



Agricultural Policy Research in Africa



INFORMING THE DEBATE ON THE RISE OF MEDIUM-SCALE FARMERS IN AFRICA

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ACRONYMS

APRA	Agricultural Policy Research in Africa
BMGF	Bill & Melinda Gates Foundation
DFID	UK Department for International Development
FAC	Future Agricultures Consortium
MSF	medium-scale farmer
SSF	small-scale farmer
WS	Work Stream

EXECUTIVE SUMMARY



Evidence is emerging of a changing structure of land ownership in Africa, with a substantial rise in the number of commercialised medium-scale farmers (MSFs) as a major trend that is likely to affect agri-food systems in sub-Saharan Africa. The term MSF refers to producers operating between 5ha and 100ha of land, although definitions vary substantially across countries, contexts and farming systems.¹ Changes in the distribution of farm sizes are creating important and wide-ranging impacts in all stages of agricultural value chains, which have potentially multifaceted and complex effects on the livelihoods of rural smallholder communities.

The Agricultural Policy Research in Africa (APRA) research programme has generated new empirical evidence of how the rapid rise of MSFs has materialised in Ghana, Nigeria, Tanzania and Zimbabwe. While specific policy influence is yet to materialise, APRA evidence has contributed to a more nuanced understanding to the debate around the positive and negative implications of the rise of MSFs for inclusive agricultural commercialisation. This evidence adds new perspectives to the established Livelihoods Trajectory Framework, developed originally by the Future Agricultures Consortium (FAC)² and later used in the *Conceptual Framework for Agricultural Development (AgRefresh)* of the UK Department for International Development (DFID).³ The latter provided the foundation to APRA's Theory of Change, which APRA has built upon with new evidence of the effects

of farmers 'stepping in' in Nigeria, and 'stepping up' in Ghana, Tanzania and Zimbabwe.⁴

The speed and scale of this phenomenon is fundamental to future thinking on agricultural policy, the rural non-farm economy, and land ownership across the continent. However, to date, the empirical evidence on land ownership and the dynamic relationships between MSFs and small-scale farmers (SSFs) has lagged behind reality. This research has potential for profound impact in the medium to long term, as it provides evidence to demonstrate what is happening in land markets and rural non-farm economies. This, in turn, should inform policies to support the positive, and mitigate the negative, effects of these shifts in rural land ownership, and guide differential policy approaches according to local factors, such as the availability of land and environmental considerations.

This contribution case study explores how APRA evidence is shaping the agenda and informing an emerging debate on MSFs through stronger empirical evidence of the broad variation across different contexts. This research has generated healthy internal debate between APRA teams which is contributing new insights to understanding the drivers of farm size growth and the conditions that enable 'stepping up', as well as the policy implications for SSFs who are 'hanging in' or 'dropping out' of agricultural production.⁵

- 1 Farm size is defined according to the actual area under operation (area devoted to crops, pasture and fallow); undeveloped land is not counted. This is a crude measure and doesn't reflect the reality of many farming systems, for example shared grazing areas with long-term fallows may not be considered as 'under operation'.
- 2 Dorward, A., Wheeler, R.S., MacAuslan, I., Buckley, C.P., Kydd, J. and Chirwa, E. (2006) *Promoting Agriculture for Social Protection or Social Protection for Agriculture: Strategic Policy and Research Issues*. FAC Discussion Paper 4. Brighton: Future Agricultures Consortium. Available at: https://assets.publishing.service.gov.uk/media/57a08c2fe5274a31e000105a/FAC_Discussion_Paper_No4.pdf.
- 3 DFID (2015) *DFID's Conceptual Framework on Agriculture (AgRefresh)*. London: UK Department for International Development. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/472999/Conceptual-Framework-Agriculture2.pdf.
- 4 'Stepping in' refers to investor farmers who are now coming into agriculture on a commercial basis, and 'stepping up', refers to improving and investing in existing agricultural activities.
- 5 'Hanging in' refers to maintaining subsistence level activities, and 'dropping out' refers to slipping into destitution, often due to shocks and stresses.

1 APRA RESEARCH ON MSFS



Following the global food crisis of 2006, observational data has suggested shifting trends in land ownership across Africa, with an increase in urban-based educated people acquiring land and investing in farming and leveraging their access to finance, education and political connections to create a new social rural dynamic (*stepping in*). The scale of growth in MSFs is believed to be more significant in terms of trends in land ownership and the potential growth of rural economies, rather than the large-scale land acquisition by foreign investors that has received significant attention in literature. The rise of MSFs is in no means uniform across Africa, with East African countries seeing the trend earlier than those in West and Southern Africa. The phenomenon is much more pronounced in land-abundant countries like Nigeria, Tanzania and Zambia compared to countries characterised by constraints on land such as central Kenya, Uganda and Rwanda.

