small farms exit agriculture - structural transformation



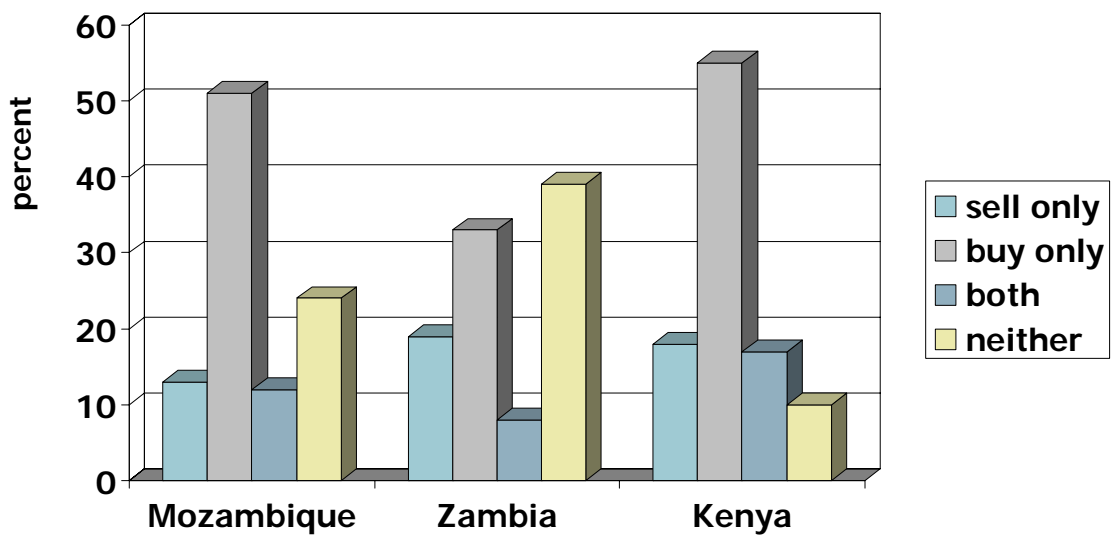
Main conclusions:

- 4. need to focus on the dynamic portion of small farm sector, not just the poor

Farm Size Distribution: Smallholder Sector only



Smallholder Households' Position in the Maize Market



Characteristics of smallholder farmers, Zambia 1999/00

	N=	Farm size (ha)	Asset values (US\$)	Gr. Rev., maize sales (US\$)	Gr. Rev., crop sales (US\$)	Total hh income (US\$)
Top 50% of maize sales	23,680	6.0	1,558	690	823	2,282
Rest of maize sellers	234,988	3.9	541	74	135	514
Households not selling maize	762,566	2.8	373	0	36	291

Role of maize in small farm incomes is declining (share of gross sales revenue)

	maize	Other grains/beans/oilseeds	Non-food cash crops	Fruits - veges	Animal products
Kenya	13.3	7.9	34.0	14.7	26.7
Malawi	2.3	4.8	88.9	na	na
Mozam	13.8	9.3	16.9	30.4	23.4
Zambia	28.2	7.7	16.7	27.5	14.7



Conclusions thus far:

