

# Are Medium-Scale Farms Driving Agricultural Transformation in Africa?

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# Key messages

1. **Number** of medium-scale farms (MSF) is growing rapidly
2. Medium-scale farms' (MSF) **share of total area operated** is growing rapidly
3. Medium-scale farms' (MSF) **share of total marketed output** is growing
4. Growing MSF is attributable to a prolonged surge in global **food prices** among **other factors**
5. Changing farm structure is fueling **technical change** and **productivity growth** at farm level, with **multiplier effects** throughout the economy
6. MSF are an important driver of **rural transformation** in much of sub-Saharan Africa

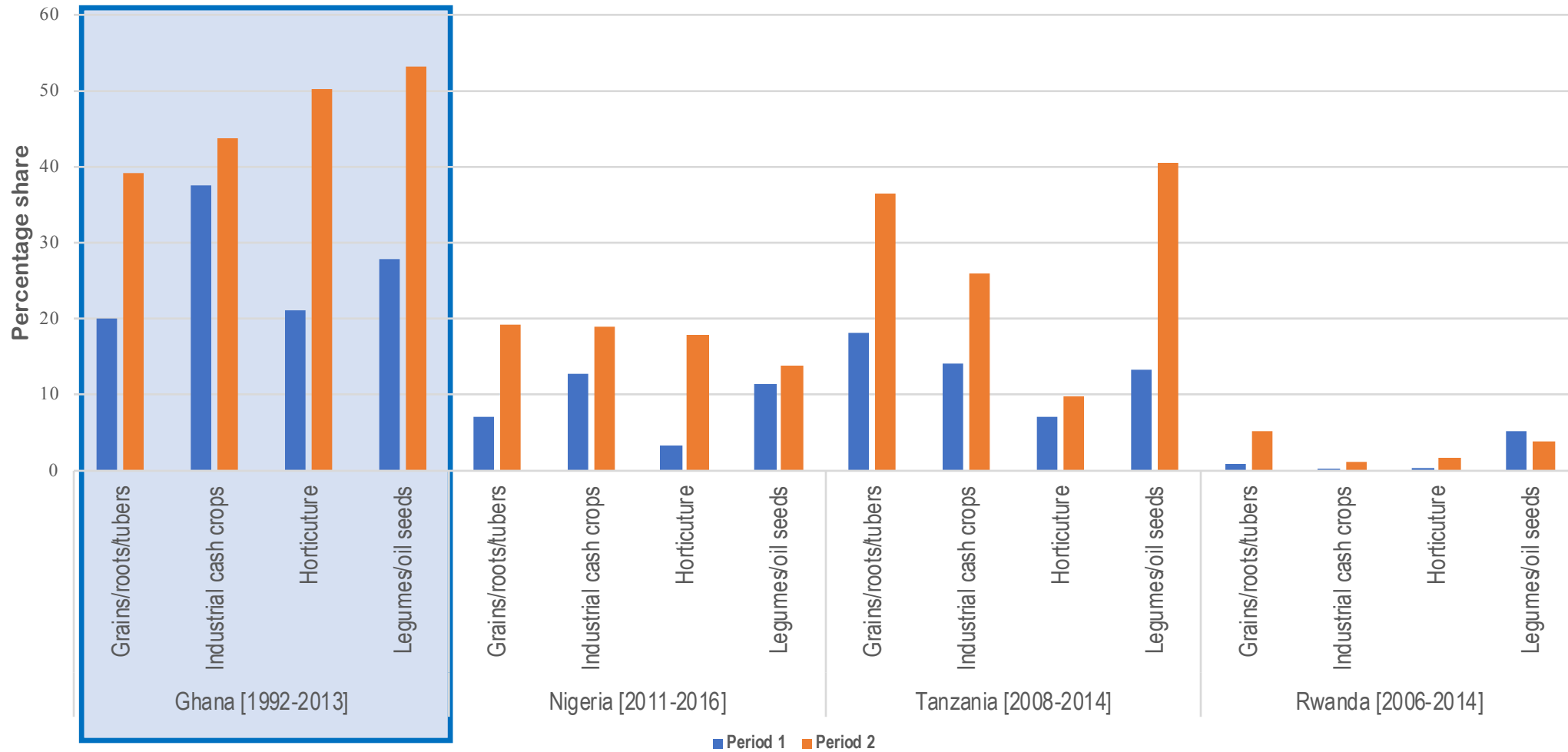
# Number of MSF and share of operated area growing rapidly

