Effects of land constraints on smallholder commercialization in Zambia: what are the policy implications?

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Positive macro-economic indicators but rural poverty still high

- Low-middle income classification by World Bank and GDP growing at 6% per annum
- Agriculture contribution to GDP stands at 21%
  - Growth in the sector only 3% in last decade
- Rural poverty rates have remained about 80% in last 15 years
- Low meaningful participation in output markets
  - 28% smallholders don’t sell anything at all
  - Additional 41% have sales less than Zmk600,000 per annum
Factors affecting smallholder commercialization (broad based participation in markets)

- There are many
  - Appropriate technology
  - Labor availability
  - Financial constraints
  - Efficient input markets
  - Market access for produce

- Addressing land constraints has never been an issue
  - Zambia considered a land abundant country
  - What does evidence show?
Outline

1) Demonstrate reality of smallholder land constraints;
2) Effects of these land constraints on smallholder commercialization; and
3) Offer suggestions on the way forward
Land constraints in apparent abundance


Considerable land is covered by water, national parks, GMA

Settlements concentrated on areas with infrastructure

Hence the paradox of land constraints in midst of plenty
%Respondents indicating availability of unallocated arable land for authorities to allocate

<table>
<thead>
<tr>
<th>Province</th>
<th>2001 SS</th>
<th>2012 RALS</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern</td>
<td>36.4</td>
<td>24.5</td>
<td>-11.9</td>
</tr>
<tr>
<td>Copperbelt</td>
<td>38.3</td>
<td>31.3</td>
<td>-7.0</td>
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<tr>
<td>Eastern</td>
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<td>37.3</td>
<td>+2.4</td>
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<tr>
<td>Lusaka</td>
<td>35.2</td>
<td>39.3</td>
<td>+4.1</td>
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<tr>
<td>Central</td>
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<td>43.7</td>
<td>-11.9</td>
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<tr>
<td>Luapula</td>
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<td>48.7</td>
<td>+10.9</td>
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<tr>
<td>Northern</td>
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<tr>
<td>Muchinga</td>
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<tr>
<td>Western</td>
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<tr>
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<tr>
<td>National</td>
<td>47.8</td>
<td>45.7</td>
<td>-2.1</td>
</tr>
</tbody>
</table>

Source: 2001 SS and 2012 RALS

Land pressures continuing in SP, CP, CBP
Land pressures starting in the land abundant NP, MP, NWP
Improved land availability as more areas are opened up with infrastructure
Smallholder farm size distribution in Zambia

Three quarters (or 1.2 million households) own less than 2 ha of land.

5+ ha only about 3%

Source: MACO CFS 2010/11
Mean agricultural sales by farm size (constant 2011 Zmk prices)

- 0-0.99 ha: 198,405
- 1-1.99 ha: 611,720
- 2-4.99 ha: 1,448,919
- 5+ ha: 4,149,332
- All: 1,026,988

75% of the smallholders are here.
Only +3% are here.
Balance (25%)

Source: 2001 and 2008 SS and authors’ computations
Crop sales by farm size over time (2011 Zmk prices)

Source: MACO CFS 2000/1 to 2010/11 and authors’ computations
Effect of farm size on sales per farm size group

- **0-0.99 ha**: 463
- **1-1.99 ha**: 347
- **2-4.99 ha**: 113
- **5+ ha**: 2
- **All**: 45

% change in sales with increase in 1 ha (all else same)

This is where the majority (75%) smallholders are.

Source: 2001 and 2008 SS and authors’ computations
Concluding and way forward

- Smallholder land constraints are increasingly becoming a reality deserving policy attention.
- Promotion of crop commercialization or agricultural productivity should go hand in hand with promotion of land access.
  - Especially for the most land constrained smallholders.
- Very small incremental additions associated with large size in commercialization and income.
Way forward (cont’d)

- This calls for basic public goods investments in regions suitable for smallholder commercialization to open them up
  - Trunk highways, health care facilities, schools, electrification, etc.
  - Voluntary migration of smallholders into these areas
Thank you for your attention