

African Smallholder Farmers Group

**Submission
10 February 2012**

Parliamentary Investigation into the Integration of Smallholder Farmers into Supply Chains

1. Executive summary

1.1 The African Smallholder Farmers Group (ASFG) welcome the opportunity to respond to the UK parliamentary investigation into the integration of smallholder farmers into supply chains. We want to share our experience and learning with the inquiry on three important issues:

1. identifying local, regional and international supply chain opportunities
2. how to include marginalised producers
3. the essential role of civil society organisations in linking marginalised farmers to supply chains

1.2. The ASFG¹ brings together organisations working with smallholder farmers across Africa. We believe that investment in Africa's smallholder agricultural sector is vital to achieve pro-poor economic growth, reduce poverty and hunger, and achieve the MDGs. Our collective experience has taught us that with appropriate support, African smallholder farmers can produce nutritious food and reduce poverty and hunger in ways that are socially, economically and environmentally sustainable. We also know from our experience and learning that agricultural policies, research, programmes will not address the needs of smallholders, especially women and other marginalised farmers, unless they are actively involved in their design and implementation.

1.3 Most of our members are actively involved in efforts to help subsistence producers transform into market-oriented producers and link them to local, regional and sometimes, international markets as a means to improve their incomes in a sustainable way. We are focused on the majority of smallholder farmers in Africa who have very few resources. They lack access to the organisational, business, marketing and technical skills, as well as the finance, information and technology that could help them meet the quantity and quality requirements of supply chains. They are more vulnerable to price shocks and much less able to carry risks than farmers who live near transport infrastructure, farm more fertile or larger plots, and have better access to price information and a greater say in policy decisions.

1.4 We recommend that donors, companies and governments:

1.4.1 Recognise the growing importance of regional and local supply chains, and support smallholder farmers to engage with these as well as international supply chains.

1.4.2 Provide targeted and appropriate support to marginalised smallholder farmers, especially women and the very poor, to enable them to re-orient their production for the market and become involved in pro-poor supply chains.

¹ The following ASFG members have contributed to and endorsed this submission: Concern Universal, Tree Aid, Garden Africa, Self Help Africa, Find Your Feet, Christian Aid, Farm Africa, Practical Action, and Oxfam UK, and Send a Cow. See www.asfg.org.uk for further information

1.4.3 Recognise and support the essential and multi-faceted role played by civil society organisations in helping smallholders engage with supply chains.

2. Local, regional and international supply chains

2.1 Africa is urbanising faster than the rest of the world. By 2030, roughly half of the total population is expected to live in cities, and more in some regions of West Africa. Urban markets are driving the expansion of African supermarkets². This will bring new opportunities for smallholder farmers, but only if they can meet quality and quantity requirements.

2.2 Formal local and regional markets for raw or processed indigenous crops such as cowpeas, sorghum, and shea nuts are growing. While these crops can be sold to earn in income, they also provide household food security. They are more resilient to the higher temperatures and lower precipitation brought about by climate change in many parts of Africa than traditional export crops for European markets. Marginalised farmers need market systems for these crops as this will reduce the risk involved in diversifying their production and becoming more market-oriented.

2.3 Integrating into local and regional supply chains still impose transaction costs on smallholder farmers similar to those they face when trying to integrate into global supply chains. Even existing market-oriented farmers find it difficult to meet the costs of complying with product and process standards of local firms or to increase their production sufficiently to meet the volume requirements of wholesalers and retailers³.

3. Integrating marginalised producers into supply chains

3.1 Even value chain development programmes aiming to link smallholder farmers to supply chains tend to target the relatively better off⁴ and favour men, because women often lack the time or power to engage effectively.

3.2 To overcome these challenges, ASFG member programmes incorporate interventions to address the barriers faced by women. These include targeting women for leadership and capacity development, engaging female extension staff, organising meetings and trainings to fit into the rhythm of women's responsibilities, creating specific support groups for women, facilitating access to credit and bank accounts for poor women, or focusing on crops that are primarily cultivated by women.

