Pyramids of stacked tomatoes, sacks of cowpea and pigeon pea, cassava standing against the curb, bundles of greens, trucks of gleaming milk containers, wheel barrows of dried fish—all are for sale. Goats bleat as vendors sell clothes, caps, sodas, ceramic plates, with prices scrawled on boards. Sounds of trade and traffic fill the air: cell phones, motorcycles and matatus, taxis and trucks, and people bargaining for the best price.

In cities and villages across the continent, markets are at the center of African life. Yet, vital as Africa’s agricultural markets are for millions of small-scale farmers, or smallholders, too many markets aren’t reaching their potential as an engine for transforming Africa’s countryside.

Stored grain rotted by weevils never makes it to market. For every truck in the market lot, others idle at roadblocks as paperwork and bribes pass hands. Milk spoils before it can reach the city. Without access to market information and crop storage, smallholder farmers may lose money if they sell—and lose more if they don’t.

Across Africa, poorly functioning markets undermine farmers’ incentives to grow more food, and entire economies lose out. Women suffer, as both farmers and marketers, and the younger generations leave the sector when they see farming as all work with no reward.

Although Mali has abundant cattle herds, beef from subsidized European cattle arrives at neighboring West African ports. According to the Ministry of Agriculture, Nigeria alone foregoes an estimated US$10 billion in agricultural export opportunities annually. Many of these exports would be to other African countries, as intra-regional trade represents a potential US$150 billion market.

Today, strong markets are as important to poverty reduction and economic growth as increased farm productivity. It is time to transform Africa’s markets, and seamlessly connect Africa’s smallholder farmers with its centers of agricultural exchange. This is no small task. Farmers need access to financing and to market information, to crop storage and transport. Policies need to eliminate, rather than encourage, bureaucratic delays and price volatility, providing incentives for farmers to invest and produce more.
Bring Markets To Farmers’ Doorstep

Written by BY JIMMY SMITH AND NAMANGA NGONGI
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But the reverse is often the case. Regulatory, infrastructural, and institutional hurdles to trade, so-called “non-tariff barriers” (NTBs), contribute up to 40 percent to the price of commodities in some parts of Africa. For example, moving products from northern Mozambique to neighboring southern Malawi requires getting an export permit in the distant port city of Quelimane. In Zambia, trucks operated by the grocery store Shoprite carry up to 1,600 documents to meet border requirements.

Such policies and practices present enormous obstacles to smallholder farmers hoping to market a modest surplus. But today, new initiatives that link farmers to markets are emerging, according to a report recently released by the Alliance for a Green Revolution in Africa (AGRA) and the Nairobi-based International Livestock Research Institute (ILRI).

The changes are local, national and regional. In one effort, addressing frustrations at the border, 34 countries have enacted compatible excise tax and customs software. Market integration efforts such as the Common Market for Eastern and Southern Africa (COMESA) are adapting regulations to encourage the flow of goods, including through adopting common food safety measures.

In some cases, market reforms bridge the gap between the formal and informal market sectors, enabling smallholder farmers to cooperate in the processing, transport and marketing of goods. This is particularly important, as 60 percent of trade in staple grains and 95 percent of trade in livestock take place through such informal channels.

One concerted effort has benefitted 40,000 small-scale milk traders in Kenya. By focusing on business skills as well as the standards for milk safety and quality, the Smallholder Dairy Project helped milk traders receive certification from the Kenya Dairy Board, a national regulatory agency, in effect “formalizing” their enterprises. The program helped boost Kenyan dairy industry revenues by US$16 million annually.

Meanwhile, a warehouse receipt program operated by the Eastern Africa Grain Council and Kenya’s Maize Development program offers farmers both easier access to credit and a safe place to store surplus harvests, protecting grains from rot and pests. Farmers can store their surplus while using the deposited grain as collateral to obtain credit, which they can use to purchase farm inputs and pay for transport to ensure that the stored grain can ultimately reach the market.
African governments should follow these positive examples and break with the ad-hoc policies that do more harm than good. This will ensure that African markets benefit the continent’s smallholder farmers and consumers—who are often one and the same.

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