



The United Republic of Tanzania
Agriculture Sector Lead Ministries

4TH ANNUAL AGRICULTURAL POLICY CONFERENCE [AAPC]

Integrating Food and Nutrition Security into Economic Transformation and Industrialization Agenda:

How can agriculture be the driver rather than follower of economic transformation in Tanzania?



New Dodoma Hotel, Dodoma

14th - 16th February, 2018



MICHIGAN STATE
UNIVERSITY

ANSAP
Agricultural Non State Actors Forum

AGRA
Growing Africa's Agriculture

AMDT
Agricultural Modernization Development Trust

TAHA
TANZANIA HORTICULTURAL ASSOCIATION

MAFAP
Ministry of Agriculture, Food and Fisheries

TRADE MARK
EAST AFRICA
Growing Prosperity Through Trade

iesc

ReSAKSS

Dalberg

FSDT
Food Security Development Trust

ACT
Agricultural Council of Tanzania

tpsf

EAGC
EASTERN AFRICA GRAIN COUNCIL

ILRI
International Livestock Research Institute

REPOA
Rural Enterprise Promotion Organization

SAGCOT
Smallholder Agriculture Growth Company of Tanzania



AfricaLead
Scaling up for food security in Africa



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The Changing Farm Structure in Africa: Causes, Consequences and Policy Implications

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Outline

1. Document how rapidly farm structure is changing
 2. Characteristics of MS farmers
 3. Causes
 4. Consequences
 5. Policy implications
- 
- A black and white photograph of a man with a beard, wearing a dark jacket, pointing his right arm towards a vast, open field under a bright sky. In the distance, there are some small structures and hills. The man is in the foreground on the right side of the frame.



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Changes in farm structure in Tanzania (2008-2012)

Farm size	Number of households (% of total)		% growth in number of farms between initial and latest year	% of total operated land on farms between 0-100 ha		
	2008	2012		2008	2012	
0 – 5 ha	5,454,961 (93%)	6,151,035 (91%)	12.8	62.4	56.3	- 6.1%
5 – 10 ha	300,511 (5%)	406,947 (6%)	35.4	15.9	18.0	
10 – 20 ha	77,668 (1%)	109,960 (2%)	41.6	7.9	9.7	+ 6.1%
20 – 100 ha	45,700 (1%)	64,588 (1%)	41.3	13.8	16.0	
Total	5,878,840 (100%)	6,732,530 (100%)	14.5	100.0	100.0	



Changes in farm size distributions: Summary

1. Number of small farms growing slowly
2. Share of area under small farms declining
3. Number of medium-scale farms growing rapidly
4. Share of area under medium-scale growing, and currently over 40% of farm holdings (> 25% of cultivated area)



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Rise of the medium-scale farmers

Pathways into medium-scale farming:

- ✓ Smallholders gradually transitioning to large-scale farming-
Farm-led entry
- ✓ Land acquisition using savings from non-farm employment-
Non-farm-led (lateral) entry

Who are the medium-scale farmers?

