MARKETS CAMPAIGN

SOUTHERN AFRICA
SYNTHESIS REPORT
FEBRUARY 2021
BACKGROUND

The purpose of this synthesis report is to inform the market access campaign in the SADC region. The campaign is focused on the SADC region and it aims to increase the awareness of policy makers, farmers, agricultural value chain players and investors regarding the market access constraints faced by SHFs and provide evidence-based solutions to remove market access barriers. The campaign also provides evidence on how SHFs can benefit each SADC country to meet SDGs goals.

The strategic objectives of the campaign are:

• Enhance the awareness of market access constraints faced by SHFs in the region;
• Strengthen the implementation of policies and programmes aimed at improving the market access and participation of SHFs;
• Encourage the partnerships between policy makers, farmers and COSs to implement policies and support SHFs.
EXECUTIVE SUMMARY

Agriculture is a dominant economic sector in most Southern African countries, contributing up to 35% to the Gross Domestic Product (GDP) of the Southern African Development Community (SADC) block. The sector also accounts for 13% of the block’s foreign earnings generated from commodity exports and nearly 70% of the region’s population relies on agriculture for food, income and employment. Despite the sector’s importance, there are significant market barriers that limit the participation of smallholder farmers (SHFs) in agricultural value chains such as oilseed, grains and horticulture.

Noticing the constraints faced by SHFs, in particular women and youth, the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) in partnership with Oxfam in Southern Africa (Oxfam SAF) commissioned a series of research studies focusing on four countries, namely Malawi, Mozambique, Zambia and Zimbabwe. These studies were aimed at unpacking factors that affect the participation of SHFs in agricultural markets. Furthermore, studies aimed to understand the following in the region:

- The changing climate also compounds the low productivity of SHFs as most of their farming is on dryland and rain-fed conditions. The advent of Covid-19 has added a new layer of challenges for farmers as it interrupted most of the food value chains’ operations, thus exacerbating food security issues in the region. According to Oxfam SAF (2020), the Covid-19 pandemic has worsened the hunger problem in an already hunger-stricken continent. In countries such as South Africa, many households have fallen below the poverty line because SHFs could not access markets due to the Covid-19 pandemic related lockdowns.
- Access to credit is a major constraint, with only about 3% of SHFs in the region having access to formal credit facilities. The high illiteracy rate amongst women and SHFs in general limits their ability to access and use agricultural data to better their participation in food markets, especially concerning exports and imports.
- On ICT usability, studies established that improved access to information related to production (i.e. farming methods, weather data, extension and advisory service and government support); and markets (i.e. inputs costs, commodity prices and market standards) could increase participation of SHFs. Specifically, dissemination of relevant information through cell-phones or radio reduces farming costs such as transport and extension services as well as decreasing the food waste. The CSIR (2013) found that as much as R71 billion per annum is lost due to food waste in countries in southern Africa. Access to ICT and technology can also encourage value addition such as agro-processing, which could preserve food and reduce food waste in the region.
- The implementation of national and regional policies that seek to promote investments in ICT, road, electricity and other network infrastructure needs to be scaled up to increase the usage of technology to exchange farm information. These policies should also drive market infrastructure such as storage facilities for grains and cold-chain facilities for perishable horticultural products. The lack of market infrastructure is a stumbling block as it not only increases food waste amongst SHFs, but also increases the cost of inputs, thus making their food prices uncompetitive in the markets.
- The findings further showed that strengthening policies without effective and strong advocacy for implementation on the ground does not improve SHF’s participation in markets. To achieve genuine participation and inclusive markets that also benefit women and youth, SHFs need to be organised into structured farmer institutions that consolidate and amplify their voices for effective advocacy.
- The poor market infrastructure coupled with lowly skilled SHFs and productivity challenges slow down intra-African trade, despite the provisions of the African Continental Free Trade Agreement (AfCFTA) and trade policy. These challenges are not unique to the four project countries, but exist in other SADC countries such as South Africa, facing the same problem of SHFs being excluded from formal agricultural markets.

