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SUPPORTING SMALLHOLDER FARMERS IN AFRICA: A FRAMEWORK FOR AN ENABLING ENVIRONMENT



ASFG

AFRICAN SMALLHOLDER FARMERS GROUP

International NGOs working together with Africa's smallholder farmers

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THE AFRICAN SMALLHOLDER FARMERS GROUP (ASFG) IS A NETWORK OF INTERNATIONAL ORGANISATIONS THAT SHARE A COMMON COMMITMENT TO WORKING WITH AND LEARNING FROM SMALLHOLDER FARMERS IN AFRICA.



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Mary Dona, 43, with okra she has grown. She was forced to leave her village during the war and returned 3 years ago. She was married but her husband was a soldier and died during the war, so now she supports 4 children on her own. CAFOD has supplied her with seeds and tools. The family eat the vegetables and are planning to sell them at market.

EXECUTIVE SUMMARY

After years of under-investment agriculture is back in the spotlight, with much of the focus on increasing output from smallholder farmers. There are around 500 million smallholder farmers in the world, and they produce up to 80% of the food consumed in Africa and Asia. They are net buyers of food and very vulnerable to food price increases and spikes. As a group, they are among the poorest and most marginalised in the world. They are also stewards of increasingly scarce natural resources and on the frontline of dealing with the impacts of climate change. Smallholders therefore play a critical role in addressing the challenges of food security, poverty and climate change.

Africa's smallholder farmers face many challenges preventing them from scaling up their participation in markets, including insecure rights to land and natural resources, lack of access to quality inputs and financial services, inadequate support from research and extension services, and high transaction costs caused by poor rural infrastructure. Smallholders have little say in policy decisions that impact on their lives, or in the design of research agendas. In addition, domestic and international markets for agricultural produce are changing rapidly and dramatically, with smaller producers finding it increasingly hard to participate in these markets. Challenges are even greater for women farmers, who constitute the majority of farmers in Africa.

International efforts to support smallholder farmers tend to follow a conventional approach to boosting agricultural productivity, with much of the emphasis on commercialising agriculture using modern inputs and encouraging integration of smallholders into agricultural value chains, particularly those producing for export markets. However, evidence suggests that only a small group of wealthier and better-connected smallholders are currently likely to be able to benefit from opportunities created in this way. For the majority of small-scale farmers, and particularly those that are more marginalised, including women farmers, different forms of support are needed to facilitate their greater participation in markets as a means of increasing food security at the national and household level.

SCALING UP SMALLHOLDER PARTICIPATION IN MARKETS

Members of the African Small Farmers Group (ASFG) have extensive experience of supporting smallholders in scaling up their participation in markets, and engage in advocacy for policy change to increase the support farmers receive from national governments and the international development community.

The Group has commissioned a literature review to take stock of the policies, laws, regulations and practices that can support Africa's smallholder farmers in becoming more entrepreneurial. These have been arranged into a framework that includes:

CROSS-CUTTING ISSUES,
which have wider relevance
beyond the rural economy.



PILLARS,
which specifically
support smallholder
farmers.

FOUNDATIONS,
which potentially
benefit the entire rural
population, including
smallholder farmers.

Based on evidence from the literature review and supported by case studies, the framework suggests a range of possible indicator questions to assess whether governments have in place the right enabling environment to facilitate smallholders' greater participation in markets. The framework is comprehensive, but not exhaustive and is aimed at influencing processes at a national, regional and global level that endeavor to create a more enabling environment for smallholders to participate equitably and sustainably in markets.

THE FRAMEWORK



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FOUNDATIONS

The policy framework's foundations represent necessary but not sufficient conditions to improve smallholder farmers' access to markets. The three foundations that this framework rests on are:

- rural infrastructure, including rural feeder roads, modern energy services, irrigation and large-scale drainage, and storage and warehousing;
- rural public services that support human development, such as health, education, and water and sanitation; and
- the rural investment climate or enabling environment for business, including small-scale businesses.