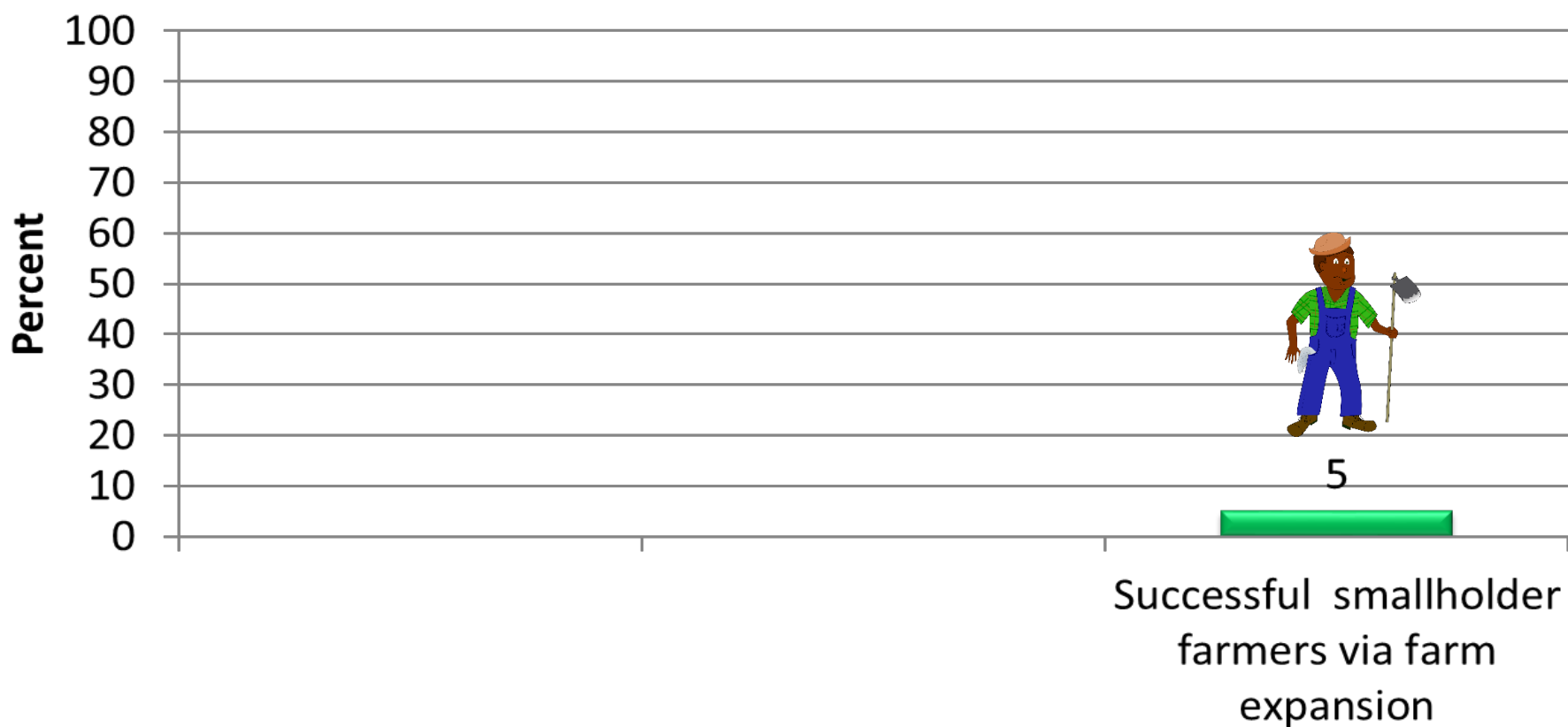
- ✓ Characteristics of MS farmers



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Three sub-categories of medium scale farmers (Kenya, Zambia, Ghana)

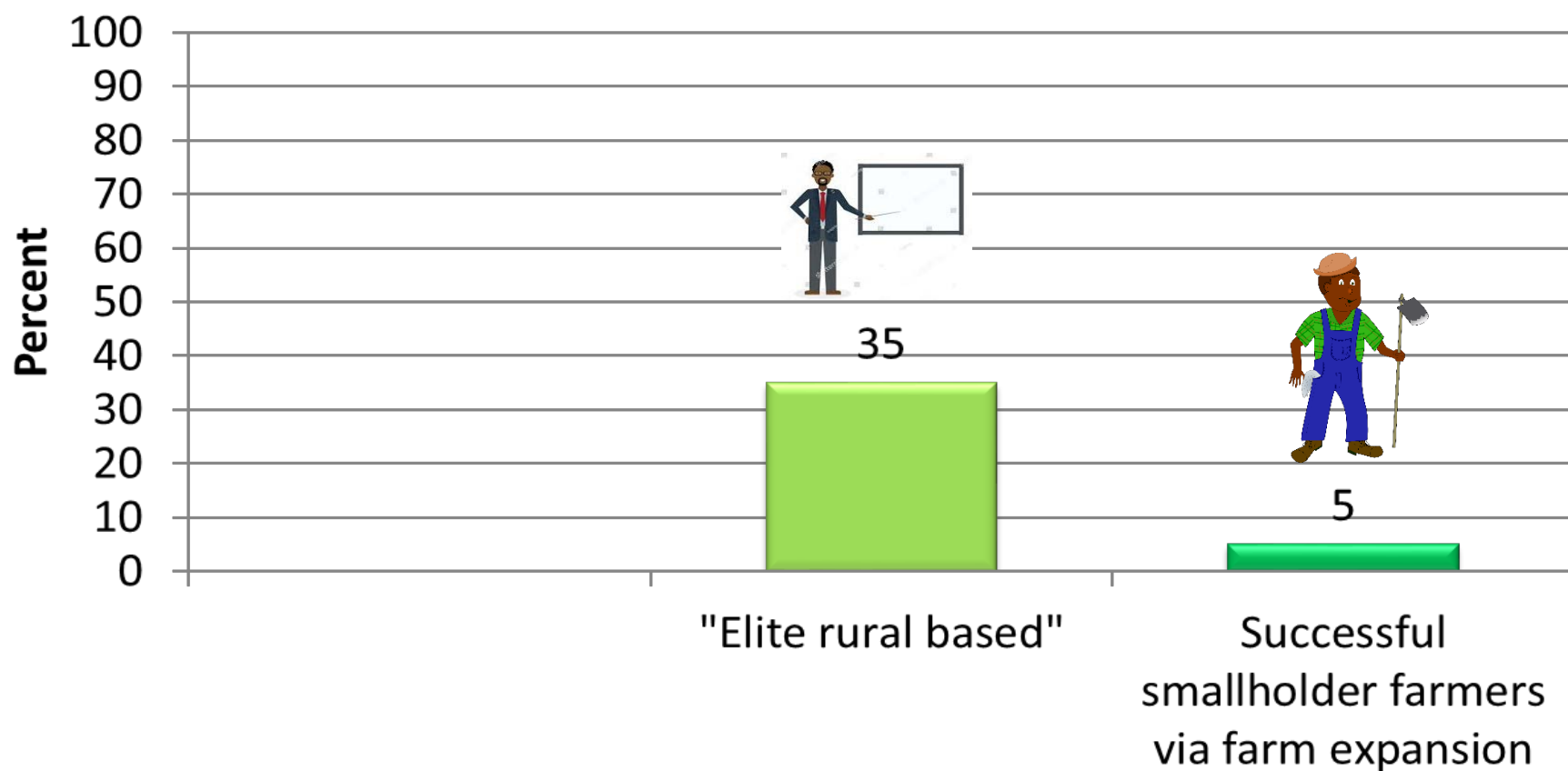




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Three sub-categories of medium scale farmers: Kenya, Zambia, Ghana