Despite these bottlenecks, there are opportunities for SHFs, women and youth in particular, in various value chains such as grains and horticulture. These include building strong local farmer institutions to enhance their bargaining power, enabling them to advocate for government assistance to create farmer information systems, as well as building market infrastructure. Governments could also subsidise key ICT gadgets such as cell-phones and radios for farmers to enable easy access to extension services and market data. Implementation of policies that incentivise the participation of private players to establish local dealerships, village processing centres, and markets for inputs and affordable credit, will lead to new business opportunities for farmers.
KEY MESSAGES

SADC countries have developed good national policies that promote agricultural transformation and participation of SHFs in food value chains. These policies also align well with regional and continental policy frameworks such as AfCFTA, Comprehensive Africa Agriculture Development Programme (CAADP), Southern African Development Community – Regional Indicative Strategic Development Plan (SADC-RISDP), and African Agenda 2063. Moreover, they support the global Sustainable Developmental Goals (SDGs) targets. What remains a challenge in the SADC region is the ineffective implementation of policies, caused by limited investments, lack of capacity and lack of political will.

To create an enabling environment that allows for the transformation of agriculture markets and food systems for the benefit of SHFs, the region must:

• Support production to ensure sufficient and diverse food supply as well as improved post-harvest management;
• Build strong local farmer institutions to gain bargaining power for inclusive policies and farmer support, and in particular, programmes targeted at women and youth to influence political will;
• Adopt private-public partnership approaches to attract both domestic and foreign investments for market infrastructure and farmer support systems;
• Designate and exempt ICT gadgets from public taxation used by SHFs such as cell-phones, radios and others to ensure they are affordable, thus improving access to information;
• Accelerate economic reforms to promote sustainable markets and equitable access to natural resources such as land and water, and improve resilience to climate change.
• Improve financial policies and services for affordable credit for SHFs, thus reducing poverty and creating sustainable jobs and rural development;
• Expand farmer training and coaching programmes to improve SHFs skills and knowledge;
• Advocate for policy changes in partnership with civil society organizations (CSOs) to attain social and economic justice for vulnerable groups.
• Expand response measures to the Covid-19 pandemic, such as financial relief and food banks, to assist SHFs to cope with the effects of the pandemic.
A two-staged analysis framework was adopted to enable a synthesis of country studies that explored an enabling environment to transform agriculture markets for SHFs in the Southern African region. The first stage analysed the policy environment in the four project countries (Malawi, Mozambique, Zambia and Zimbabwe) focusing on each country’s commitments to the global and regional developmental frameworks on agriculture, including achieving women and youth social justice. The specific policy frameworks to be assessed include:

- SDGs;
- CAADP Malabo Declaration on Accelerated Agricultural Growth;
- SADC-RISDP; and
- AfCFTA.

Thus under stage one, each country’s commitment under the CAADP and the Malabo Declaration towards the development of the agricultural sector and the inclusion of women and youth in agricultural markets and value chains was established. The second stage assessed and cast light on the key messages that emanated from the specific country market studies. In this stage, each country’s progress in developing agricultural markets for SHFs, in particular the inclusion of women and youth, was assessed against the country’s regional, global and continental commitments.

**Figure 1: Assessment framework**

---

**Source material**

Much of the data that informed the synthesis process was obtained from the country studies conducted by FANRPAN in partnership with Oxfam SAF, focusing on Market Access by SHF and supermarket and rapid analysis study. Across the participating countries, FANRPAN Node Hosting Institutions1 and personnel conducted the studies and stakeholder consultation for validation. In addition, the Oxfam SAF studies on the impact of the COVID-19 pandemic on hunger and land inequality formed part of the source material. Country sectoral policies and their alignment to regional and continental policy frameworks such as SDGs, SADC-RISDP, AfCFTA, CAADP and Malabo Declaration formed part of the material that informed this synthesis. The synthesis also took into account the rising challenge of climate change and its impact on SHFs.

