



Strengthening and widening markets and Overcoming Supply side Constraints for African Agriculture

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P.M. KIRIRO

**President Eastern Africa Farmers Federation
(EAFF)**



Introduction

- ◆ Thank organisers
- ◆ Agriculture in Africa a primary activity
- ◆ It is predominately small scale
- ◆ Has many functions – social, economic etc
- ◆ It is not adequately supported – domestically and through development assistant
- ◆ With agriculture performing, it will be possible to realise;
 - Economic growth
 - Reduce poverty
 - Enhance food security



African Agriculture

- ◆ Domestic policy reforms undertaken have been hostile to agriculture
- ◆ Need for a reflection to improve effectiveness of policy reforms with respect to agriculture and rural development
- ◆ Challenges faced by agriculture and rural development
 - Globalization/liberalization
 - Effects of regional integration
 - Degradation of natural resources



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- Research and technology
- Rural infrastructure
- Conflicts
- Empowerment of women in agriculture
- Health – malaria, TB, HIV/AIDS



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Problems and Character of African Agriculture

- ❖ All well known
- ❖ What lacks is commitment to address problems



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Farmer Vision on African Agriculture

- ❖ Need for transformation of small holder agriculture
- ❖ Type of agriculture for Africa
 - One that is modern and sustainable
 - One that assure social, economic and ecological functions
 - Able to guarantee family solidarity, equity and sustainable management of natural resources



Agriculture Trade

The main problem facing Africa as a continent in the area of trade, it is the cost of doing business due to;

- Poor infrastructure
- Inadequate policy framework to facilitate trade
- Elaborate trade regulatory mechanism, to facilitate trade



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- Undeveloped private sector to link rural population with commercial undertakings
- Slow regional integrations
- Dependency on food aid
- Efficiency of production – higher costs of production
- Lack of governments commitment to reforms
- Lack of credit



Small Holder Concerns

Concerns:

- High cost of marketing overheads reduce profit in some cases up to 20%
- Unfair competition
- Inability to accumulate large quantities to access profitable markets
- Farmers poorly organized to have significant power at the market
- Liberalized markets a problem. They are expensive to access, very competitive and profit margin are small

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- Efficiency of production key to being competitive (input markets)





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Business like approach to farming

- Influence input and output markets
– manage them better
- Change attitude and practice
business agriculture
- Reach out to the private sector –
benefit from experience and capacity
in the private sector



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- Get organized – good for service providers to sector and the small farmer himself
- Farmers of Africa have tried to organize themselves although they need capacity to speed up the process.



TRADE NEGOTIATIONS

- ◆ To benefit from markets means to develop our agriculture
- ◆ There is a need to ensure that Doha negotiations remain development oriented
- ◆ There is a need to address the issue of subsidies and dumping as well as food aid



EPAs NEGOTIATIONS

- ◆ EPAs negotiations should be development oriented
- ◆ They address major challenges in agriculture such as :
 - Increase competitiveness of our agriculture
 - Improve our access to domestic and regional markets
 - Fast tract regional integration
 - liberalization concerns of trade in agriculture and food products imported from EU

EPAs/WTO Relationship

- ◆ Farmers insist on the following requirements:
 - The new trade regimes must substantially improve the trade environment and our development prospects both LDC and non LDC countries
 - In creation of marketing zones under liberalization that addresses the agricultural status in developing countries
 - The need for regulations which most often requires a certain measure of protection of agriculture
 - taking into account market imperfections
 - public goods nature of the food sector
 - Uncertainties of production and particularly in SSA





Market Chain and Supply Side Constraints

The supply side constraints are of different nature and may require different solutions I.e.

- May require policy or strategic intervention
- May be solved by the farmers themselves
- Some may require financial services



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These constraints are many e.g.

- Poor infrastructure
- Poor efficiency of production leading to low competitiveness at the market place
- Farmer lack of influence and even management of input markets
- Lack of appropriate research innovations to facilitate high yields and minimum cost



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- Dependency on rain fed agriculture leading to high risks in production and non-strategic production
- Lack of market knowledge on the part of the farmer to be able to produce markets and meet market demands and standards
- Minimum market information
- Poor organization to be able to bulk produce and negotiate profitable markets and manage contract sustainably



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- Lack of capital constraints to cover the gaps from delivery to payment
- Poor existence farmer of market business relationship
- Heavy presence of brokers
- Poorly organized markets
- Non-existent or poorly organized farmer marketing groups
- Quantity –low volumes
- Poor sustainabilities of contracts or negotiated market outlets



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Addressing the constraints

- Governments to put in place policies that would facilitate international, regional and national trade
- Governments to address the problem of infrastructure
- Government to address land right questions to encourage investments in land
- Credit facilities to farmers



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- Training of farmers in production and marketing
- Farmers to organize themselves in groups to be able to access inputs, bulk produce for the market and negotiate with the market
- Farmers to reclaim power at the market place eliminating middlemen in the market chain and doing business through their own organizations



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- Farmers to lobby through their organizations for policies that enable them benefit from domestic and even regional markets
- Need for capacity to enable farmers organizations to enable them service their members better and address the question of financial constraints between delivery and payments
- Increase domestic support to agriculture and also through development assistance



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- Train farmers to practice business agriculture
- Facilitate partnership between farmers and the private sector
- Support innovations in research that will empower farmer in production and marketing
- Develop information systems that would be relevant to the farmers especially in marketing
- Provide capacity to farmers organizations to service small holder farmers in production, marketing, lobbying and advocacy.

CONCLUSION