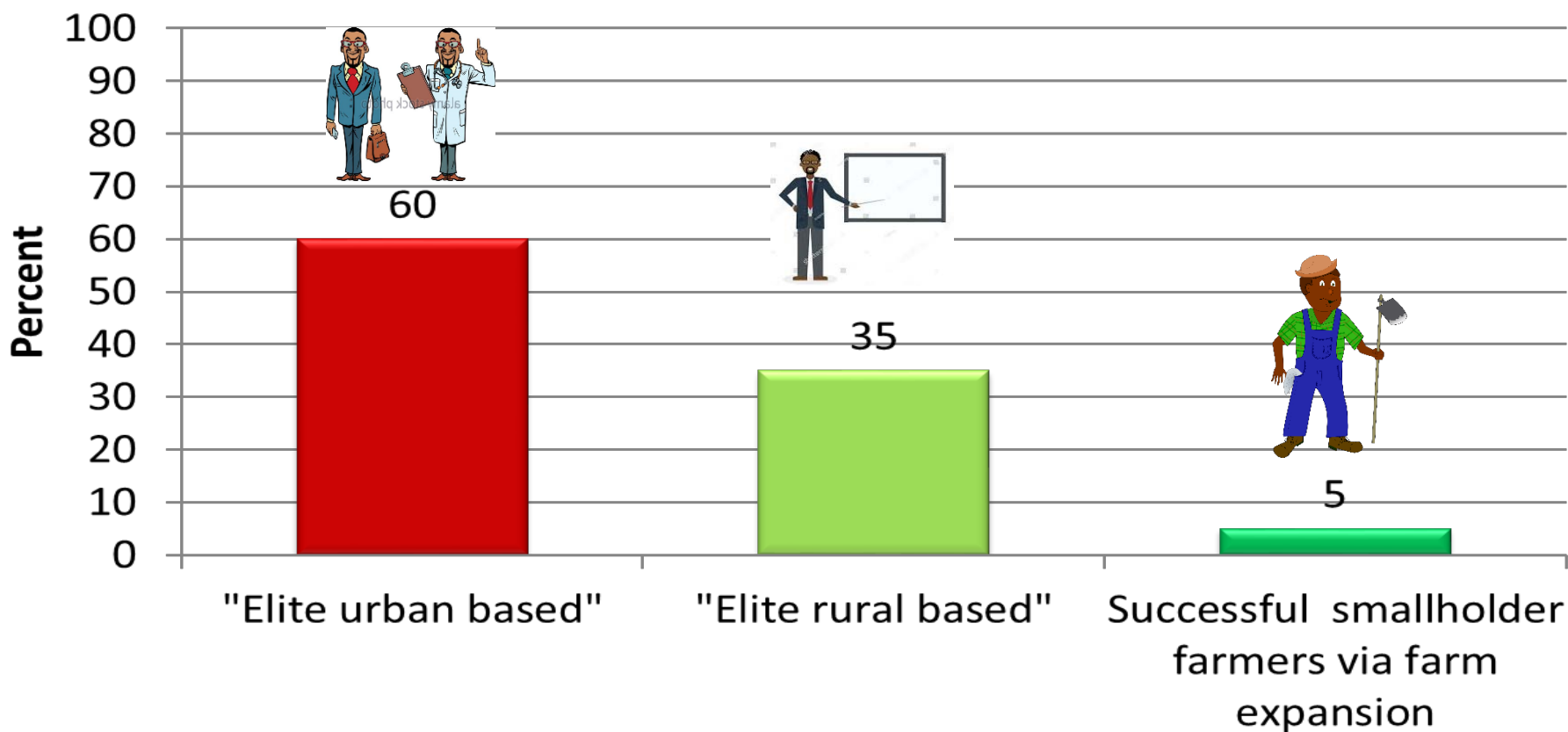




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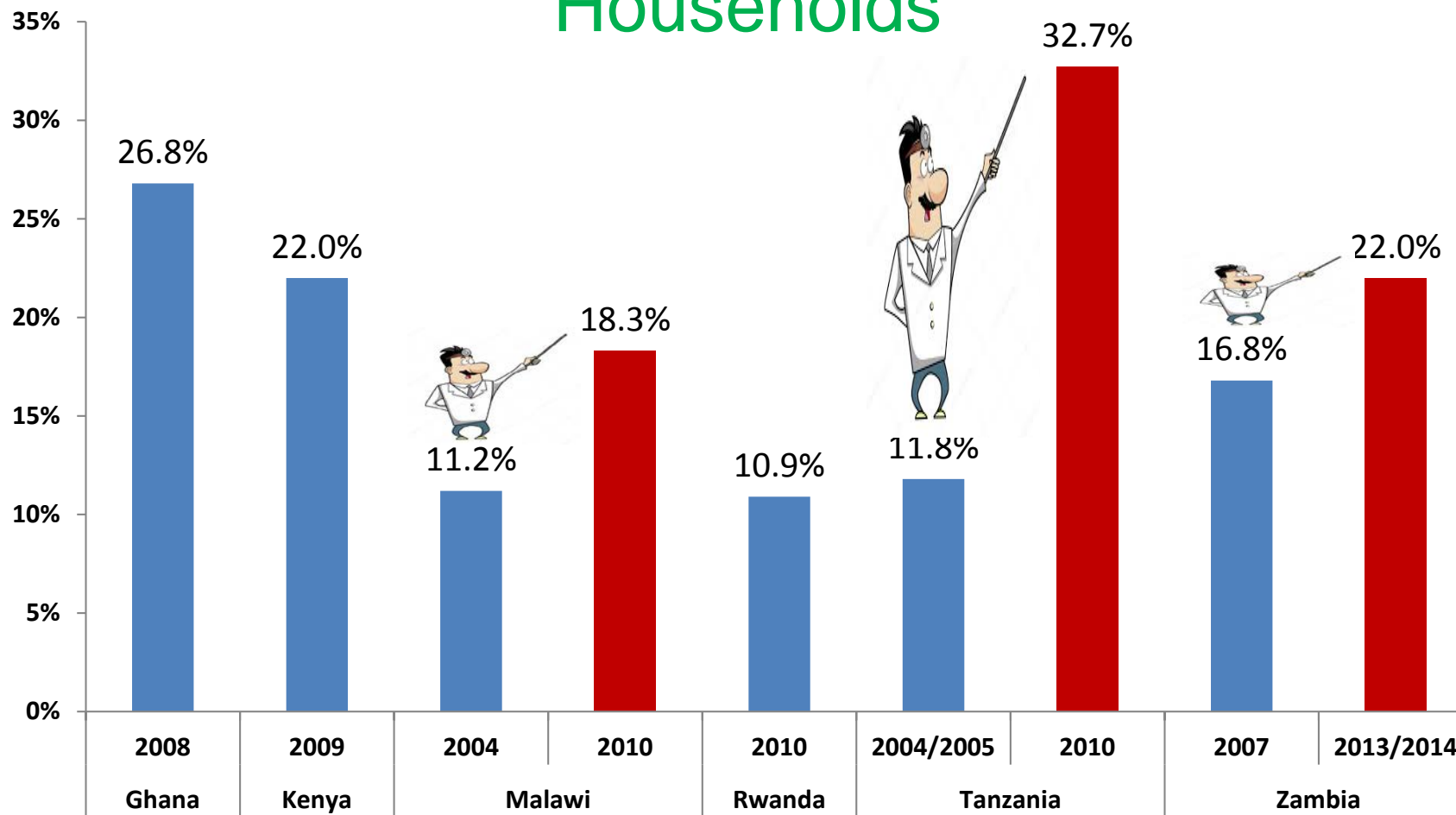




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% of National Landholdings held by Urban Households





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Causes of changing farm size distributions

1. Rise in **world food prices** – heightened investor interest in farmland
2. **Elite capture**- urban-farmer and farmer lobbies **capture** of land and agricultural policies
3. Rapid **population** growth
 - Increased competition of land resource- **skyrocketing land prices**
 - Fragmentation/subdivision in areas of favorable market access
4. Rise of **new towns** converting formerly remote land into valued property