---

1Malawi Node – Tamani Nkhono-Mvula; Mozambique Node – Prof. João Mutoondo; Zambia Node – Dr. Hyde Haantuwa; Zimbabwe Node – Mr. Charles Dhewa.
ENABLING THE POLICY ENVIRONMENT TO TRANSFORM AGRICULTURAL MARKETS IN THE SADC REGION

Since the signing of the Malabo Declaration in 2014, African countries have made considerable steps toward the domestication of the CAADP and Malabo Declaration principles into national policies. For example, Malawi has developed the National Agricultural Policy (NAP) which is funded through the Agriculture Sector Wide Approach (AsWAp) framework. Mozambique has the Strategic Plan for Development of Agriculture Sector (PEDSA), which is operationalised through the Plan for Agriculture Sector (PNISA). Similarly, Zambia and Zimbabwe have National Agricultural Policies aligned to CAADP. In addition, SADC countries have adopted the Regional Indicative Strategic Development Plan (SADC-RISDP), which is a regional vision that strives to achieve a competitive, peaceful, innovative, inclusive, industrialised, climate resilient and environmentally sustainable region.

Parallel to the regional vision, African states entered into a continental free trade era, formalised through the African Continental Free Trade Agreement (AfCFTA) which came into force on 01 January 2020. Both national and regional policy frameworks adopted by countries, including the project countries, are geared towards achieving the goals of the African Agenda 2063, as well as the United Nation SDGs, with the 2030 targets. In terms of sustainable goals, SDG1 (no poverty), SDG2 (zero hunger), SDG5 (gender equality), SDG8 (decent work and economic growth); SDG12 (responsible consumption and production) and SDG13 (climate change) are amongst critical goals that promote market access for SHFs. A synthesis review of national and regional policies shows that there is strong alignment with SDGs.

The market access studies conducted in Malawi, Zambia, Mozambique and Zimbabwe indicate that there is clear policy alignment between national, regional and continental policies, however, implementation of these policies at a grass-root level is lacking. Findings from studies shows that all policies advocate for a transformed agriculture that is well funded (i.e. 10% of national budget expenditure), inclusive (i.e. integrate SHFs into formal markets, in particular women and youth) and competitive (i.e. efficient and effective infrastructure network including ICT, roads and trade facilitation capacity).

The lack of policy implementation and related investments perpetuates the exclusion of SHFs in agricultural markets, in particular, in high value agricultural value chains such as horticulture. SHFs’ participation in trade is also constrained by lack of infrastructure and capacity to produce large quantities of goods and comply with trade protocols such as Sanitary and Phytosanitary (SPS) measures, despite the trade openness advocated under the AfCFTA.
SHFs across the entire SADC region find access to formal agricultural markets a significant challenge. Market access issues are more severe on women, suggesting strong gender disparities in the region. From the studies conducted, coupled with literature reviewed on market access, the following constraints were highlighted:

- Lack of implementing policies that seek to transform and develop agricultural markets. Despite the existence of national agriculture policies that are aligned to regional and continental policy frameworks, the implementation of these national policies on the ground remains a challenge, subsequently limiting the participation of SHFs in formal agricultural markets.

- Inequitable access to means of production for SHFs in the region. Oxfam SAF (2019) showed that millions of people, women in particular, still do not have access to land, which constrains their participation in formal production and markets. Similar land inequalities exist in Mozambique, Namibia and other countries in the region.

- Lack of enabling market infrastructure and asymmetric market information are challenges in SADC countries, compelling SHFs to engage only in subsistence farming.

- Lack of training and support to farmers, including research and development (R&D) and the provision of inputs, affects the productivity of farmers. In Mozambique, the study revealed that productivity levels of farmers were as low as 50% compared to regional levels.

- Changing climate is compounding the productivity challenges faced by SHFs in the region, further limiting their participation in agricultural markets. The World Bank (2018), WWF (2016) and FANRPAN (2016) showed that engaging in Climate Smart Agriculture practices could improve SHFs’ productivity, however, these climate resilience models must be implemented together with improved access to productive land, water and financial credit.

- High cost of inputs and ICT tools such as cell phones slow down the rate of adoption of modern agricultural practices by farmers, increasing the cost of obtaining extension services.