This section outlines how APRA research teams approached the question of MSFs and contributed to a broader evidence base and more nuanced understanding of the variation in drivers, and definitions and subsequent implications for rural economies across the continent.

1.1 Nigeria

In Nigeria, APRA's Work Stream 1 (WS1) conducted a two-round panel survey of farms across Kaduna and Ogun states, involving 1,000 SSFs and 1,000

MSFs in the first wave, and 640 SSFs and 640 MSFs in the second wave, to understand the characteristics of emerging MSFs and how their growth could affect the productivity and welfare of small-scale farm households. Contrary to previously held positions, the study showed that significant productivity differences attributable to farm size do not exist between SSFs and MSFs. This finding has important implications for increasing investments in larger sized farms, that could potentially expand agricultural sector output and commercialisation in Nigeria.⁶ Furthermore, as documented in APRA Working Paper 38⁷ and *Journal of Agricultural Economics*,⁸ these MSF investors are creating new dynamism in rural economies through the provision of new commercial opportunities, by attracting large crop buyers into these areas – which expands market access and can increase prices for all producers, both small- and medium-scale, in the area. The stronger purchasing power of MSFs is also attracting more input and service providers from which SSFs benefit substantially, and strengthening the market for mechanisation services, as well as enhancing smallholder farmers' wage labour. These MSF activities create new opportunities for smallholder farmers to generate income and access mechanisation and inputs, as well as expand market opportunities and prices, thus creating significant beneficial impacts on the productivity and welfare of small-scale farm households.⁹

6 Omotilewa, O.J., Jayne, T.S., Muyanga, M., Aromolaran, A.B., Liverpool-Tasie, L.S.O. and Awokuse, T. (2021) 'A revisit of farm size and productivity: Empirical evidence from a wide range of farm sizes in Nigeria' *World Development* 146: 105592. Available at: <https://doi.org/10.1016/j.worlddev.2021.105592>.

7 Liverpool-Tasie, L.S.O., Nuhu, A.S., Awokuse, T., Jayne, T., Muyanga, M., Aromolaran, A. and Adelaja, A. (2020) *Spillover Effects of Medium-Scale Farms on Smallholder Behaviour and Welfare: Evidence from Nigeria*. APRA Working Paper 38. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/15712>.

8 Liverpool-Tasie, L.S.O., Salim Nuhu, A., Awokuse, T., Jayne, T., Muyanga, M., Aromolaran, A. and Adelaja, A. (2022) 'Can medium-scale farms support smallholder commercialisation and improve welfare? Evidence from Nigeria', *Journal of Agricultural Economics*. Available from: <https://doi.org/10.1111/1477-9552.12487>.

9 Liverpool-Tasie, L.S.O., Salim Nuhu, A., Awokuse, T., Jayne, T., Muyanga, M., Aromolaran, A. and Adelaja, A. (2022) 'Can medium-scale farms support smallholder commercialisation and improve welfare? Evidence from Nigeria', *Journal of Agricultural Economics*. Available from: <https://doi.org/10.1111/1477-9552.12487>.

Key findings to emerge from this research are summarised in APRA Brief 31,¹⁰ which provided a theoretical model and empirical evidence of the mechanisms that generate positive spill-over effects on input use, productivity, commercialisation, and welfare. This policy brief draws on APRA Working Paper 38,¹¹ which provided new evidence of the interactions between SSF and MSFs around input purchase, training, and selling of produce, which resulted in increased productivity and income, and reduction in poverty incidence. MSFs' level of access to inputs and technology, which reduce drudgery, are supporting SSFs with these services. MSFs are also supporting SSFs with training and market access, although data suggests that the benefit of this training was enhanced by purchasing inputs or selling outputs to MSFs; as training alone does not deliver the same level of benefit. APRA Working Paper 26,¹² outlines the key characteristics of MSFs in comparison to SSFs and explores the changing farm structures created by the transition of SSFs to MSFs (*stepping up*), the emergence of investor farmers (*stepping in*), and the drivers of these changes – finding access to land to be the key.

Engagement in Nigeria

The APRA Advisory Board in the APRA Nigeria team played a critical role in sharing and discussing these findings with senior decision-makers in the Nigerian government. It brought together influential civil servants and business leaders to provide guidance on how to translate APRA evidence, on the potential role of MSFs in enhancing the process of agricultural commercialisation and smallholder transformation, into actionable policy recommendations. The Advisory Board considered the policy implications of the spill-over effects on input use and decisions, outputs yields, and sales prices through stronger coordination. This engagement enabled APRA to be agile and active in policy spaces, particularly with authorities in Ogun and Kaduna states. This investment in engagement opened doors for APRA in other policy spaces.

