

Pathways to Inclusive Agricultural Commercialization: Which Way Now?

If not tobacco, then what? A roundtable on alternatives to Tobacco
Presentation by Agricultural Policy Research in Africa (APRA)
20 May 2021, Bingu International Conference Centre (BICC)



Funded by UK aid from the UK Government



Outline of the Presentation

- Setting the context
- How was the study done?
- What have we found?
- The triple crisis
- What can be done?

Setting the context

- Agricultural commercialisation is increasingly being touted as one of the key strategies for decisively dealing with rural poverty, especially in developing countries
- ***Broadly, agricultural commercialisation refers to the process in which farmers increase their productivity by producing more per unit of land and labour, produce a greater surplus which can be sold in the market with a beneficial outcome of higher incomes and living standards***
- But what kind of commercialisation?
 - Inclusive and broad-based—that links a large proportion of the people in rural areas to commercial high value chains
- There are different modalities of commercialisation: smallholder, contract farming, out-grower and large-estate
- This study focused on analysing the pathways for smallholder agricultural commercialisation in Malawi—in their capacity as an economic pillar in rural areas

How was the study done?

- The main goal of the study was to understand and track the underlying dynamics of smallholder agricultural commercialisation over time
- Accomplished through a tracking study using a mixed methods approach targeting a sub-dataset of 240 households drawn from SOAS et al. 2008 evaluation of FISP for the 2006/07 growing season
- The sub-dataset covered two districts: Mchinji and Ntchisi chosen because of their dominance in groundnut production, which is increasingly emerging as an alternative cash crop to tobacco in these districts
- Three rounds of data collection were carried out between 2018 and 2020: the reconnaissance survey; the quantitative tracker and the qualitative tracker
- Both quantitative and qualitative trackers included 'branching off households' from the original 240 households, which brought the total sample for the quantitative tracker to 513 households

How was the study done? Cont'd

- The qualitative tracker used the life history technique of data collection targeting 120 households (both original and branching off households) to understand households' experiences with agricultural commercialisation in both historical and contemporary perspective—we tracked households as long as they were in Malawi
- Pathways to agricultural commercialisation were analysed using a framework initially developed by Dorward (2009), but modified over time that distinguishes five livelihood trajectories vis-à-vis agricultural commercialisation
- Trajectory means 'a path through time'... and livelihood trajectories (LT) refer to 'the consequences of changing ways in which individuals construct a livelihood over time' –a combination of the resources used and the activities undertaken in order to live
- The five LTs are as follows: **STEPPING OUT**, farmers diversifying away from agriculture; **STEPPING UP**, farmers intensifying agricultural production; **HANGING IN**, farmers producing barely enough for subsistence; **DROPPING OUT**, farmers being pushed out of agriculture; and **STEPPING IN**, new people moving into agriculture

What have we found?

Distribution of Households by Livelihoods Trajectory

	STEPPING- OUT	STEPPING- UP	HANGING -IN	DROPPING- OUT	STEPPING- IN
Mchinji	8	20	70	22	53
Ntchisi	5	44	53	25	90
Totals	13	64	123	47	143

Commercialisation index (HCI) by Livelihoods Trajectory

	Step-out		Drop-out		Step-up		Hang-in		Step-in	
<i>Year</i>	2007	2018	2007	2018	2007	2018	2007	2018	2007	2018
HCI	0.55	0.59	0.24	0.39	0.59	0.77	0.55	0.69	0.63	0.67
N	3	10	25	22	31	33	56	67	65	78

- ***Stepping up associated with higher HCI in both years***
- ***HH hang-in despite selling over half of crops—distress selling***
- ***Experiencing commercialisation from outside***

Gendered Differences in Commercialisation

	2007 Original HHs		2018 original HHs		2018 Branch off HHs		2018 All HHs	
	Male	Female	Male	Female	Male	Female	Male	Female
Average	0.22*	0.13	0.54*	0.43	0.61	0.62	0.58**	0.50
N	194	45	159	57	270	32	429	89

What have we found? Cont'd

- A great deal of gender disparity between Male Headed Households (MHHs) and Female Headed Households (FHHs) –HCI for MHHs estimated at 0.58 and 0.50 for FHHs
- Several factors account for the disparities between MHHs and FHHs in agricultural commercialisation specifically and more generally
- These factors include the following:
 - Differential ownership of, access to and control over land as a key productive resource, for example, women make less of the decisions on crop production (16 percent vs. 71 percent by men) and control of crop incomes (19 percent vs. 67 percent by men)
 - Differential ownership of assets and opportunities for accumulation beyond land including opportunities for off-farm employment—even differential wages for ganyu
 - Differential opportunities arising out of linkages with and benefits from bridging social networks or capital (membership to clubs, access to extension services, credit facilities, knowledge and skills etc.)
 - Differential ability to recover from both covariate and idiosyncratic shocks—often a huge challenges especially in the context of worsening climatic conditions
 - Differential access to lucrative markets—MHHs have to grapple with cultural limitations imposed on them arising from the expectations of being ‘a good woman’

The triple crisis

- Discussions about possibilities of smallholder agricultural commercialisation ought to be placed in the broader context of the triple crisis Malawi is experiencing: land, productivity and marketing crisis
 - Land per capita continues to diminish, yet a definitive land legislative framework is not settled—remain hugely in a state of flux
 - Farmers' productivity levels continue to decline due to a combination of several factors, and increasingly worsened by the fragile climatic conditions
 - Farmers have limited access to lucrative markets for them to commercialise—alternative marketing arrangements beyond ADMARC have not worked out the expected magic

What should be done?

- Nothing really new: we have all the requisite policies on the shelf—what remains is implementation of these policies to their logical conclusion with dynamism, flexibility, adaptability, and embedded culture continuous learning
 - The triple crisis calls for policy refocusing, reviews (learning, flexibility and adaptability) and implementation in a manner that brings about the desired strategic impact
 - Investment in research and development, extension services and rural infrastructure to ensure that smallholder farmers participate in emerging markets
 - Smallholder farmers are not homogenous: policy interventions should be systematically tailored to the needs of different categories of smallholder farmers—one-size-fits-all policies are destined to fail
 - Ensure vertical integration of the smallholder farmers into agri-food value chains, coordination and collective action, stronger market information system, and better access to institutional credit
 - Policy interventions should be tailored to pay particular attention to the empowerment of women in the agricultural sector as they appear to be disadvantaged in almost every other aspect
 - Promote livelihood diversification among smallholder farmers to increase their adaptive capacity to the adverse effects of climate change further supported by improvements in the government's budgetary allocations for climate resilience and adaptation

Research Team

Team Member	Organisational Affiliation	Area of Responsibility
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