FOUNDATION 1:

RURAL INFRASTRUCTURE

Investment in rural public goods such as infrastructure and public services are essential to bring about agricultural growth and poverty reduction, as is a policy environment helpful to small and medium-sized business. Africa continues to suffer from a significant infrastructure gap, particularly in paved and rural feeder road coverage and irrigation infrastructure. Governments should be encouraged to increase their spending on rural infrastructure to the 10 per cent of GDP level committed to through CAADP, and donors should align their support behind this objective. The following indicator questions are suggested:

- What percentage of the national budget is allocated to agriculture? Are funds earmarked specifically for interventions that benefit smallholders?
- What is the level of investment in appropriate and sustainable rural infrastructure – including rural feeder roads, modern energy services (including off-grid provision), irrigation and drainage, and storage and warehousing?
- Are any measures in place to provide incentives to and support Ministries of Agriculture and Finance to take into account the needs of smallholder farmers in their budget planning and allocation?
- Are any incentives in place for private enterprises to provide alternative infrastructure services; to develop demand-driven prototypes and models that promote sustainability and access, and creative financial models to accelerate provision of sustainable infrastructure services?

FOUNDATION 2:

RURAL PUBLIC SERVICES

Public service provision in much of Africa is generally poor and in some cases non-existent. Evidence suggests that public service expenditure, especially on health and education, can influence input productivity and efficiency in agriculture. The following indicator questions are suggested.

- What is the level of expenditure on rural public services, including health, education, and water and sanitation?
- Are women, and politically, socially and economically excluded, and geographically remote smallholder farmer communities effectively targeted in the provision of these public services?

FOUNDATION 3:

(RURAL) INVESTMENT CLIMATE

A supportive overall business environment provides the basis on which entrepreneurship can flourish and encourages investment, including in the agriculture sector which could create both value chain and off-farm work opportunities for smallholder farmers. It could also increase the availability of essential private sector-provided farm inputs. Small businesses also benefit from a strong enabling environment, creating the scope for further job creation and increasing the linkages from farming to the rest of the rural economy. Indicator questions in this area are relevant to the broader economy, and they include:

- Are property rights recognised and protected?
- Are taxes affecting agricultural investors, including smallholder farmers, relatively low and spread over a wide base?
- Are inflation, interest and exchange rates stable and at manageable levels?
- Is an effective system of contract enforcement in place, and is it accessible and affordable to all investors, including smallholder farmers?
- What are perceptions of sovereign risk? Are farming communities at risk of conflict which could result in destruction of lives and livelihoods and/or forced migration?

"AFRICA CONTINUES TO SUFFER FROM A SIGNIFICANT INFRASTRUCTURE GAP, PARTICULARLY IN PAVED AND RURAL FEEDER ROAD COVERAGE AND IRRIGATION INFRASTRUCTURE."

PILLARS

Pillars encompass factors that impact directly and specifically on smallholder farmers in Africa. This section aims to identify those areas where the current consensus approach makes inadequate provision for the conditions that are needed to create a supportive enabling environment specifically for smaller producers.

PILLAR I:

ACCESS TO LAND AND WATER

The natural resources on which agriculture is based, particularly land and water, are becoming degraded and there is growing competition for their use. Smallholders with weak rights to land and water are facing increasing threats to their access. The effects of climate change exacerbate the situation, and these are expected to intensify over time.

LAND

Lack of secure tenure and land use rights is one of the key factors influencing African smallholder farmers' productivity and scope for participating in markets. Women's rights are particularly weak. Secure tenure does not necessarily require individual ownership of land or control over resources. Land tenure policy frameworks should accommodate and build on customary norms and practices. Protecting farmers' rights of access and use require urgent attention in the face of large-scale land acquisitions in many African countries. Proposed indicator questions include:

- To what extent is land titled and registered? How easy is it to register land?
- Do land policy frameworks accommodate and build on customary norms and practices?
- Are policies in place to ensure the sustainable management of common property resources?
- To what extent do land laws guarantee secure tenure for women and other vulnerable groups living in poverty?
- Are special provisions in place to close the gender gap in land access? For example, is there a legal requirement for national and local institutions to include women in land management and allocation decisions and in dispute resolution mechanisms?
- Do smallholder farmers, in particular women farmers and those living in poverty, have access to justice and affordable legal services to resolve land disputes?
- Are key international guidelines and frameworks being utilised for responsible governance and investment in land and natural resources and to safeguard the interests of the poorest and most vulnerable?