Farm size category	Number of farms		% of farms in Period II	% growth in number of farms between two periods	% of total cultivated area		% growth in area operated between two periods
	Period I (year)	Period II (year)			Period I (year)	Period II (year)	
<b>Zambia</b>	<b>2001</b>	<b>2012</b>			<b>2001</b>	<b>2012</b>	
0 – 5 ha	797,157	1,167,315	83	46.4	79.1	47.9	-39.4
5 – 10 ha	20,832	165,129	12	692.7	14.3	25	74.8
10 – 20 ha	2,352	53,454	4	2,172.7	6.6	15	127.3
20 – 100 ha	--	13,839	1	--	--	12.1	--
<b>Total</b>	<b>820,341</b>	<b>1,399,737</b>	<b>100</b>	<b>70.6</b>	<b>100</b>	<b>100</b>	<b>--</b>
<b>Tanzania</b>	<b>2008</b>	<b>2012</b>			<b>2008</b>	<b>2012</b>	
0 – 5 ha	5,454,961	6,151,035	91	12.8	62.4	56.3	-9.8
5 – 10 ha	300,511	406,947	6	35.4	15.9	18	13.2
10 – 20 ha	77,668	109,960	2	41.6	7.9	9.7	22.8
20 – 100 ha	45,700	64,588	1	41.3	13.8	16	--
<b>Total</b>	<b>5,878,840</b>	<b>6,732,530</b>	<b>100</b>	<b>14.5</b>	<b>100</b>	<b>100</b>	<b>--</b>
<b>Ghana</b>	<b>1992</b>	<b>2013</b>			<b>1992</b>	<b>2013</b>	
0-5 ha	2,037,430	2,580,685	84	26.7	60.7	45.5	-25.0
5-10 ha	116,800	320,411	10	174.3	17.2	22.8	32.6
10-20 ha	38,690	117,722	4	204.3	11	16.1	46.4
20-100 ha	18,980	37,421	1	97.2	11.1	12.2	--
>100 ha	--	1,740	0	--	--	3.5	--
<b>Total</b>	<b>2,211,900</b>	<b>3,057,978</b>	<b>100</b>	<b>38.3</b>	<b>100</b>	<b>100</b>	<b>--</b>

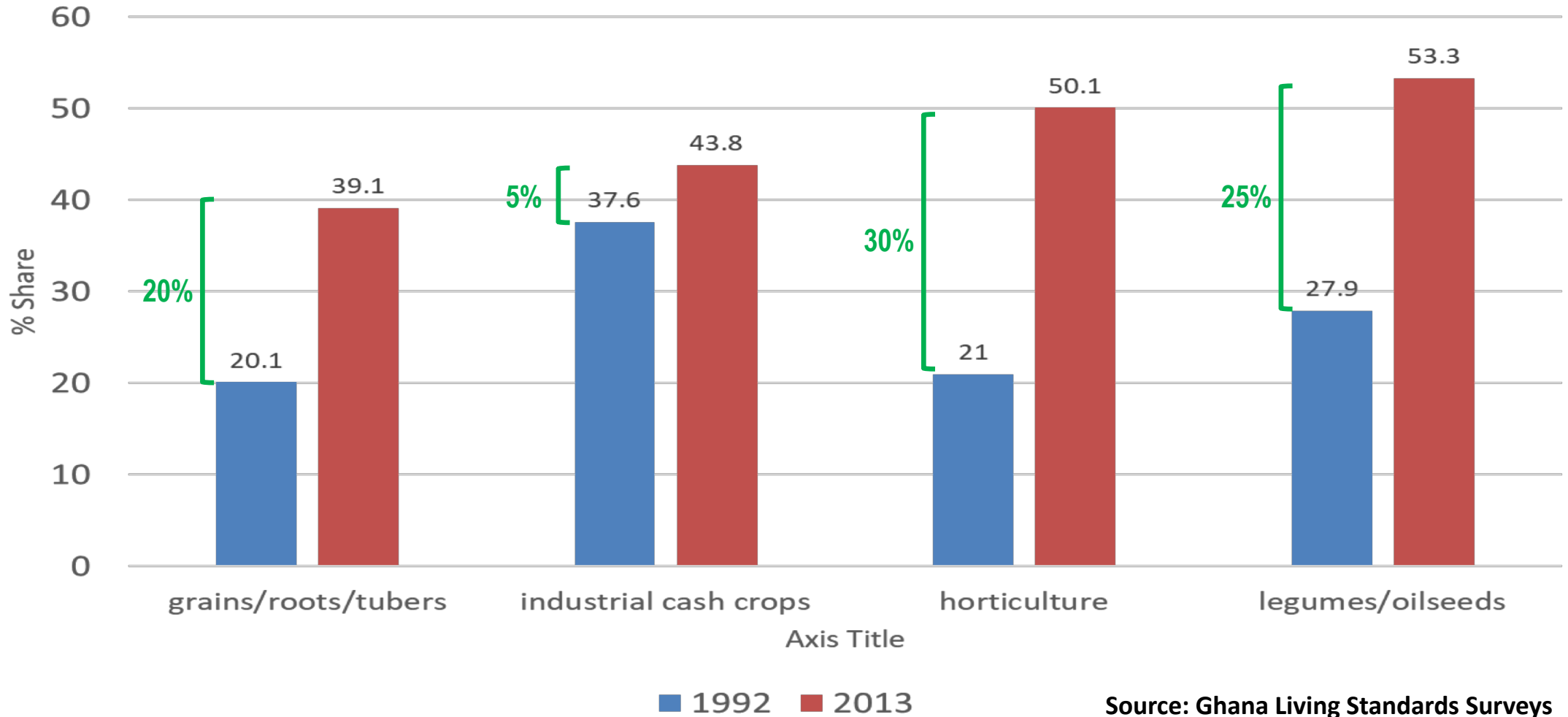
## Number of MSF and share of operated area growing in Tanzania