The ongoing existence of these barriers means SHFs’ ambitions to access markets remain unfulfilled. The following recommendations are aimed at resolving these market access constraints. Table 1 is a summary of policy recommendations from Malawi, Zambia Mozambique and Zimbabwe. Table 2 provides key statistics on the policy commitments by selected SADC countries as well as progress made to improve market access for SHFs, infrastructure development and growth in agricultural value-chains.
Table 1: Recommended responses to address market contracts in Malawi, Mozambique, Zambia and Zimbabwe

<table>
<thead>
<tr>
<th>Malawi</th>
<th>Mozambique</th>
<th>Zambia</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Supporting the provision of services like call centres and SMS to the farming communities should be considered a corporate social responsibility by the phone service providers. This can be achieved by ensuring that the registered number for providing such services be exempted from charge or be given a subsidised rate. Additionally, there are other gadgets that are used as means of transferring messages to farmers at a much cheaper price, for example wind-up radios. The study is of the view that government consider removing taxes on such gadgets which are mostly provided to farmers’ radio listening clubs by government and NGOs.</td>
<td>a) Promote the accessibility of existing Information and Communication Technologies especially mobile phone and community radio to smallholder farmers.</td>
<td>a) The use of Information Communication Technology reduces transaction costs and improves efficiency in the markets. Zambia has made some strides in investing in ICT by developing ZIAMIS. For the rural markets to work well the government should continue investing in infrastructure such as rural roads and communication towers.</td>
<td>a) Target support for smallholder farmers who are serious about particular value chains such as indigenous poultry, horticulture and others.</td>
</tr>
<tr>
<td>b) There is a need for the government to develop or finalise the development of the institutional frameworks and the necessary structures for the development of promising value chains like horticulture, legumes and others. Currently such institutional frameworks are either absent or not fully functional.</td>
<td>b) Develop an electronic database for farmers for easier management of agricultural production and commerce,</td>
<td>b) The Zambian government should scale-up the use of ICT by re-rolling up the E-voucher programme.</td>
<td>b) Conduct more comprehensive and transdisciplinary research on prioritised value chains.</td>
</tr>
<tr>
<td>c) There is a need for local farmer associations to get more organised to be able to aggregate their produce and easily access local and international markets. Farmers will need initial support from Government and NGOs. The current national trade policies are both pro or against the smallholder farmers and for them to overcome most of the barriers to market access, they need to be organised to meet the dictates of the market.</td>
<td>c) The Mozambique Commodity Exchange to develop electronic platform for easing the participation of smallholder farmers in the market.</td>
<td>c) The government should take the opportunity of the existing ZIAMIS to scale-up the market extension and information system to enhance transparency in the markets.</td>
<td>c) Encourage synergies between actors in the market space providing information services.</td>
</tr>
<tr>
<td>d) The study has noted that contract farming offers a better opportunity for smallholder farmers to participate in structured and organised markets. However, due to high illiteracy levels among most of the farmers in Malawi, most of them have committed themselves to contractual arrangements that do not work in their favour. Every contract that a farmer enters into, should be witnessed by an extension worker of the government or an NGO.</td>
<td>d) Increase access and improve reliability of inputs (seeds and fertilizers) along with the establishment of a village-based agro-dealers network.</td>
<td>d) Consistent government policy which allows investments by the private sector should be encouraged. The policies should attract the participation of women and the youth.</td>
<td>d) Integrate financial markets and figure out their roles on the commodity markets.</td>
</tr>
<tr>
<td>e) The current market information system leaves most poor smallholder farmers at the mercy of the traders as vital information on marketing, like that of minimum prices, barely reaches that farming community in time. There is need for strong partnership between the government and other players, like the Farmers’ Unions and NGOs, to ensure that annual crops gross margins and average farm gate prices are set and disseminated in time.</td>
<td>e) Promote the domestic production of fertilizer through the development and implementation of the fertilizer law and policy to encourage private sector investment.</td>
<td>e) Regional networks should be encouraged to enhance efficiency and good practices with the view of accessing wider markets like SADC, COMESA and AfCFTA.</td>
<td>e) Assist farmers to understand diverse income streams so that they do not lock their money and other resources in one income stream.</td>
</tr>
<tr>
<td>f) There is need for NGOs to build the capacity of local CSOs to conduct appropriate advocacy to deal with the institutional and structural challenges for agriculture marketing in Malawi. Tremendous progress has been made, however, the lack of funding to maintain the momentum has been the main obstacle.</td>
<td>f) Expand storage capacity through promotion of private ownership and operation of silos.</td>
<td>f) The Warehouse receipts can be an effective tool for creating liquidity and easing access to credit. The participation of smallholder farmers should be encouraged in these schemes.</td>
<td>f) Build the capacity of smallholder farmers to enable them to take responsibility. They must be able to seek information rather than wait for information to come to them. Agricultural information comes from diverse sources and pathways. Markets are not NGOs. They want quality commodities. A lot of poor quality produce gives farmers less money.</td>
</tr>
<tr>
<td>g) There is need to develop women-friendly (gender sensitive) agriculture marketing initiatives that should take into consideration the proximity of the market place to the rural areas, revision of a pricing system for crops like maize and others that are mostly grown by women. The campaign on A earmarc was partly aimed to address this challenge.</td>
<td>g) Enhance the linkage of smallholder farmers to medium and big enterprises by promoting the participation of the private sector in agriculture and increase the bargaining power of smallholder farmers.</td>
<td>g) Enhance the effective implementation of agricultural policies through establishing a functional agricultural policy implementation coordination mechanism in order to improve ownership and accountability.</td>
<td>g) Capacitate extension officers and farmers in value chain analysis.</td>
</tr>
</tbody>
</table>
### Global Policy

