

At the AGRF 2014, the President of IFAD Leads a Call for More Focus at Building Commercially Viable Enterprises of Smallholder Farmers

Opening Speech - Dr. Kanayo Nwanze,
President of IFAD



Perception is reality

- 1) Small scale farmers are the main investors in the agricultural sector in Africa and the developing world in general. Agriculture is central to poverty reduction. Statistics show that, agriculture in Africa is 11 times more effective in reducing poverty and ensuring food security than other sectors.
- 2) In his opening statement, the president reaffirmed that agriculture has to be a business if Africa is to depend on it as an engine to economic growth. He corrected the stakeholders in the sector of their wrong perception that small holder farmers are desperate poor people waiting for handouts and instead advocated for a positive perception about farmers as business people who are resource constrained.

An enabling environment is all the only ingredient in making smallholder farmers successful business people

- 3) In the current world of information and capitalism characterized by competitiveness, farmers need to operate efficiently to be able to compete. However, the government and development partners

should invest in the enabling environment including markets, rural infrastructure, policies and political good will that favor smallholder farmers.

- 4) For farmers to thrive, they must access local, regional and international markets that are competitive. Those markets should be assured through contracts among other models that have worked in Africa and elsewhere. To increase productivity, access to quality inputs and financial services especially rural finance is key.

Limited intra-trade is the undoing of African trade

- 5) Africa trades only 10% of its agricultural produce compared to 50% in Asia and 70% in Europe. This has resulted to fluctuating food prices in Africa due to influence of world markets. For intra continental trade to take, governments have to agree to enforce trade agreements. Africa loses 50 billion dollars from illegal practises and this amount can benefit Africa if trade frameworks are favorable. Political cohesion and peace is important to attract investors

The opportunity agriculture is expanding

- 6) By 2020 food consumption in Africa will hit 1 billion dollars. This is a huge market which farmers and other actors in agribusiness need to tap into. The best positioned are the youth who have the time, energy, creativity to use modern technologies to their advantage. The youth is the hope for the future for Africa and anyone plan which does not take into consideration the interests of the youth is not sustainable. Some partners have started initiatives to incorporate youth e.g. IITA has taken the first step by developing a youth project (IYA). The project has pulled together from different disciplines to pursue agriculture.

- 7) In his parting shot, the President made one single plea, **‘Let hand hoe go and embrace modern technologies’** to save Africa from Hunger and poverty.

Keynote by Prof. Nuhu Hatibu, CEO of Kilimo Trust



Physical and political boundaries have denied the continent an opportunity to trade

- 8) In his Key note titled *‘time to shift attention from farm productivity to structured regional trade’*, Prof. Nuhu Hatibu the CEO of Kilimo Trust expressed concern that regional trade has not been given priority. According to the Professor, there is need to:
- a) Redefine farming as a business
 - b) Transform and graduate farmers to viable agribusinesses
 - c) Quantify the role of regional trade in ensuring food security.

Ecosystem in trade in Africa is incomplete

- 9) To realize the benefits of regional trade, an ecosystem of trade has to be set in motion with a sufficient consensus that barriers to trade have to be minimized if not eliminated e.g. NTBs, and bureaucracies.
- 10) The ecosystem should have four pillars namely
- a) Aggregated farmers for individually, smallholder farmers are too small to trade
 - b) A ready and competitive market
 - c) A political will beyond personal interests
 - d) Fact based decision to avoid guess work.
- 11) Giving specific examples, the speaker pointed out Tanzania and Kenya who have

agreed to trade in maize but not a single metric ton of maize have moved to Kenya due to logistical challenges. This causes double problems of Kenyan consumers starving while Tanzanian farmers incur losses. This scenario is a replica of many other African countries.

Focus on trade beyond areas of production

- 12) The paper concluded by pointing out key steps in graduating farmers into farming as a business through trade
- a) Perception of farmers as desperate sufferers should change. Instead farmers should be engaged as business men and women who invest rationally and strategically and those who do not, they should not be considered as farmers.
 - b) Change the model of supporting farmers by supporting them to be efficient and also using incentives to leverage their own resources.
 - c) Build market that are consistent. In addition, change the way results are measured from hectares cultivated for soon there will be no more land to cultivate to volumes traded and their values, returns to investment etc.

Africa farming will succeed if women are supported to access available opportunities

- 13) Was the call from Joyce Cacho, a consultant with the African Union Commission because women produce 70% of all the food from smallholders in Africa. She pointed rural finance as an enabler for women to farm as a business. This is so because, despite the importance of markets, one cannot invest markets but rather capital.
- 14) To tap into the innovativeness of women, Joyce suggested that, several appropriate financial products should be availed commercially for women to choose. Currently, most of the financial products in the market do not have suit the small holder farmers and especially women. She concluded by pointing to the fact that current markets are not consistent making it difficult for farmers and others in the



agricultural sector to make informed investment decisions.

Not all farmers are in business

15) The CEO of Southern African



Confederation of Agricultural Unions (SACAU) reminded the session that, not every farmers is in business and hence farmer

selection has to be taken to a different level. Only business ready farmers should be targeted by efforts to the sector. One of the many efforts to address challenges of farmers should be mentorship to cultivate a culture of business in the farming community.

16) The leader representing farmers voiced the concern of lack of transparency in the way agribusiness is done today causing.

Political will is all the continent requires to trade

17) Dr. James Nyoro of the office of the president in Kenya

wound up the discussion by pointing to the challenge of lack of political will in addition to lack of implementation of policies e.g. he mentioned government bans as being on their peak.



18) James pointed to the following as being key to unlocking the potential of regional trade if the governments gives it priority:

- a) Implementation of the already existing policies regarding trade should be fast tracked
- b) Harmonization of trade regimes e.g. moisture content of grains in the EAC
- c) Invest in rural infrastructure
- d) Generate and share information in real time to enable accurate decisions.

19) The Session chair, Robson Mutandi



opened the floor for open discussions. The following issues were raised by the delegates.

- a) **Transform information into knowledge** – despite a lot of information, not much seems to have changed in the way farmers operate. There is need to go to transform information into skills which will help farmers operate efficiently.
- b) **The minimum thresholds of viable business must be met** – in addition to the willingness and vision of the farmers, it is important define, quantify and qualify the minimum threshold below which a farmer will not make money from farming. Farmers who do not meet those minimum requirements should try their lack in other sectors.
- c) **Markets should be the drivers of agricultural value chains** – markets should define what is to be produced, in what quantities and qualities. Once such market parameters are understood, famers and other actors should work to supply just that.

Key messages

- 1) Not every farmer is business ready - Ishmael Sangu, CEO of SACAU
- 2) African smallholder agriculture is synonymous to women agriculture for they produce 70% of all the food produced by smallholder. They are the key to unlocking the potential of smallholder agriculture – Dr. Joyce Cacho, Consultant AUC
- 3) Perception is a reality. If we continue perceiving farmers as poor people waiting for handouts, we shall treat them as so and will never graduate them – Dr. Kanayo Nwanze, President of IFAD