WATER

Reliable and affordable access to water is a constant challenge for many African smallholder farmers. Governments should invest in irrigation, but for many smallholders, particularly those in remote areas, good on-farm water management is even more important. This could include rainwater harvesting, water conservation and efficient use in dryland areas. More research is needed into drought-tolerant species. Farmers face growing threats to their water access, including from 'water grabs'. Governments can intervene through the recognition and protection of water rights and regulating for good governance of privately-managed water resources.

- Does the government prioritise investment in infrastructure to improve smallholder farmers' access to water, including supporting the development of on-farm water management and water harvesting technologies?
- Does the government implement fair water use policies?
- Are water rights recognised and protected? Is special provision made to protect the rights of the most vulnerable and excluded?
- Where water rights are controlled by the private sector, are regulations in place to ensure good governance of the water source and consultation with communities and farmers who rely on it for their livelihoods? Does the government monitor water-sharing commitments in contracts signed with corporate land investors?
- Are implications for water users adequately considered in granting land access to large-scale foreign and domestic investors? Does the pricing of such deals take full account of impacts on water availability and existing users' rights of access?



© George Jacob/Self Help Africa
Patricia Adele, 20, has paid for her education from the money she makes as a member of Bohopa Beekeepers in Kayunga, Uganda.



© Mark Ireland/Self Help Africa
Friday Kaptula and Judith Mweta
harvest tomatoes on their farm
in Zambia's Western Province.

PILLAR 2:

INPUTS AND CREDIT

Agricultural inputs are typically provided by private enterprises but input markets are characterised by many failures. State intervention is required to correct these failures, though it is a challenge to design interventions in a way that effectively delivers improved access to inputs and credit markets for smaller producers, in particular to women farmers. Subsidies can help to overcome the issue of cost, although there are strong arguments for redirecting these towards environmentally and financially sustainable, resource-enhancing and affordable farming approaches that work well for smallholder farmers with limited assets and incomes. Suggested indicator questions are:

- Is the state taking appropriate action to ensure provision of inputs for sustainable production to smallholder farmers? (This could include, but should not be limited to, smart subsidies).
- Are effective parastatal marketing board services or other relevant institutions providing access to input markets?
- Are any measures in place specifically to facilitate women farmers' access to inputs?
- Are the voices of smallholder farmers, especially marginalised women farmers, heard and acted upon in decision making on access to inputs and credit?
- Are competition laws in place to prevent the creation of monopolies in input markets?

SEEDS

African farmers make much less use of improved seed varieties, which contributes to low yields, especially in areas becoming drier or more flood-prone as a result of climate change. A lot of emphasis is being placed on addressing this problem through greater use of biotechnology, but supporters of more sustainable approaches and many small-scale farmers argue that local seed systems are socially, financially and environmentally more sustainable than international seed systems and that it would be more cost-effective and feasible to focus on strengthening these. In addition, the introduction of laws to protect the property rights of companies to the modern plant varieties they have bred raise the costs of these seeds, and also prevent farmers from saving seeds they have purchased from these companies.

- Do national seed laws recognise and protect farmers' rights and access to seeds of their own choosing, including both modern and local varieties?
- Are the rights of farmers to freely breed, conserve and exchange traditional seed varieties enshrined in law?
- Are affordable seeds of good quality, adapted to the changing climate, available for purchase?
- Does government support the design of seed programmes and policies that promote and/or strengthen entrepreneurship in both formal and informal seed systems, including through support for seed banks?

FERTILISER

Soils in Africa are often fragile and degraded, and need urgent replenishment, but there are strong differences in opinion on the best way to manage soil fertility. Many African governments and donors focus their efforts on increased use of chemical fertiliser, which can dramatically improve yields. But promoters of more agroecological farming methods question the sustainability of an excessive reliance on chemical inputs, pointing to the negative effects of incorrect and long-term chemical fertiliser use. Evidence shows that impressive yield increases can be achieved using a range of environmentally sustainable methods. An integrated soil fertility management approach recognises the importance of both chemical and organic inputs. Proposed indicator questions in this area are:

- Are incentives available to encourage wider distribution of affordable fertilisers and quality advisory services on their correct application?
- Does the government allocate sufficient funding for research and extension services specifically aimed at supporting integrated soil fertility management?
- Are incentives available to private enterprises and other entities providing integrated soil management services to smallholder farmers?
- Are smart subsidies or other incentives available to support farmers during the adoption of agro-ecological practices and techniques to enhance soil nutrition?