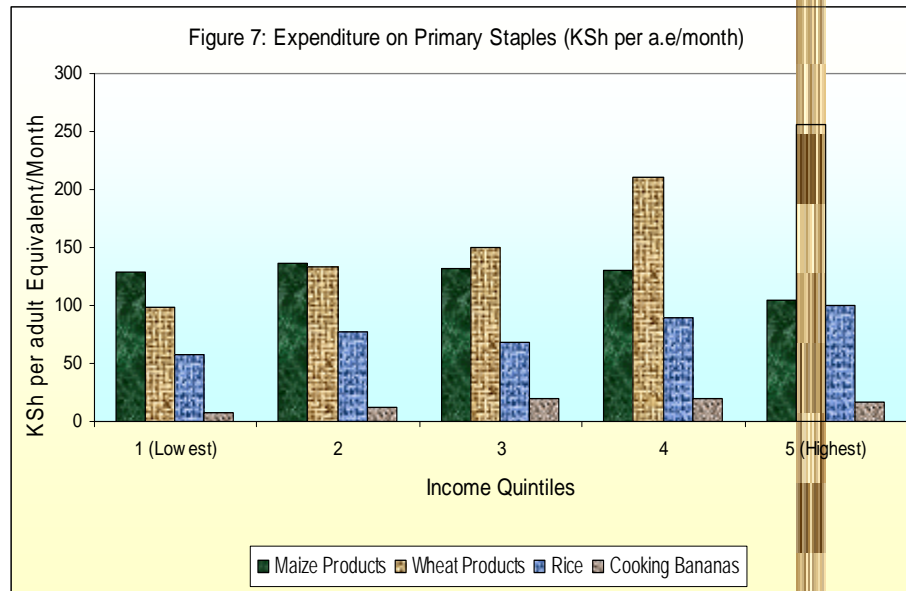
- Great rural differentiation
- Land allocation highly concentrated
- 2% of households account for 50% of marketed grain surplus
- Crop price supports:
 - highly concentrated benefits
 - anti-poor?
 - how strong are the multiplier effects from food crop productivity growth?
 - Twin strategy: Both food staples and high-value crops



Emerging consumption trends

- Urban population growth:
 - 50% of Africa will be urban by 2020
 - → rapid growth in staple demand
- Major staple in many urban areas:
WHEAT, RICE, not maize

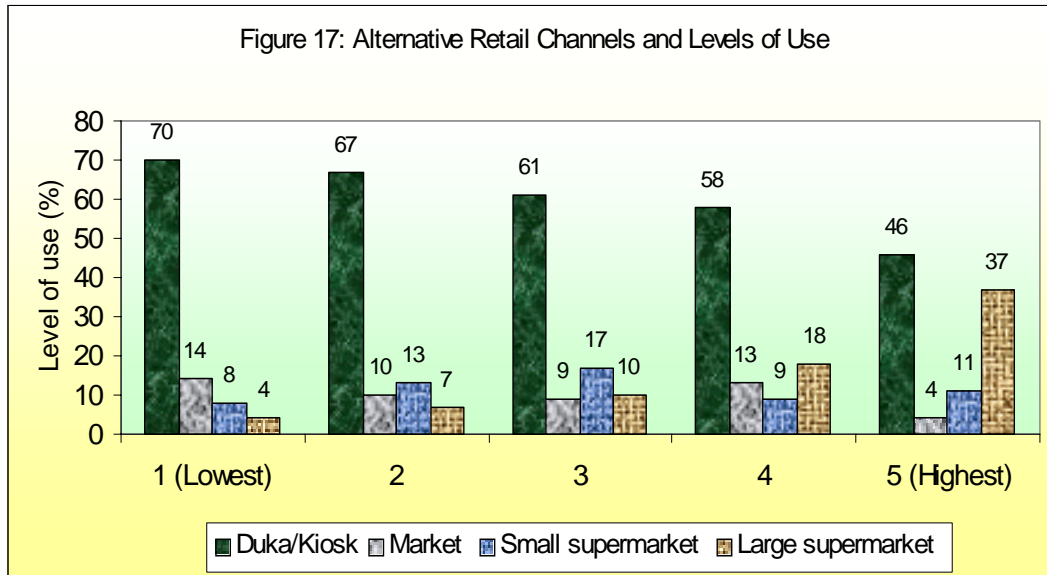
Nairobi staple expenditure patterns



Emerging consumption trends

- Urban population growth:
 - 50% of Africa will be urban by 2020
 - → rapid growth in staple demand
- Major staple in many urban areas: WHEAT, RICE, not maize
 - largest part of demand growth for staples will not be for domestic staples
- Challenge: how to fuel demand for domestic staples when intl supplies are increasingly substituting for domestic crops

