



POLICY POSITION PAPER 2021



ACCESS TO MARKETS FOR SMALLHOLDER FARMERS: A PREREQUISITE FOR FOOD AND NUTRITION SECURITY IN SOUTHERN AFRICA

BACKGROUND

Access to profitable and sustainable markets is a prerequisite for guaranteed food and nutrition security, economic growth and poverty reduction among smallholder farmers in Southern Africa¹. Approximately 33 million smallholder farmers account for over 70 percent of the food produced in Africa. Despite their significant contribution to food and nutrition security and the region's economic stability, smallholder farmers continue to make up the majority of people living in poverty².

Apart from exposure to climate change induced shocks such as erratic rainfall, floods, droughts, pests and diseases, smallholder farmers lack access to sustainable and more profitable markets for their agricultural commodities³. Where formal markets exist, poor infrastructure, inappropriate policies and gender barriers limit the full participation of smallholder farmers, especially women and youth, in market related activities⁴. Further, the COVID-19 pandemic continues to expose existing gaps in the agricultural markets and value chains, posing a serious threat to the sustainability and profitability of smallholder farming⁵.

A recent study commissioned by the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) and Oxfam in Southern Africa (SAF) revealed that 80 percent of women and youths sell their agricultural produce in local informal markets, because they lack access to formal, profitable and sustainable national and regional markets.

To bridge the gap between smallholder farmers and markets, Oxfam SAF, in partnership with FANRPAN and the Southern Africa People's Solidarity Network (SAPSN) launched a Markets Campaign aimed at promoting market access for smallholder farmers, especially for women and the youth in the region, and in Malawi, Mozambique, Zambia and Zimbabwe in particular, where the studies were conducted.

The Market Access Campaign launch unveiled an online platform hosted on FANRPAN's website, advocating for community-led policy engagements to address agriculture-related market access challenges. The online platform seeks to engage all key stakeholders to increase knowledge and access to global, regional and national markets by smallholder farmers.

The online launch, held on 18 March 2021, brought together over 150 agricultural sector players including smallholder farmers, private sector, academia, government officials, representatives of regional blocs, and development partners.



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¹ SOFI (FAO) (2020). State of Food Security and Nutrition in the World SOFI 2020

² (FAO) 2015. The Economic Lives of Smallholder Farmers

³ (UNCTAD) 2015. Commodities and Development Report 2015. Smallholder Farmers and Sustainable Commodity Development

⁴ International Food Policy Research Institute (IFPRI) (2017). Travel Time to Markets in Africa South of the Sahara

⁵ Adjognon, Guignon Serge; Bloem, Jeffrey R.; Sanoh, Aly. 2020. The Coronavirus Pandemic and Food Security: Evidence from West Africa. Policy Research Working Paper, No. 9474. World Bank, Washington, DC. © World Bank.



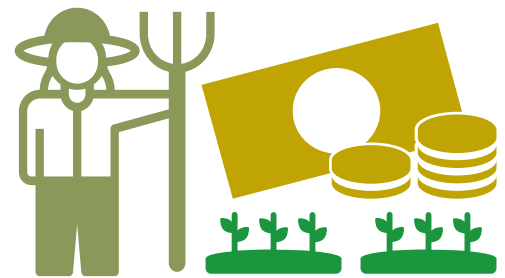
CHALLENGES INHIBITING SMALLHOLDER FARMERS' ACCESS TO MARKETS

Below are some of the key challenges highlighted during the launch of the campaign.

1. Access to Finance and Credit

Financial service providers such as commercial banks are mostly located in urban areas. In addition, these banks generally consider smallholder farmers a high-risk segment. The high costs associated with establishing and maintaining branches in the rural areas and the lack of financial information (cash-flow and credit history) relating to this segment of clients creates reluctance to offer finance and/or credit to smallholder farmers. Further, the interest rates levied on smallholder farmers do not take into consideration the time to plant, harvest and cash in.

To empower women, governments can consider strengthening customised financial services in rural areas, enabling income transfer programmes such as the cash transfer programmes.



2. Inadequate Post-Harvest Management Systems

The majority of smallholder farmers producing highly perishable agricultural commodities like fruit and vegetables often incur huge losses due to lack of cold storage facilities.

Smallholder farmers sell their produce for less than market value, and sometimes discard their produce due to depleted quality. As a result of these infrastructure inadequacies, the limited participation in profitable value chains by smallholder farmers, especially women and the youth, adversely affects efforts to alleviate poverty and increase agricultural productivity.

3. Lack of Gender-Sensitive Market Infrastructure

Inadequate and in some cases, total lack of gender sensitive market facilities like stalls, safe and cold storage spaces, toilets, sleeping quarters (for long distance trade farmers) and easy-access finance and credit facilities limit the participation of smallholder farmers in these more lucrative markets.

A few safe and gender-favourable physical market structures are available in some countries in the region for use by smallholder farmers. However, without connecting roads and other transport networks, smallholder farmers remain confined to their local markets that provide limited value to their products.

Larger national or regional markets are situated in bigger towns or cities which are inaccessible to most smallholder farmers due to distance and financial constraints.

4. Effects of Climate Change

Climate change is adversely affecting the productivity of smallholder farmers. New strains of transboundary pests and diseases continue to reduce the quality and quantity of produce. Erratic weather patterns, including floods and cyclones, not only threaten the lives of smallholder farmers, but also affect their ability to rely on agriculture for their livelihoods.