**Global Sustainable Development Goals (SDGs)**  
**Paris Climate Agreement**

- **African Agenda 2063**  
  **SADC-ERISDP**  
  **Economic Growth Strategies**
  - Growing peaceful, inclusive and sustainable economies
  - Fiscal freedom
  - Access to natural resources
  - Improve infrastructure investment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SADC</th>
<th>Malawi</th>
<th>Mozambique</th>
<th>Zambia</th>
<th>Zimbabwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty &lt;$1.9/day</td>
<td>39%</td>
<td>74%</td>
<td>58%</td>
<td>63%</td>
<td>N/a</td>
</tr>
<tr>
<td>Employment rate</td>
<td>59%</td>
<td>72%</td>
<td>75%</td>
<td>66%</td>
<td>78%</td>
</tr>
<tr>
<td>Stunting Rate: % of children under 5</td>
<td>30%</td>
<td>37%</td>
<td>37%</td>
<td>34%</td>
<td>23%</td>
</tr>
</tbody>
</table>

**Key Message**

- Lack of political will lowers growth and investments, thus perpetuating poverty in the region.

### Continental Policy

- **AfCFTA**  
  **SADC FTA**  
  **Trade policies and infrastructure plans**
  - Increase regional integration
  - Increase intra-African trade
  - Increase market access opportunities

<table>
<thead>
<tr>
<th>Intra-agric exports: US$ bil</th>
<th>7.2</th>
<th>0.28</th>
<th>0.14</th>
<th>0.67</th>
<th>0.43</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric exports as % of merchandise</td>
<td>7%</td>
<td>86%</td>
<td>11%</td>
<td>8%</td>
<td>36%</td>
</tr>
</tbody>
</table>

**Key Message**

- Lack of infrastructure and non-tariff measures limits regional integration and intra-African trade. This affects the participation of farmers in the regional market.