CREDIT

Smallholders have little access to credit and other financial services, which limits their capacity to invest in productivity-enhancing assets and receive higher prices for their output. Agricultural value chains offer one route to increased access to credit, but so far they seem to benefit primarily better-off farmers and those belonging to efficient farmer groups. Governments and donors should provide incentives to encourage private sector innovation in tailoring financial services and products to smallholders' needs. There could also be a role for state-run agricultural finance institutions.

- Does the state provide or support institutions that provide affordable and flexible financial products which are well-suited to the needs of smallholder farmers, such as agricultural development banks?
- Are incentives in place to encourage innovation from the private sector in meeting the credit and other financial needs of smallholder farmers? (For example to promote buyer contracts as secure collateral to access credit/insurance).
- Does the state provide or promote financial literacy training among smallholders, and capacity building/skills development in the financial sector to facilitate better service provision to smallholder farmers?
- Does the government support or participate in any loan guarantee funds that target smallholder farmers?

PILLAR 3:

MARKETS

Support for smallholder farmers should not focus only on helping them increase production; access to markets that deliver fair returns is as important. Farmers need to have an entrepreneurial market-oriented mindset, thinking from the outset about what they will sell, to whom, and when; but they also need more support from both the public and private sector to access buyers and optimise their returns. Domestic markets hold greater promise for smallholders due to fierce competition in export markets and the high cost of certification and meeting standards. Governments can take steps to boost local demand and provide incentives to buyers, both in the public and private sectors, to source from smaller producers. The majority of farmers will not benefit from being integrated into corporate supply chains such as contract farming without concerted action to protect their interests and ensure fair value sharing, and support for farmer groups. International trade policies continue to damage smallholders' market opportunities by distorting local prices. Proposed indicator questions are:

- Does government direct its support for improving smallholder farmers' market access towards domestic markets, rather than to focus primarily on export markets? For example:
 - Are any measures in place to boost local demand and strengthen the market for local smallholders' output?
 - Are any preferential public procurement policies in place, which prioritise smallholder producers?
- Are buyers encouraged and given incentives to source from smallholder farmers? Is explicit provision made in such incentive packages for targeting women farmers and other vulnerable groups?
- Does government provide any specific support to smallholder farmers to strengthen their bargaining position in dealing with agribusiness and other corporates, for example through public extension services that include modules on contracts and rights, or facilitating the development of and access to private sector providers of similar services?
- Are smallholders supported in group certification and adherence to international market standards?
- Does the government use all the legal and negotiating tools available (ie anti-dumping measures, import tariffs, trade negotiations) to reduce the impact of international trade rules or agricultural policies (such as the continued use of export and production subsidies in exporting countries that lead to dumping) that reduce returns to smallholder farmers through distorting local prices?

PILLAR 4:

RESEARCH AND EXTENSION SERVICES

Evidence confirms that investments in agricultural research for development have a significant effect on growth in the agricultural sector. Investment levels in Africa are far below what is needed to help farmers effectively respond to the challenges of increasing production sustainably and building resilience in the face of climate change. Funding for such research would need to come primarily from public funding. Farmers need to have a greater say in setting research agendas. A strong extension system is critical to moving research between the laboratory and the field, but extension coverage in Africa is very low, requiring renewed investment from the state, including in providing incentives for private providers. Extension services can no longer have a simply technical agenda. In the service provision model the focus is shifting to pluralistic and demand-led approaches. Appropriate research and extension can also help narrow the gender gap in agriculture. Suggested indicators include:

RESEARCH

- What percentage of overall agricultural investment is directed towards research and development?
- Are incentives in place to attract and facilitate private sector investment in research to help bridge any funding gap? Are clear guidelines in place to ensure such research takes account of the needs of smallholder farmers, not just large-scale commercial producers?
- What support and incentives are in place to encourage research into sustainable agriculture including agro-ecological production technologies, integrated fertility and pest management approaches and participatory breeding of climate adapted seeds?
- What platforms are available for smallholder farmers to provide input into research agendas?