3.3 Understanding the roles women already play in their household, farm and community is critical to identifying opportunities to empower them. This requires investment and time before any intervention is designed and implemented. Without this research, an intervention can damage the standing of women and further overburden them.

3.4 In Northern Ghana, Burkina Faso and Mali TREE AID supports nearly 8000 women shea nut producers by providing training and subsidized equipment (women

² Africa Economic Report, 2009, UNECA, Addis Ababa

³ Concentration in Food Supply and Retail Chains, DFID Agriculture and Natural Resource Team, August 2004

⁴ USAID Micro Report #180 Pathways out of Poverty January 2012

http://microlinks.kdid.org/sites/microlinks/files/resource/files/PoP_Tools_Value_Chain_Practitioners.pdf

farmers contribute 25 per cent of costs) to improve quantity and quality of shea butter produced; connecting women with micro-credit providers and providing support in developing financial literacy (nearly all of the women's groups supported by TREE AID have paid back their first loans in full); and facilitating meetings between producers and buyers who sell to urban and export markets. This has resulted in an average annual increase in income of £69 per woman shea producer, representing an average increase in household income of approximately 20 per cent - particularly important for families currently facing food crisis given this year's poor harvests.

3.5 Concern Universal is supporting the Gambia is Good initiative which links poor Gambian growers, 90% of whom are women, to the lucrative market outlets of the country's tourism industry, which had been ignoring domestic suppliers. This initiative has strengthened domestic markets and developed a new source of income for local farmers who now supply hotels and restaurants. In addition to providing technical and business training to improve production and management, Concern Universal facilitates the linkage between grass-roots women's organisations and the tourist outlets. The women producers, who had virtually no cash income before the project, are now making up to £150 a month.

3.6 In Ethiopia, Oxfam is supporting Assosa, an oil-producing enterprise that is starting to process its own seeds and capture higher returns. The programme is financing the purchase of a processing machine, providing working capital, and contributing to salaries. It is also supporting women in gaining a greater role in processing, trading, and distribution of sesame oil through workshops, communication, and campaigns and facilitating access to services such as finance, research, and agricultural extension. Since 2009, women's membership in the more producer organisations that comprise Assosa has risen from 2 per cent to 21 per cent. The project has led to an increase in income of 37 per cent for the more than 6000 producer organisation members.

4. Role of civil society

4.1 CSOs can play a critical role in creating spaces for smallholder producers and buyers to explore opportunities and constraints and develop relationships that will build trust and provide the basis for future collaboration. This role is a temporary one, acting as a facilitator and catalyst, and will differ depending on the context of the producers they are working with.

4.2 Producer organisations and producer-owned intermediaries and service providers

4.2.1 CSOs play crucial role in helping producers organise into cooperatives, associations or farmer economic groups and building the capacity of these groups. Being part of a producer organisation can help smallholder producers lower the risk of upgrading; increase their bargaining power; promote their interests in policy dialogues with relevant institutions and regulating bodies; and offer them financial and business support structures. Such support needs to build on the commercial incentives and drivers that motivate producers to cooperate.

4.2.2 In Malawi, Concern Universal has enabled 700 smallholders to supply potatoes to a leading crisp manufacturer, Universal Industries Limited (UIL). As a result, farmers have increased their incomes 20-fold. UIL has provided the farmers with

seeds, technical advice and a guaranteed market and the International Potato Centre has provided training in production methods. Concern Universal has provided producers with leadership and agricultural training, and helped them to organise into production groups that are able to negotiate with UIL. Government extension agents have also been involved to reinforce good agronomic practices.

4.3 Market mapping

4.3.1 Very poor and marginalised producers will only be able to produce for supply chains and benefit from their involvement if they are able to cope with some level of risk. CSOs can help farmers manage risk through value chain analysis, an approach which helps them to identify barriers faced by women and other marginalised producers and interventions required to integrate them into supply chains.