Consumer Market Share of Alternative Retail Channels for Staple Products

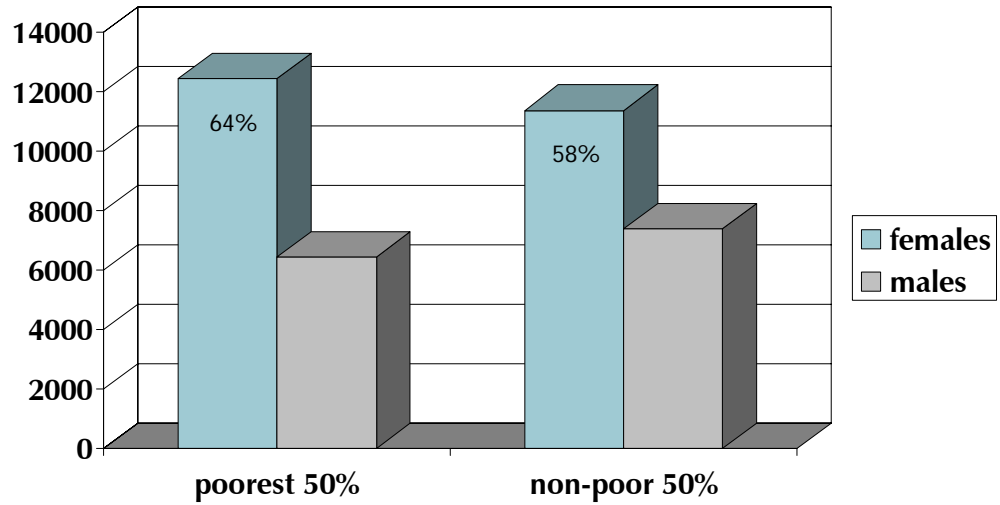


HIV/AIDS: projected impacts and donor response

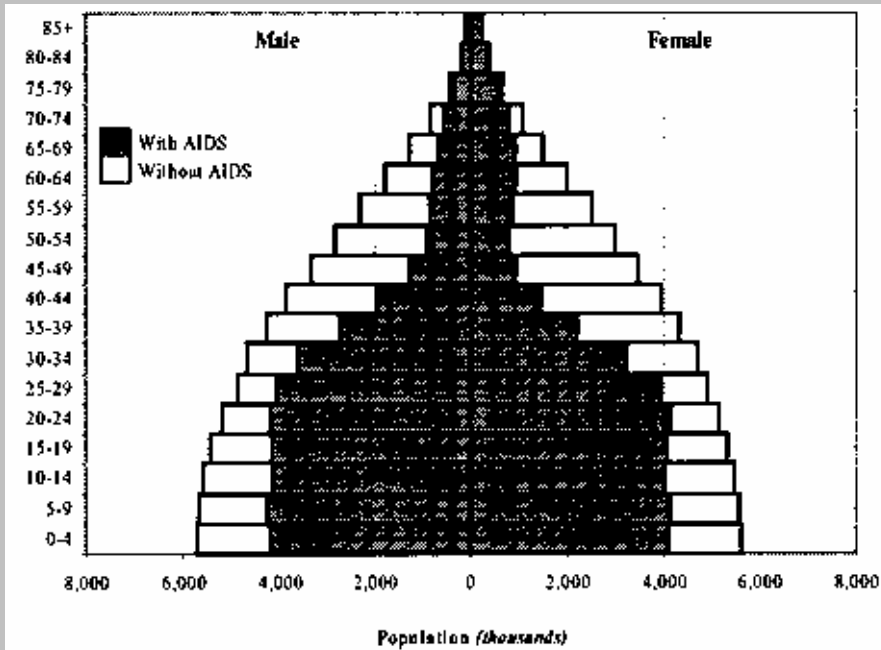
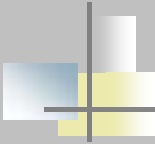
- 60% of deaths are women
- Loss of labor → labor-saving crops, crop technology
- Need to introduce more nutritious crops?
- Food aid
- New variant famine hypothesis