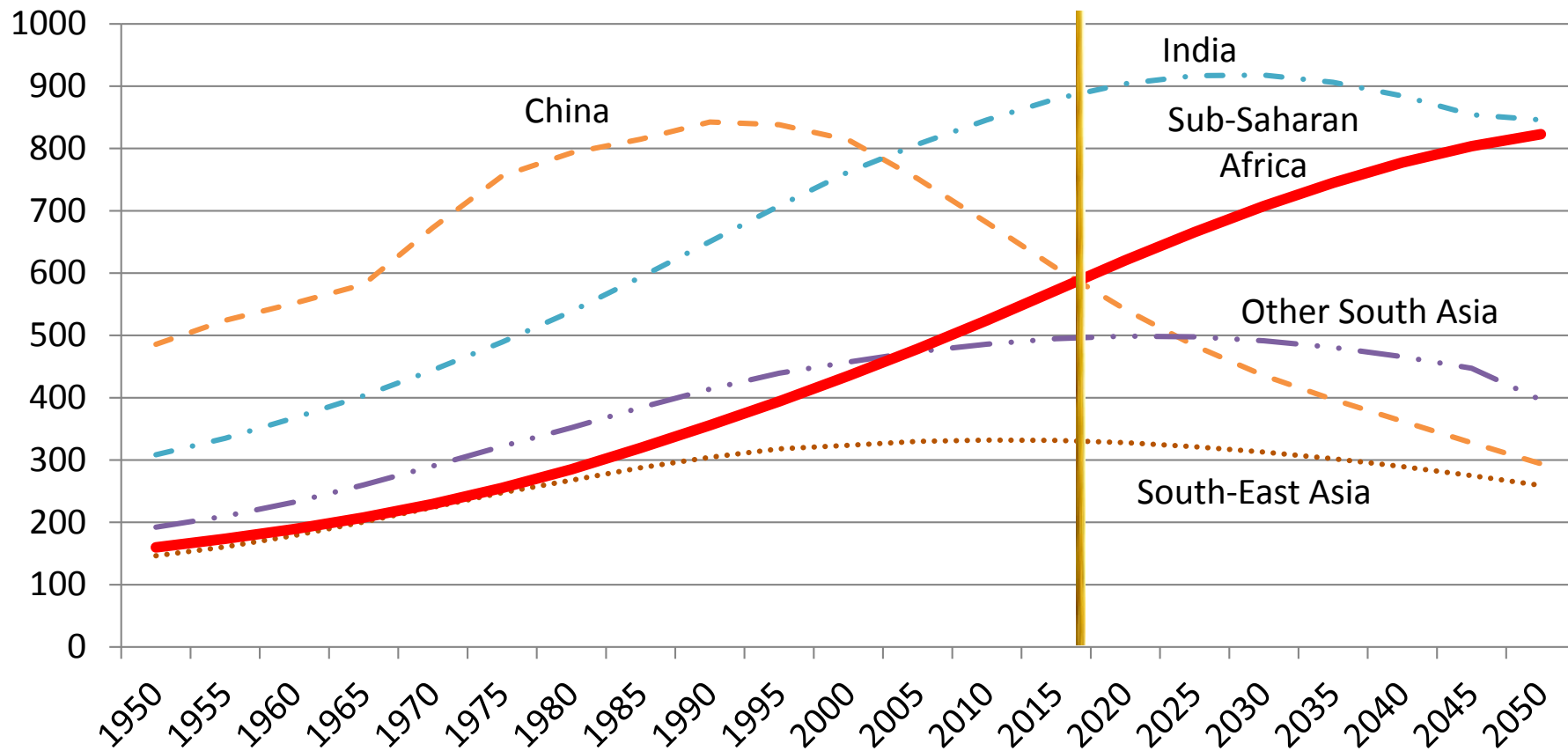


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Sub-Saharan Africa: only region of world where rural population continues to rise past 2050

Total Rural Population (millions)





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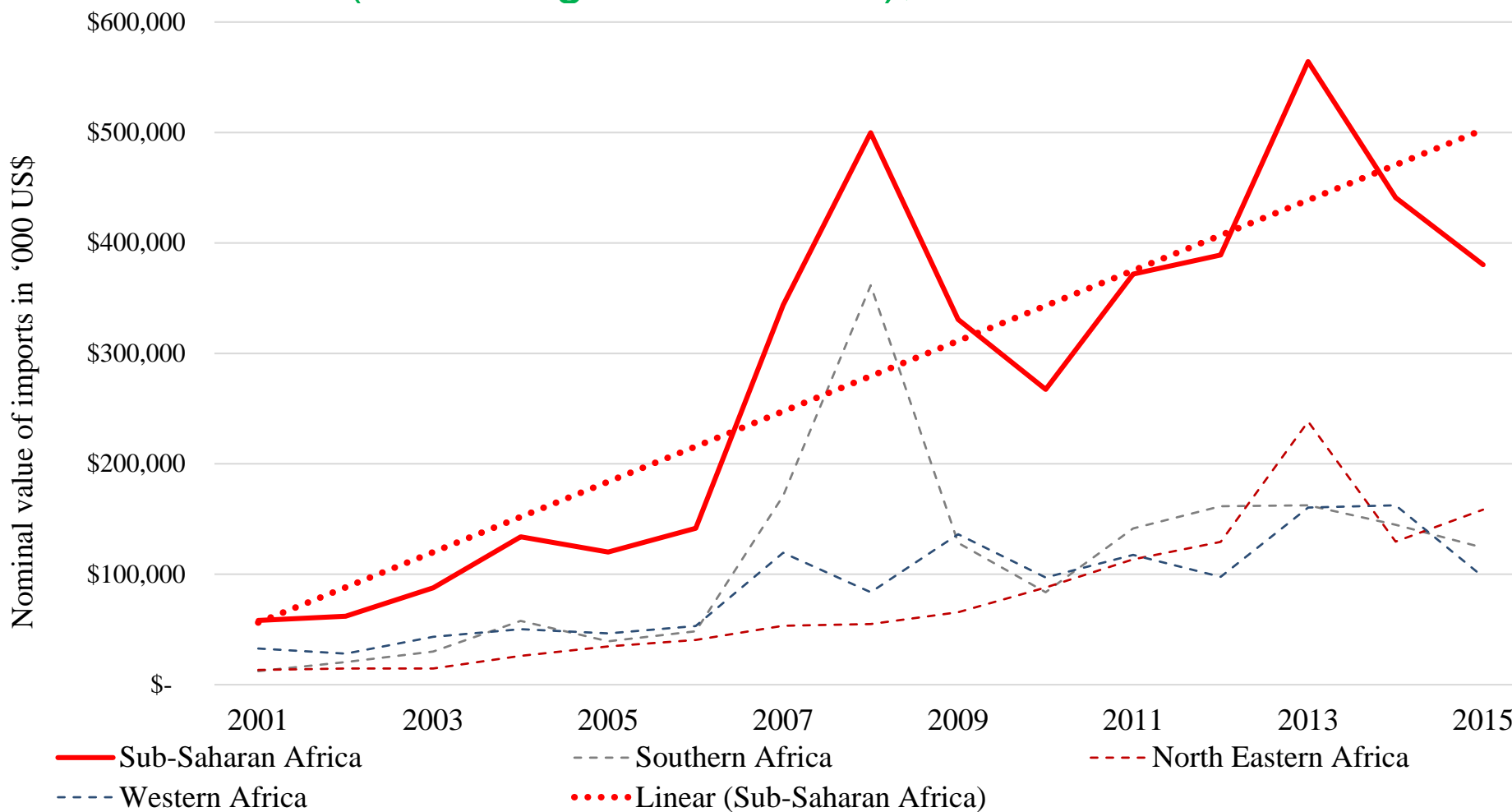