### Regional Policy

- **CAADP**  
  **National Agriculture Investment Plans**
  - 10% of public expenditure on agriculture investment
  - Grow the sector by 6% per year
  - Improve extension services and skills

<table>
<thead>
<tr>
<th>Public spend on agric as % of total</th>
<th>1.7%</th>
<th>6.8%</th>
<th>6%</th>
<th>1.3%</th>
<th>5.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric value added growth</td>
<td>N/a</td>
<td>4.3%</td>
<td>1.9%</td>
<td>-2.8%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Extension service officer: farmer</td>
<td>1:850</td>
<td></td>
<td></td>
<td></td>
<td>1:000</td>
</tr>
</tbody>
</table>

**Key Message**

- Limited expenditure on agriculture is limiting agricultural transformation and inclusivity of SHFs, in particular women and youth.

### National Policy

#### National Policy Objective

**Status: Data for year 2019 (source: ReSAKSS, 2020)**

### Table 2: Key statistics on policy commitments and progress in agriculture and market development in the SADC region
RISKS FOR NATIONAL AND REGIONAL FOOD SECURITY AGENDA

According to an Oxfam SAF (2019) study on land inequality, the cry for equitable access to land for millions of SHFs remains unresolved. The majority of SHFs in the region are without land for farming, without decent jobs, live in extreme poverty and women continue to be marginalised from owning productive assets. The risk of continued exclusion of SHFs in markets is the growing food insecurity and malnutrition in the region.

With the advent of the COVID-19 pandemic, the percentage of the population that has fallen into poverty has increased significantly. In countries like South Africa, an estimated 387,000 new households have fallen below the poverty line and similar trends are observed across the SADC region (Oxfam South Africa, 2020).

The SADC-RISDP identified climate change as one of the risks with the highest threat to food security and sustainability of SHFs in the region. Climate change reduces the productivity of SHFs’ farming operations and compounds soil erosion and degradation. The use of appropriate indigenous crops and livestock, and access to modern technologies to promote climate smart agriculture must be encouraged to mitigate the effects on agriculture in the SADC region.

POLICY RECOMMENDATIONS

Key recommendations – to reduce market failures and increase market participation by SHFs, include:

• Farmers in the region establish strong local farmer institutions to consolidate bargaining power for policy and farmer support, with particular focus on programmes targeted at women and youth;
• SADC countries adopt private-public partnership approaches to attract investments for market infrastructure and farmer support systems;
• Policy makers in the region prioritise the designation and exemption of ICT gadgets that are used by SHFs from public taxation;
• Policy makers and governments in the SADC region accelerate economic reforms to promote equitable access to land, water and credit for SHFs;
• Farmers are supported and encouraged to participate in high-value commodities such as horticulture; and
• Governments in the region expand Covid-19 measures such as financial relief and food banks to assist SHFs and poor households that have been severely impacted by the Covid-19 pandemic.

CONCLUDING REMARKS

According to an Oxfam SAF (2019) study on land inequality, the cry for equitable access to land for millions of SHFs remains unresolved. The majority of SHFs in the region are without land for farming, without decent jobs, live in extreme poverty and women continue to be marginalised from owning productive assets.

The risk of continued exclusion of SHFs in markets is the growing food insecurity and malnutrition in the region. With the advent of the COVID-19 pandemic, the percentage of the population that has fallen into poverty has increased significantly. In countries like South Africa, an estimated 387,000 new households have fallen below the poverty line and similar trends are observed across the SADC region (Oxfam South Africa, 2020).

The SADC-RISDP identified climate change as one of the risks with the highest threat to food security and sustainability of SHFs in the region. Climate change reduces the productivity of SHFs’ farming operations and compounds soil erosion and degradation. The use of appropriate indigenous crops and livestock, and access to modern technologies to promote climate smart agriculture must be encouraged to mitigate the effects on agriculture in the SADC region.
REFERENCES


CSIR. 2013. Quantifying the cost of food waste in South Africa. Available online: www.csir.co.za


FAO. 2017. Improving agribusiness and access to markets of smallholder farmers. Available online: www.fao.org


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.

Copyright FANRPAN Regional Secretariat
141 Cresswell Road, Weavind Park 0184, Private Bag X2087, Silverton 014, Pretoria, South Africa
Telephone: +27 12 804 2966. Facsimile: +27 12 804 0600. Email: policy@fanrpan.org
Website: www.fanrpan.org

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.