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

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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
Continued

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

Problems and Character of African Agriculture

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

- Efficiency of production key to being competitive (input markets)
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
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 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
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
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
Dependency on rain fed agriculture leading to high risks in production and non-strategic production
Lack of market knowledge on the past 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
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
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
(Conti)

- 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
Continued

- 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
Continued

- 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