Consequences of changing farm size distributions (+)

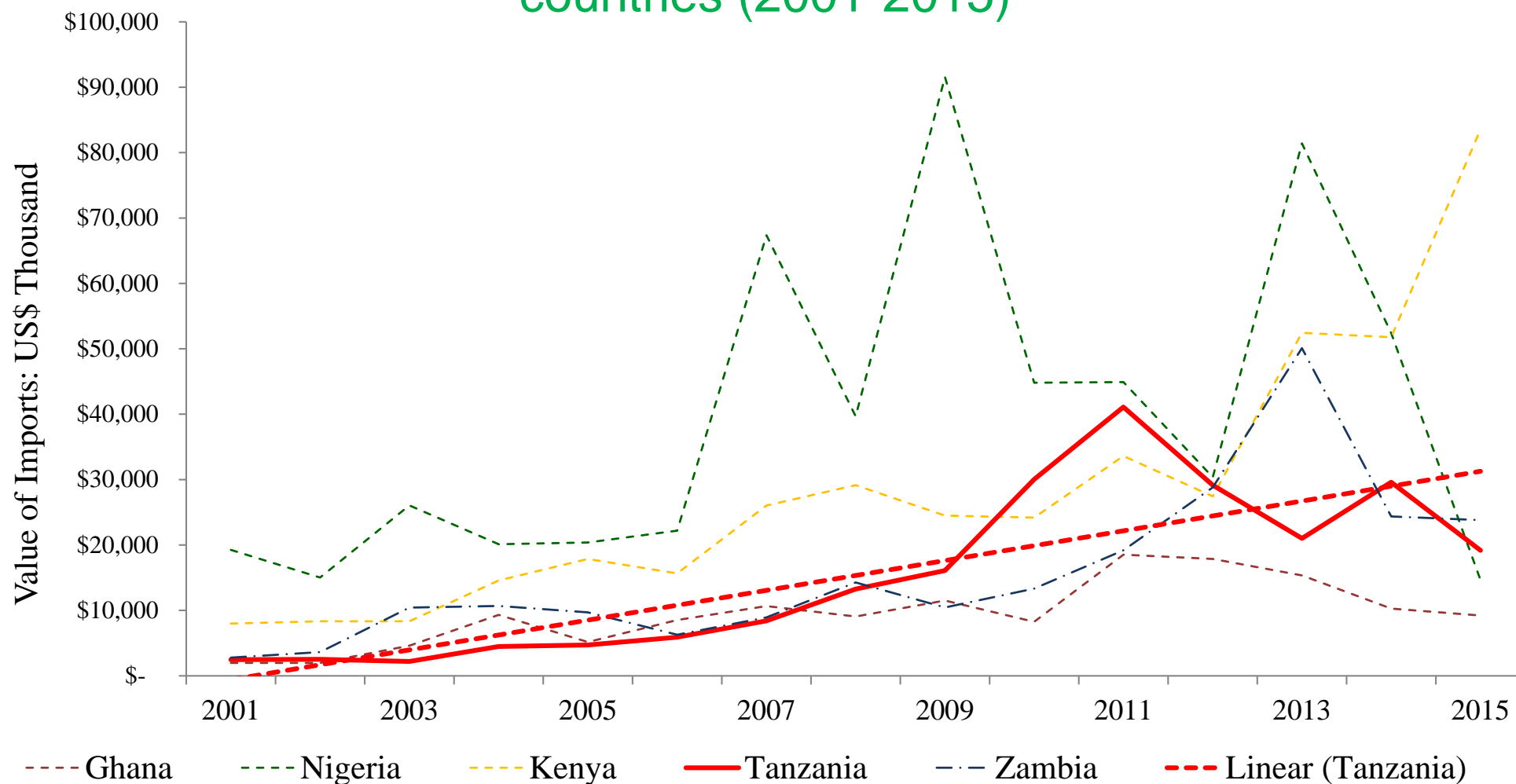
1. More use of **capital** and **labor-saving** forms of agricultural production
 - Rising use of **mechanization** e.g. tractor use
 - Possible **spillovers** from medium-scale farms to smallholders → inputs and output
2. **Vent-for-surplus** [e.g. Tanzania, Zambia]
 - Medium-scale farm contributing a large share of **agricultural output**
 - Sell to **large-scale traders** → reduced transaction costs → higher prices
 - Increased agricultural output >> growth multipliers to **agro-processing**
3. **Productivity** differences between small- and medium-scale farms – limited evidence
 - But reasons to believe that **capitalized** and **educated** farmers will be more efficient



