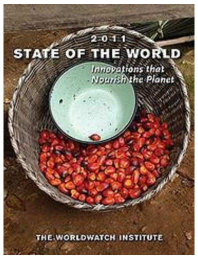


STATE OF THE WORLD 2011

Innovations that Nourish the Planet

State of the World Brief Series

Chapter 13. The Missing Links: Going Beyond Production

Key Messages

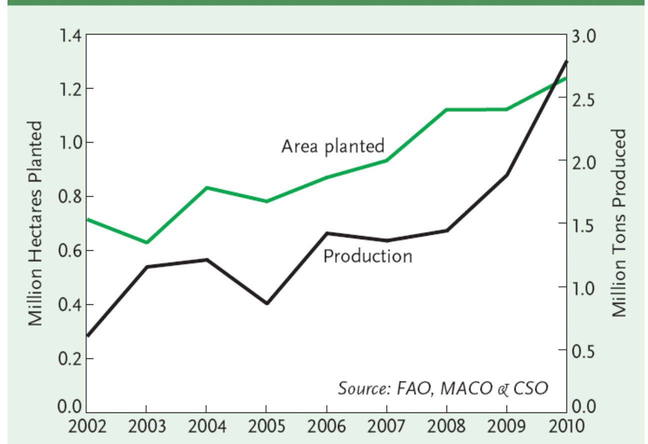
- Although scarcity and famine dominate the discussion of food security in sub-Saharan Africa, many countries are unequipped to deal with the crop surpluses that lead to low commodity prices and food waste.
- In order to redesign current patterns of food distribution and marketing, countries must reevaluate the entire "value chain" of agriculture; in other words, they must rethink all the steps it takes farmers to produce food and bring it to market.
- Helping groups of small farmers better organize their means of production—from ordering inputs to selling their crops to a customer—can help them become more resilient to fluctuations in global food prices and better serve local communities that need food.

The Problem

Sub-Saharan Africa has dealt with numerous threats to its food security, but not all of them are the result of food scarcity. In Lusaka, Zambia, for example, fertilizer subsidies and heavy rain in May 2010 led to a 48 percent increase in maize production over 2009 levels, which were themselves 31 percent higher than the previous year. When there is a dramatic increase in food production and no infrastructure to cope with it, too much food can be devastating to small farmers in commodity markets.

Such large surpluses bring the risk of a crash in market prices and often leave farmers with two conflicting options: plant less of a crop because it is unlikely to make money, or plant more to make up for value lost due to low prices. Under these conditions, small farmers are often unable to compete in the market with commercial farms and must settle for the even lower price offerings of wholesale dealers. Without proper organization, small farmers are unable to establish fair trade connections in the marketplace and can lose money even if they are able to sell most of their crop.

Figure 13–1. Maize Production and Area Planted in Zambia, 2002–10



When farmers are forced to sell to wholesalers rather than at local markets, not only do the farmers lose money, but the surplus food itself often fails to reach communities that need it. This leaves hundreds of thousands of people in sub-Saharan Africa facing chronic hunger, malnutrition, and stunted development because they are unable to benefit from food that is already available.

Innovations/Solutions

Many of the innovations available for improving the market for commodity crops involve restructuring how small farmers organize in groups and sell to local markets.

Examples of such innovations include:

Coordinated farmer business groups. In Uganda, the organization TechnoServe improved market conditions by helping banana farmers form business groups through which they could buy inputs, receive technical advice, and sell their crops collectively. Group representatives met with banana buyers to discuss fair pricing structures, product requirements, and distribution points. By coordinating their businesses, small farmers were able to lower transaction costs, market their crops more effectively, and compete more efficiently with large-scale producers. With more than 20,000 farmers

In Nairobi, Kenya, Esther Mjoki Maima learns about the prices for peanut butter before bringing her product to market. *(Bernard Pollack)*

now participating in the Uganda banana project, the inefficiencies in the marketing chain for small farmers have decreased, and new opportunities for group microfinance loans provide small farmers with the ability to expand their farms and better serve local communities.

Using information to "read" the market. In Kenya, small farmers found that the prices they received from wholesale traders were far lower than those in the market in Nairobi, where their product eventually ended up. DrumNet, a venture that helps link the farmers to information about the market, enables them to make better decisions and more advantageous sales. By providing farmers with real-time reports of market prices and opportunities to coordinate sales, the service helps farmers not only receive fair prices, but also sell more of their crop, meaning that less food goes to waste.

Harnessing technologies for information exchange. Mobile phones have become an important tool across Africa for providing market data and even facilitating transactions between farmers and vendors. In Niger, mobile phone use for market information has helped cut the variation in regional grain prices 20 percent and has secured fairer prices for both farmers and consumers. Access to information from over 300 markets has also helped farmers plan their responses to grain surpluses and shortages.

The Google Trader, a similar program founded by the Grameen Foundation, provides farmers with market information through an online "bulletin board" where farmers and merchants can contact one another. Online applications such as the "Farmer's Friend" have even gone so far as providing regional weather forecasts and information on livestock and crop disease control, as well as planting tips to help farmers better manage crops.

Looking Ahead

Many of the factors that challenge small farmers in sub-Saharan Africa, such as climate and weather, are far from controllable. But small farmers may have an easier time fighting back against certain market forces. In the past, industrializing farms to increase overall yields was a common prescription for farmers hoping to increase profits, but it may be more effective if farmers organize together rather than constantly compete with one another.

By teaming up, small farmers can collectively lower costs for purchasing inputs, negotiate better market prices, and provide food for local markets rather than distant wholesalers. Helping farmers coordinate their operations not only has the potential to create better food security globally, but could also help alleviate the hunger that plagues much of sub-Saharan Africa.

This brief is based on Chapter 13, "The Missing Links: Going Beyond Production," by Samuel Fromartz, published in the Worldwatch Institute report *State of the World 2011: Innovations that Nourish the Planet.* To order a copy of *State of the World 2011* or to read more briefs in this series, visit **www.NourishingthePlanet.org.**