Recent Changes in African Agriculture: Drivers, Obstacles and Outcomes. William J. Burke and T. S. Jayne
This is not the Africa you knew!

- **Africa in 2018 looks different than the 90’s – Why?**
  - Population growth ↑
  - Urbanization ↑
  - Education (esp. secondary and university) ↑
  - Changing diets
  - Food prices ↑

- **Opportunities seized (?)**
  - 4.6% real agricultural growth per annum 2000-2016 (double the 90’s)
  - 35% real per capita GDP increase 2000-2014
  - Second fastest growing regional economy (after Asia)

- **But don’t forget Africa is a continent – change is not universal and not always positive**
The biggest changes that affect the smallest farmers

- **Changing land dynamics**
  - Vast majority of rural Africans still smallholders, BUT
  - Rapid increases in “medium” sized farms (5-100 ha)

- **Changing output markets**
  - Smallholder maize sales to “large traders” more than doubled in some areas
  - Trader market is “co-evolving” with medium-scale farm expansion

- **What does this mean for smaller farmers?**
Potential benefits and problems for small farmers

- Increase in MSFs → higher share of land under cultivation on farms >5ha
- Geographic concentration of surpluses → Scale economies in trading becomes possible → Attracting traders, esp. LSTs & even SSTs & satellite traders.
- Lower unit transaction costs & greater competition
- Higher farm-gate prices received by all sellers (large & small farms)

Other potential benefits:
- Compared to government buyers, payment is timely & (rising) prices can change quickly with market

Other potential problems:
- Exercising monopsony power to crowd out smaller traders
- Lower farm-gate prices received by sellers
- Smaller farms may not be able to consistently meet quality standards
- Land pressure on smaller farms → decreased fallow; unused tracts

Which pathway dominates?
• Rise of Medium-scale farms associated with greater likelihood that smaller farms:
  • Sell maize
  • Sell to private traders
  • Sell to large-scale traders

• Mean sales to large-scale and small-scale (satellite) traders increases

• Large-scale trader prices are about 4.5% higher, all else equal
  • This and other evidence suggests competition

• On balance, changes in agricultural markets seem good for even small commercialized farms
Broader takeaways

• In Agricultural Markets
  • What helps
    • Rules-based (predicable) trade policy
    • Ensuring competitive markets
    • Provision of public “goods”
      • Price transparency & balanced information
      • Infrastructure
  • What doesn’t
    • Ad hoc trade policy
    • Price manipulation through government buyers
• On the farm – Ag productivity growth starts the engine
  • What helps
    • Research and bi-directional learning through extension
    • Infrastructure
  
  • What doesn’t
    • Input subsidies (at least not as they are usually implemented)
    • Poorly regulated input markets (non-existent or unenforced quality standards, e.g.)
For more information and background literature, please visit:
https://www.afpconsulting-burke.com/seep-background-literature