BUILDING BETTER MARKETS FOR SMALLHOLDER FARMERS IN ZAMBIA: REDUCING POVERTY AMONG WOMEN AND YOUTH.

INTRODUCTION

The contribution of the agricultural sector to food and nutrition security, economic growth and reduction of poverty is very significant in Southern Africa. Agriculture is the backbone of the region’s economy, accounting for over 20% of the gross domestic product (GDP) and offering employment and livelihoods to over half the population (World Bank, Poverty Overview Report 2020).

Smallholder farmers in Southern Africa produce over 70% of the food, yet they constitute the highest proportion of the population living in poverty. Smallholder farmers derive low returns on investments because of lack of access to profitable, value-added markets.

Levels of poverty in Sub-Saharan African countries are alarmingly high, worsened by changing climate, pandemics and epidemics. If recent trends persist, the distribution of hunger in the world will change substantially, making Africa the region with the highest number of undernourished people in 2030 (FAO, The State of Food Security and Nutrition in the World 2020.).

Oxfam Southern Africa (Oxfam SAF) in partnership with the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) implemented a project that focused on how smallholder agricultural producers, especially women and youth, in the four (4) Oxfam focus countries - Malawi, Mozambique, Zambia and Zimbabwe, were interacting with markets.

The study revealed that, although women smallholder farmers (WSHFs) constitute the majority of agricultural producers, these farmers derive the least incomes/value from their produce. In marketing and sales, WSHFs were under-represented, playing limited roles that keep them from enjoying the most profitable portions of the value chain. Access to finance and credit also limited the growth of WSHFs in the agricultural sector.

Undernourished people 2019: Total 687.8 million

<table>
<thead>
<tr>
<th>Region</th>
<th>Undernourished (Million)</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Africa</td>
<td>250.3 (36.4%)</td>
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<tr>
<td>Asia</td>
<td>381.1 (55.4%)</td>
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<tr>
<td>Latin America and The Caribbean</td>
<td>47.7 (6.9%)</td>
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<tr>
<td>Oceania</td>
<td>2.4 (0.4%)</td>
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<tr>
<td>Northern America and Europe</td>
<td>n.r.(0.9%)</td>
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Undernourished people 2030: Total 841.4 million

<table>
<thead>
<tr>
<th>Region</th>
<th>Undernourished (Million)</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Africa</td>
<td>433.2 (51.5%)</td>
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<tr>
<td>Asia</td>
<td>329.2 (39.1%)</td>
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<tr>
<td>Latin America and The Caribbean</td>
<td>66.9 (7.9%)</td>
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<tr>
<td>Oceania</td>
<td>3.4 (0.4%)</td>
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<tr>
<td>Northern America and Europe</td>
<td>n.r.(1.0%)</td>
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There are approximately 1.5 million smallholder farming households in Zambia, 20% of which are headed by women. The agricultural sector in Zambia employs over 70% of the workforce who rely on agriculture for income and livelihoods. Two-thirds of the population live in rural areas. Sixty percent of Zambians live below the poverty line and perceive the lack of affordability of agricultural inputs and lack of capital to start up or expand farms as the main reasons for poverty (World Bank, Poverty Overview Report, 2020). Climate change shocks such as erratic weather patterns, emergence of pests and diseases and reduced crop resilience have further led to a decline in agricultural productivity. COVID-19 has also exposed existing gaps in the market systems and value chains and continues to compound challenges faced by smallholder farmers. Informal market systems and infrastructure across the country limit market information and access to markets, forcing most smallholder farmers to sell their produce in open air informal markets that generate limited value. Post-harvest losses also occur due to lack of storage and post-harvest management facilities. Zambia has made some strides in investing in Information and Communications Technology (ICT) by developing the Zambia Integrated Agriculture Management Information System (ZIAMIS). However, the adoption and uptake of ICT is still slow due to literacy levels, cost and availability of ICT infrastructure. Use of ICT can increase access to information, strengthen regional and national trade practices for inclusive markets systems, and create an enabling environment for efficient agriculture market systems.
MARKET GAPS

Below are some key challenges experienced by smallholder farmers, especially women and youth, in accessing local, regional and international markets.