Nominal value of tractor imports to sub-Saharan Africa (excluding South Africa), 2001-2015



Nominal value of tractor imports in selective Sub-Saharan African countries (2001-2015)



Consequences of changing farm size distributions (-)

4. Enclosure

- Elite use **control of state processes** to appropriate public and community lands for private benefit
- Growing **land scarcity** driven by middle/high income urban people seeking to acquire land

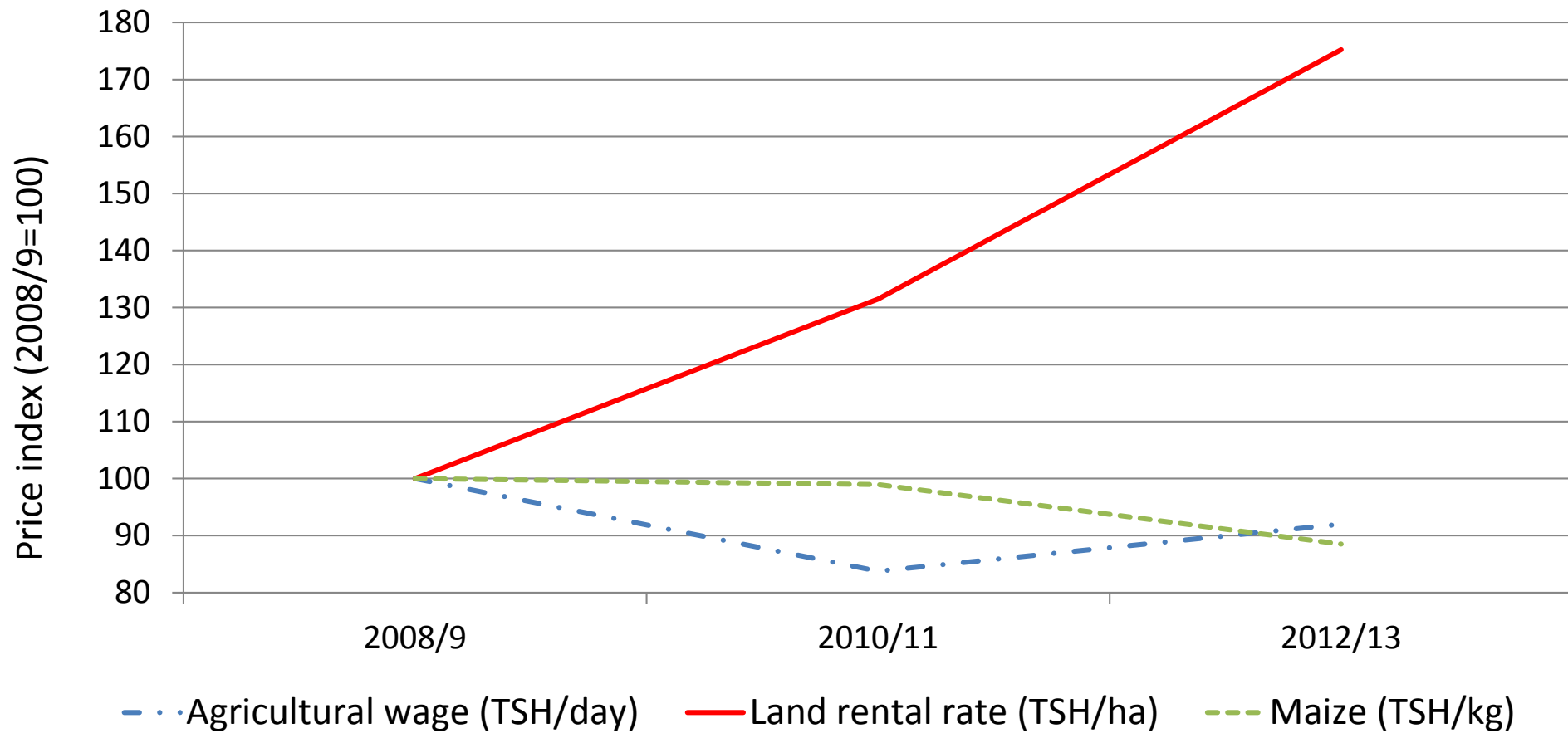
6. Rising **inequality** of farmland distribution

- Are medium-scale farms expanding onto new land or **displacing smallholders**?
- Rising land prices → straining smallholders, women and youth access to land