EXTENSION SERVICES

- What is the extension coverage? Where public provision is inadequate, are incentives in place to encourage alternative models of extension service delivery through incentives?
- What measures are taken to ensure extension curriculums are up to date and meet the needs of smallholder farmers – for example, that they incorporate modules on new innovations in climate sensitive agricultural practices, market participation, and gender equity?



© Clare Keogh/Self Help Africa
Hayonot Gibretsadik is pictured
with her goat herd on her farm
at Ligaba village, Ethiopia.



Photo: © Meighan Bell/CAFOD

Gisele, Justine, Maua, Solange and Sophie are members of SIMAMA, a support group in Murhesa, DRC. They work together on a piece of land and grow onions. Once harvested they sell them in the market and share the profits. There are 25 women in the SIMAMA group and each Listening Centre run by CDJP has three SIMAMA groups. SIMAMA means Stand Up.



PILLAR 5:

COLLECTIVE ACTION

Collective action allows farmers to utilise economies of scale to lower their costs and improve their competitiveness, as well as strengthening their marketing capacity and helping them manage risks. Groups are better placed to lobby policy makers and influence research and development assistance agendas. Cooperatives and other producer organisations have a poor track record but this relates more to failures in the mechanisms of collective action in different contexts, rather than the principle. Collective action is particularly beneficial to women farmers. Governments should recognise farmer groups, including more informal ones, and should encourage and facilitate collective action, including through offering tax incentives to producer organisations. Proposed indicator questions on collective action are:

- Is legislation in place to facilitate collaboration? What incentives are used to encourage collective action (e.g. tax incentives)?
- Are there clear rules on management, ownership and governance of producer organisations?
- Does the legal framework recognise and protect organised farmer groups that are not legal cooperatives? Does the policy framework promote farmer groups other than formal cooperatives?
- Does legislation/regulation make explicit provision for including poor/marginalised farmers, for example by making inclusiveness and member empowerment a prerequisite for registration and access to support? Is female representation in governance structures specifically supported, e.g. through quotas?
- Is there a legal requirement to assess the social and political impacts of economic reforms on smallholder farmers?
- Is there a legal requirement to consult with smallholder farmers on policies that will affect them? Are special measures in place to ensure women are adequately represented in consultations?

**IS THERE A LEGAL REQUIREMENT TO
CONSULT WITH SMALLHOLDER FARMERS
ON POLICIES THAT WILL AFFECT THEM?**

CROSS-CUTTING ISSUES

In this conceptual framework consisting of *Foundations* that support the entire rural economy and *Pillars* that support smallholder farmers specifically, a number of issues run through the entire structure as overarching or cross-cutting supports, of great relevance to discussions dealing with every other area included in the framework. The issues cutting across this policy framework are:

- Gender equity
- Climate change
- Food security

This framework does not include any specific indicator questions relating to these cross-cutting issues; although a number of the suggested policy indicators in earlier sections do refer to them (for example, the indicator questions under Pillar 1, access to land and water, focusing on whether any special measures are in place to reduce the gender gap in land tenure; or the Pillar 2 indicator questions about providing greater support for agroecological approaches to improving soil fertility). A brief summary of pertinent issues in each of the three cross-cutting areas is included on pg 54 of the full report.

Photo: © Practical Action/ Annie Bungeroth
Women farmers with vegetable crops
grown on wadi land in North Darfur, using
cultivation and water harvesting techniques
based on traditional technologies





The **ASFG** is a network of UK-based international organisations that share a common commitment to working with and learning from smallholder farmers in Africa. See www.asfg.org.uk for details of members. This framework is based on a literature review done by Hester Le Roux and was prepared with the assistance of ASFG member organisations who participated in ASFG Farmers as Entrepreneurs group meetings. CAFOD, Christian Aid, Self Help Africa and Practical Action staff members have led the process with contributions from GardenAfrica. The content of this report does not necessarily reflect the public positions of all ASFG member organisations.

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