4.3.2 Intervention in a value chain requires a detailed understanding of the context and system in which it exists. Different contexts and systems will require different intervention strategies. In some cases producers are disadvantaged by poor access to market information, in which case an intervention might focus on developing market information systems with new technology or supporting social arrangements to this end. In other instances the problem might be a lack of bargaining power due to an imbalance between the number, or size, of sellers and buyers - in which case support structures for the formation of producer cooperatives might be an appropriate intervention.

4.3.3 Another similar approach is participatory market system development. Practical Action used this approach in Zimbabwe to bring together farmers, buyers, input suppliers, community-based organisations and government departments in a series of participatory market mapping workshops to identify key opportunities and constraints in the livestock market chain in Guruve, Northern Zimbabwe. Through this process farmers were able to negotiate prices and discuss purchasing logistics directly with buyers and have established linkages with veterinary drugs suppliers. This led to benefits for about 20,000 farmers with an increase in cattle prices of 8 per cent in livestock prices and a reduction of 20 per cent in the prevalence of livestock diseases⁵.

4.4 Linkages

4.4.1 CSOs can facilitate access to the different service providers required to enable farmers to produce effectively for the market, such as financial service providers, certification bodies, and government or private and voluntary sector providers of technical services such as business skills training or production technologies. They can also link smallholders directly to buyers.

4.4.2 In Kenya, Farm Africa supported farmers close to Nairobi to switch from producing cut flowers and vegetables for export markets to traditional varieties of leafy vegetables, which they sell under contract to local supermarkets in Nairobi. A local NGO, Farm Concern International, helped farmers to negotiate these contracts and ensure farmers to be paid on delivery rather than the normal 60 working days the supermarkets normally take to settle their invoices. Farmers have almost trebled the amount of land under cultivation with indigenous vegetables given that their gross margin per acre is almost five times that of that of the export crops they grew before.⁶

⁵ http://practicalaction.org/docs/ia2/promising_practices_pmsd_livestock_zim.pdf

⁶ Africa's Smallholder Farmers: approaches that work for viable livelihoods, ASFG, London, 2010

4.5 Certification standards

4.5.1 Given the weak institutional setting in many African countries CSOs play a valuable role in training smallholder producers to adhere to process and product standards required by supply chains through facilitating training and advocating for certification schemes, or in linking them to service providers.⁷

4.5.2 Garden Africa and its local partners helped to establish and train 32 farmer associations in organic conservation agriculture, and develop a participatory guarantee scheme (PGS) compliance system in line with IFOAM guidelines. These standards were formalised by Zimbabwean authorities in 2011, and the produce of fully-certified associations is being sold to supermarkets and wholesalers in Harare under the *Zim-Organic* trademark. Associations are receiving prices over three times what they would normally get paid and some associations have already increased their income up to five fold.

Advocacy platforms for marginalised farmers

4.3.5.1 CSOs need to create opportunities for marginalised smallholders to voice their interests and concerns to policy-makers, politicians, companies and consumers.

4.3.5.2 In Ghana, Christian Aid has supported the establishment of the Ghana Trade and Livelihoods Coalition (GTLC), an umbrella organization of smallholder producers campaigning to influence government policies and private service providers. Farmers are now able to articulate their concerns and demands directly to policy makers and service providers. As a result, they have secured government subsidies for a tomato processing plant and investment in irrigation and roads. Rice farmers have managed to reduce the interest rates they pay to banks by half, and have campaigned through the GTLC to promote the consumption of home grown rice in Ghana, thus increasing demand for their produce.⁸

7. Partner Africa is an example of a social enterprise which does ethical audits for major companies to ensure that their own standards or other voluntary standards such as fair trade and rainforest alliance certification standards are met. It also provides capacity building services for smallholder producers. www.partnerafrica.org

8 See www.povertyover.org/foodandagriculture