7. Is mechanization **displacing** agricultural employment?

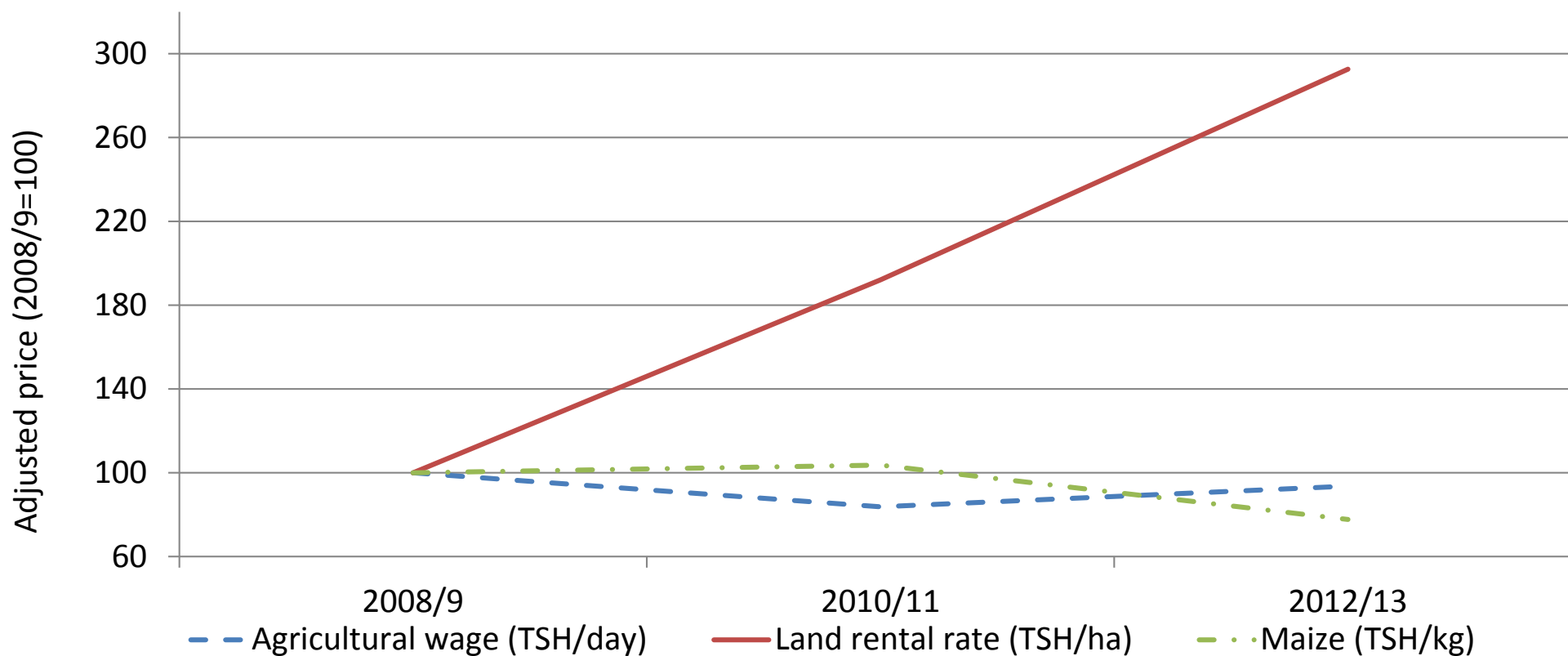
- **Limited non-farm** employment opportunities
- **Push factors**-led rural to urban out-migration

Output and Factor Price Indices: Northern Tanzania





Output and Factor Price Indices: Western Tanzania





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Inequality: GINI coefficients in farm landholding

	Period	Movement in Gini coefficient:
Ghana (cult. area) (GLSS)	1992 → 2013	0.54 → 0.70
Kenya (cult. area) (KIHBS)	1994 → 2006	0.51 → 0.55
Tanzania (landholdings) (LSMS)	2008 → 2012	0.63 → 0.69
Tanzania (area controlled) (ASCS)	2008	0.89
Zambia (landholding) (CFS)	2001 → 2012	0.42 → 0.49



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Implications for policy

1. The “transition” issue is still alive in sub-Saharan Africa
 - How to transform African economies from current situation to more diversified and productive economy
2. Agricultural productivity growth will STILL be the cornerstone of any inclusive economic development and improved livelihoods:
 - Ag. productivity will influence the pace of growth in non-farm jobs (multiplier effects)
 - Ag. productivity will influence pace of labor force exit out of farming
 - Ag. productivity will influence labor productivity in broader economy
3. Multiplier effects may be much weaker when agricultural land is concentrated among medium-scale farms



Strategic policies to increase ag. productivity

1. Invest in **R&D** and institutional capacity building to generate new knowledge
2. Develop robust and **effective extension systems** to facilitate access to productivity enhancing technologies
3. Improve coverage and quality of **physical infrastructure** (energy, road, communication, etc.)
4. Facilitate access to productivity enhancing **inputs** (e.g. fertilizer), **markets**, and **resources** (e.g. land, finance, etc.)
5. Develop youth-centered programs to make farming **profitable** for young people
 - Distinguish between “**trying to keep youth in agriculture**” vs. “**giving youth viable choices**”
 - Promote **mentoring** by successful farmers (youth mentors)
6. Provide stronger **land rights for women**



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Three categories of activities that promote structural transformation

1. Actions that the private sector will undertake on its own
 - Example: distribution of inputs to areas where demand is strong
2. Actions that the private sector will undertake if governments create a favorable 'enabling environment'
 - Example: distribution of inputs to areas where demand would be strong with improved road, port, communications infrastructure
3. Actions that the private sector will not do under most circumstances and that governments must do
 - Example: Infrastructure, education, R&D, extension services



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Tomorrow belongs to people who prepare for it today
--African Proverb--



THANK YOU



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