1. **Access to ICT**
   
   The ‘E-voucher’ programme is an effort by the Zambian Government aimed at improving the distribution of subsidised inputs to smallholder farmers. The programme promotes efficiency in the delivery of inputs and encourages more agro-dealers to reach remote districts, leading to reduced costs of inputs through competition.

   However, in 2018 the government scaled down the E-voucher programme, forcing agro-dealers in 55 districts to shut down their businesses in those areas. Smallholder farmers’ access to farm inputs like improved seeds, fertilizer and extension services was consequently reduced, which increased the cost of farming and drastically reduced profitability.

2. **Finance and Credit**
   
   Most 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 of financial services providers to offer finance and credit services to smallholder farmers.

   To empower women in these rural areas, the government needs to invest in initiatives such as village banking, and income transfer programmes such as cash transfer programmes.

3. **Structured market for grains**
   
   Smallholder farmers, especially women and youth, are under-represented in sales and marketing of their produce and often struggle to access markets, finance and credit to develop their farming enterprises. Smallholder farmers only sold their products in local markets and less than 20% had access to larger markets. Furthermore, lack of proper post-harvest management systems and value addition of agricultural commodities leads to huge losses, as farmers sell their produce at very low prices.
RECOMMENDATIONS

To transform agricultural markets in the country, the following steps are recommended:

1. **Investment in infrastructure and ICT**
   The use of ICT reduces transaction costs and improves efficiency and accountability in the markets. ZIAMIS is an example of an opportunity that the government of Zambia can use to scale-up the market extension and information system to enhance transparency in the markets.
   For the rural markets to work well the government should continue investing in infrastructure such as rural roads and communication towers. This will allow flow of market information to smallholder farmers, enabling them to make informed decisions regarding market prices and consumer preferences.
   Safe and gender inclusive market structures is a necessity for smallholder farmers, especially women. Market facilities including stalls, storage and bathroom amenities will create a gender inclusive market environment for WSHFs to thrive.
   Moreover, there is a need for the government to consider re-establishing and scaling-up the E-voucher programme. The main challenges that were experienced during the implementation of the E-voucher rollout were centred around limited access to information technology, telecommunications connectivity and challenges in the provision of financial services for the farmers to put a down payment. Effective delivery of the E-voucher programme depends on effective coordination among multiple actors including government ministries, farmers and the private sector agro-dealer players.

2. **Access to finance and markets**
   With the emergence and prevalence of COVID-19 and a rapidly growing technology environment, many banks are able to provide financial services to farmers at lower costs via branchless banking solutions.
   Smallholder farmers should be enabled and equipped to create organised farmer groups to jointly source finance and/or credit.
   To reduce finance and credit uncertainty and enhance efficiency there is a need to build a legal and institutional framework to guarantee performance and minimise transaction costs.
   Warehouse Receipts Systems can create liquidity and enable access to credit.

3. **Creating an enabling policy environment to transform market systems**
   There is an urgent need to develop and implement policies that facilitate increased market opportunities for smallholder farmers, especially women and youth, in both the domestic and regional markets. These policies should also seek to increase growth by reducing price volatility and uncertainty. This will encourage and attract local and foreign investment in the sector. Zambia will also earn much needed Foreign Exchange by taking advantage of the existing treaties through regional bodies such as SADC, COMESA, and the AfCFTA.

4. **Private sector engagement**
   An inclusive engagement with the private sector is recommended to create a favourable environment for investment to increase the participation of women and youth in agricultural-related market systems.

THE MARKETS CAMPAIGN INTERVENTION

FANRPAN in partnership with Oxfam SAF and the Southern Africa People's Solidarity Network (SAPSN) are implementing a Markets Campaign to increase the awareness of the market access constraints faced by smallholder farmers, especially women and youth, and provide evidence-based solutions to create an enabling and fair environment for farmers to access profitable markets. The focus is on collective action at regional and national levels, building on ongoing work (programmatic) and campaigns in Southern Africa. For more details and on how to participate in this campaign, please visit the FANRPAN website.

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.

**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.**