Farm size	Number of farms (% 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 (92.8)	6,151,035 (91.4)	12.8	62.4	56.3	- 6.1%
5 – 10 ha	300,511 (5.1)	406,947 (6.0)	35.4	15.9	18.0	
10 – 20 ha	77,668 (1.3)	109,960 (1.6)	41.6	7.9	9.7	+ 6.1%
20 – 100 ha	45,700 (0.7)	64,588 (0.9)	41.3	13.8	16.0	
<b>Total</b>	<b>5,878,840 (100%)</b>	<b>6,732,530 (100%)</b>	<b>14.5</b>	<b>100.0</b>	<b>100.0</b>	

# Share of total marketed output under MSF is growing



## Share of total marketed output under MSF in Ghana



Source: Ghana Living Standards Surveys



# Characteristics of medium-scale farmers



Category 1: Formerly small-scale farmers who successfully expanded their operations –

- Now typically operate 5-20 ha
- About 10-40% of total MS farms



Category 2: Rural people who were primarily in non-farm jobs, then invested in farming

- Much more likely to be related to rural power structures – chiefs, state govt, religious leaders
- Now typically operating 5-20 ha
- About 40%-50% of MS farms

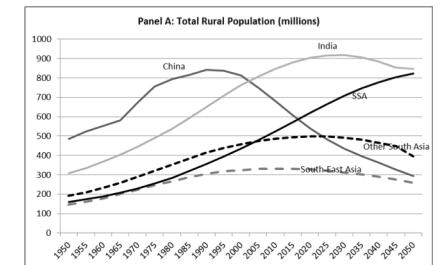


Category 3: People formerly/currently reside in urban areas

- Formerly or currently salaried jobs, public sector
- Many retirees in this category
- Typically operating 20-50 ha
- Often “telephone farmers”
- 15-25% of total MS farms

# Causes of changing farm structure

1. Rise in world **food prices** – heightened investor interest in farmland
2. Urban farmers and farm lobbies **capture of land policy** → *de facto* land laws have become more favorable to MS interests
3. Rise of **land markets** for purchase/sale – considered illegal only 20 years ago
4. Increasing **population** growth leading to increased **land scarcity**
  - Land **inheritance** declining
  - Rising demand for land → rising land **prices**
  - Rising challenges of **youth and young adults access** to land → migration
  - Relatively slow growth in numbers of **small-scale farms**





# Consequences of changing farm size distributions

1. Rising use of **mechanization** rental markets utilized by small-scale farms
2. The rise of this sector is associated with **increased large-scale investment** in grain wholesaling
  - Investment response by private traders in value chains due to the **growing surpluses** dramatically **reduce the unit cost** of rural assembly
3. By attracting private investment around them, these farmers may improve **input- and output market access** for surrounding smallholder farmers
4. To the extent that these farmers spend in the local economy – hiring labor, purchasing food and services – they will **stimulate off-farm employment** opportunities for rural people formerly dependent on subsistence farming

## ...there are some challenges

1. The rapidly growing share of land in the medium-scale holdings is leading to **concentration** of landownership and use
  - Gini coefficients on land cultivation rose from 0.51 to 0.54 in Kenya, and from 0.54 to 0.65 in Ghana; in Zambia, the Gini coefficient on landholdings rose from 0.42 to 0.49
  - These levels of concentration “far exceed those of most Asian countries in the 1980s.”
2. The rising concentration of land is driving increased **land scarcity**
  - Constraining the growth of **small-scale farms** and raising entry barriers into farming to new entrants, like the **youth** and **young adults**
3. Medium-scale farms get their land from **traditional chiefs** or by **purchasing** land from others, including small-scale farm households
  - Land moved from customary to statutory tenure, sometimes leading to the loss of land by **smallholder** and **youth** and **young adults**





## Have MS farms contributed to agricultural transformation in Africa?

1. 4.84% real annual **agricultural growth** in sub-Saharan Africa between 2001-2015
2. 70% of agricultural growth has been attributed to **area expansion**
3. Farms 5-100 hectares, while accounting for 5-10% of farms, have accounted for about 30-50% of the growth in total national value of production (small sample **caveat!** – drawing from Tanzania, Kenya, Uganda, Rwanda, Malawi, Zambia, **Nigeria**, Ghana only)
4. MS farms appear to have contributed significantly to SSA's agricultural growth – mainly in countries where major potential for **area expansion**



**Thank You**