Moreover, there is a need for state and non-state actors to collaborate in creating a regional *Knowledge and Information Hub* that will promote the centralisation of agriculture market information in line with the SADC Regional Indicative Strategic Development Plan (SADC-RISDP), Regional Agriculture Investment Plan, Comprehensive Africa Agriculture Development Programme (CAADP) Malabo Declaration Framework and the recently launched African Continental Free Trade Agreement (AfCFTA).

5. Effects of the COVID-19 Pandemic

At the same time, the COVID-19 pandemic is posing a global threat to food security. Since the onset of the pandemic, smallholder farmers have experienced challenges in accessing farm inputs, including improved seed varieties, fertilizer and extension services. Further, their ability to access formal, more profitable output markets has been constrained due to lockdown measures that limit movement.

6. Inconsistent Agricultural Policies

The study showed that national, regional, and continental protocols do exist, and have provisions for improved market access by smallholder farmers. In each of the four focus countries various national agricultural policies, plans, and frameworks exist that are aimed at promoting the growth of agriculture. However, there is a need to invest in domesticating regional and continental policy frameworks, and operationalising national policies and strategies to transform market systems for the benefit of smallholder farmers.



OPPORTUNITIES AND RECOMMENDATIONS

Subsequent to the virtual engagement to launch the Markets Campaign, the following opportunities and recommendations are proposed to address some of the challenges faced by smallholder farmers in Southern Africa.

1. Strengthened Farmers Associations

There is a need to empower more smallholder farmers, especially women and the youth, to form and join existing organised farmers' groups and associations. Operating as an organised constituency will ease smallholder farmers' access to services and facilities like credit and finance, storage, marketing and extension services. Apart from yielding productivity improvements, operating as organised units will enhance smallholder farmers' bargaining power when accessing competitive markets.

2. ICT for Agriculture

Information and communications technology (ICT) has been adopted and proven effective in other countries like Kenya⁶, where smallholder farmers have access to online markets, enabling them to better organise and satisfy urban market needs.

Using ICT for agriculture (ICT4A) shows great promise, following the recent increase in mobile and internet penetration in Southern Africa. ICT4A is a viable strategy to expand markets especially during the ongoing COVID-19 pandemic that has enforced restrictions on physical engagements.

3. Private Sector Engagement

To secure sustainable and profitable markets, there is need to promote and facilitate fair engagement between smallholder farmers and the private sector, especially supermarkets and chain stores. The Market Access Campaign is already working with supermarkets and chain stores to facilitate smallholder farmers' participation in the supply of horticultural products.

4. CAADP- Malabo Commitment

The Comprehensive Africa Agriculture Development Programme (CAADP) provides Africa with a framework that aims to reduce poverty and increase food and nutrition security.

There is an urgent need to reconsider the fifth commitment from the Malabo Declaration; 'Boosting intra-African trade in agricultural commodities and services'. Against this commitment, African states must fast-track the implementation of the Africa Continental Free Trade Agreement (AfCFTA) and work cohesively to fully implement the agreement as well as providing institutional support systems. AfCFTA will not only simplify and formalise current trade practices, but will also increase and facilitate investments in markets and trade infrastructure.

5. Capacity Strengthening

To effectively participate in formal profitable agriculture markets, smallholder farmers require capacity in knowledge and resources to practice climate-smart agriculture, effective agribusiness management, and value addition of their commodities.

⁶ Center for Development Research, Department Economy and Technological Change (ZEF B), University of Bonn (2020). Agricultural Innovation and Service Delivery through Mobile Phones: Analyses in Kenya. Dissertation 2015 [Dataset]. <https://daten.zef.de/geonetwork/srv/api/records/4210373c-4886-4385-9eeb-77019d5baa70>



THE MARKETS CAMPAIGN

Championed by FANRPAN, Oxfam SAF and SAPSN, the Markets Campaign is driven by the experience of smallholder farmers, to generate momentum for their participation in local and regional formal and profitable markets.

The campaign works together with diverse stakeholders to raise awareness of the barriers faced by smallholder farmers, especially with women and the youth, in their quest to access agriculture markets. The campaign aims to improve the capacity of smallholder farmers to participate in more lucrative value chains.

To this end, FANRPAN, Oxfam SAF and SAPSN will continue to work collaboratively to facilitate linkages among farmers across different countries and to link them to local, regional and global markets; to collectively influence change to promote their access to investment; and to promote the farmers' access to investment and premiership opportunities. From these efforts, the campaign partners expect the development, implementation and promotion of women and youth-inclusive agricultural policies, extension services and development programmes; community-led policy engagements; increased knowledge of global, regional and national markets; and the implementation of interventions that champion better competitiveness of rural products.

For more details on how to participate in this campaign, please visit the FANRPAN website at www.fanrpan.org/oxfam/



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About FANRPAN

The Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) is an autonomous regional stakeholder driven policy research, analysis and implementation network that was formally established by Ministers of Agriculture from Eastern and Southern Africa in 1997. FANRPAN was borne out of the need for comprehensive policies and strategies required to resuscitate agriculture. FANRPAN is mandated to work in all African countries and currently has activities in 17 countries namely Angola, Benin, Botswana, Democratic Republic of Congo, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

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FANRPAN, Oxfam SAF and SAPSN would like to express their gratitude for the contributions of numerous stakeholders, without whom this project would not have been possible.