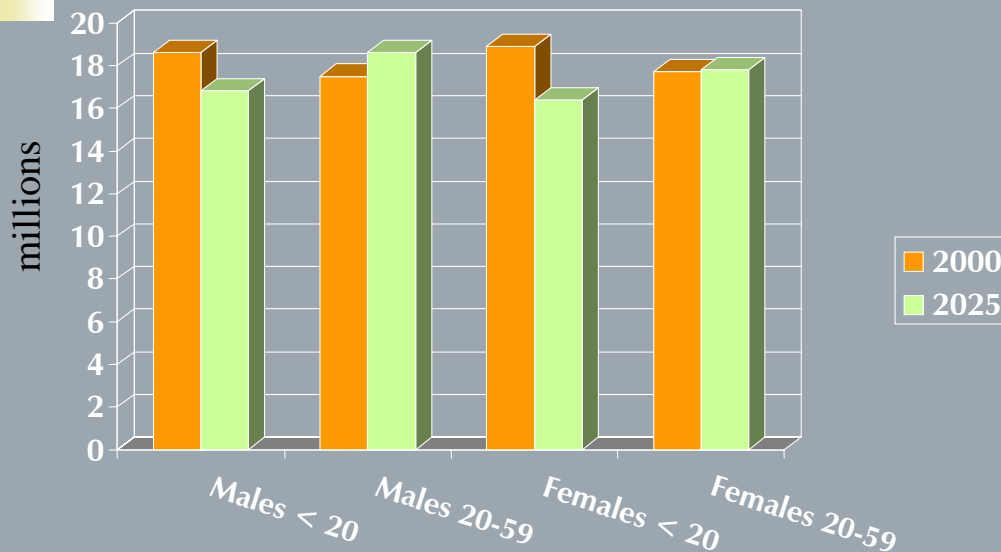
Prevalence of PA mortality, by sex and income, Zambia, 2001-2004



Projected Population in the 7 Most Highly Affected Countries, "With AIDS" vs. No-AIDS Scenario, by Sex and Age Group, 2025.



Population Size, 2000 vs. 2025 (projected): Seven Most Highly Afflicted Countries



New Variant Famine Hypothesis?

- Zambia:
 - HIV+ ~ 15%
 - Frequent drought in 1990s
 - Macro-adjustments
- But, between 1990 - 2003:
 - Positive trends in area cultivated, farm assets
 - Livestock assets down – cattle disease
 - Among poorest 25%, increasing trends in crop output, output p.c., and output per ha



HIV/AIDS: what to do?

- Why is agricultural productivity growth a crucial part of the response to AIDS?
 - Relationship between nutrition and susceptibility to HIV contraction
 - ag. productivity can raise nutrition both through income effects and food availability
 - Role of poverty in encouraging risky behavior



HIV/AIDS: what to do? (cont.)

- What is the right balance between:
 - Immediate support to afflicted households/communities
 - Support for long-term productivity growth (education, health, agriculture)



Policy Implications: Where from here?

- Policy focus on:
 - Getting improved crop science and tech to small farmer
 - Public goods support for market development –
 - currently very low
 - tired old refrain?




Policy response (cont.)

- Lobby forcefully for more level playing field in international trade
 - OECD support for African ag: \$50 bill./yr
 - OECD ag. subsidies: \$350 bill./yr
- Reassess developed country policy of dumping free food in Africa under guise of “food for development”



Getting Markets Right: What does this mean?

- Not getting government out of markets
- Changing the *role* of government from direct intervention to supportive investments to make markets work
 - Public goods investment
 - Support development of farmer organizations
 - Create “stable” policy environment: uncertainty over waiving import tariffs and imposing export bans
 - Is market liberalization complete? Wrong question

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- Propose re-phrasing the question as:
 - What combination of investments and policies will provide the best enabling environment to promote small farm productivity growth, realizing that
 - Resources are extremely limited
 - Opportunity costs
 - Political economy concerns frequently mean that the best approach technically may not work well in practice