APRA engagement events in Nigeria have generated substantial media interest – with broad coverage of how these events and the evidence presented have supported farmers in calling on the government to provide an enabling environment to support them to 'step up' their scales of operation to improve their livelihoods.^{13, 14, 15, 16} These articles generated broad readership and generated substantial discussion at the national level.

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- 10 Liverpool-Tasie, L.S.O., Nuhu, A.S., Awokuse, T., Jayne, T., Muyanga, M., Aromolaran, A. and Adelaja, A. (2022) *Spillover Effects of Medium-Scale Farms on Smallholder Behaviour and Welfare: Evidence from Nigeria*. APRA Brief 31. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/17201>.
- 11 Liverpool-Tasie, L.S.O., Nuhu, A.S., Awokuse, T., Jayne, T., Muyanga, M., Aromolaran, A. and Adelaja, A. (2020) *Spillover Effects of Medium-Scale Farms on Smallholder Behaviour and Welfare: Evidence from Nigeria*. APRA Working Paper 38. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/15712>.
- 12 Muyanga, M., Aromolaran, A., Jayne, T., Liverpool Tasie, S., Awokuse, T. and Adelaja, A. (2019) *Changing Farm Structure and Agricultural Commercialisation in Nigeria*. APRA Working Paper 26. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/14576>.
- 13 Aliyu, S. (2021) 'Small to Medium Scale Farming Is Very Slow In Nigeria – APRA', *Nigerian Newspaper* [online], 15 November. Available at: <https://newnigeriannewspaper.com/index.php/2021/11/15/small-to-medium-scale-farming-is-very-slow-in-nigeria-apra/>
- 14 Aliyu, S. (2021) 'Promoting Medium Scale Farming Policy Will Improve Agricultural Commercialisation, Smallholder Transformation In Nigeria – APRA', *Nigerian Newspaper* [online], 17 November. Available at: <https://newnigeriannewspaper.com/index.php/2021/11/17/promoting-medium-scale-farming-policy-will-improve-agricultural-commercialization-smallholder-transformation-in-nigeria-apra/>
- 15 The Business Package (2021) 'APRA makes a strong case for policies promoting medium-scale farming in Ogun State community level stakeholders' meetings', *The Business Package* [online], 26 November. Available at: <https://www.thebusinesspackage.com.ng/2021/11/apra-makes-strong-case-for-policies.html?m=1>
- 16 The Daily Crucible (2021) 'APRA seeks strong policy support for medium scale farming in Ogun, others' *The Daily Crucible* [online], 26 November. Available at: https://www.thedailycrucible.com.ng/2021/11/amosun-felicitates-consumate-diplomat_43.html?m=1

Policy implications

In Nigeria, these findings spoke directly to key policy challenges identified by decision-makers at an APRA National Policy Round Table event held in April 2021. Increasing land prices and value of land as an investment asset is changing the dynamic of land ownership and creating a need for policies that promote investment and acquisition opportunities on the one hand; and a need to protect communities' ancestral rights, and enable land access for women on youth, whilst ensuring the spill-over benefits for smallholder productivity and market access are realised on the other.

Another priority policy issue is the delivery of agricultural extension services, with recognition that the current model is both unsustainable and ineffective. New extension models that enable SSFs to benefit from exposure to MSFs, and draw upon their technical expertise, access to inputs and technology, may provide policy solutions to the challenges faced by the government in continuously expanding extension support.

“Governments haven't invested enough in extension services, and the limited budgetary provision and the number of extension personnel doesn't meet the needs of the millions of SSFs. Efforts to transform the agribusiness landscape can leverage MSFs to enhance linkages to technologies, finance, agronomic practices and markets. I am convinced that MSFs can bridge identified gaps and fast track desirable improvements via community-based extension services as a complement to public extension services” – Sabiu Sani Kaduna, Ministry of Agriculture for Kaduna State

The findings from a follow-up study on the relationship between farm size and productivity using panel data, was discussed at a recent African Development Bank Webinar hosted by the Macroeconomic Policy, Forecasting and Research Department in July 2022, to consider questions around farm size as a determinant of agricultural productivity, the evolution of farm size over time, and the effects on productivity.

1.2 Ghana

In Ghana, APRA research on MSFs focussed around the Fumbisi Valley in the north, where farm size and

agricultural commercialisation have increased since the 1990s, finding that up to 40% of farms in the region were now medium scale. The rise of medium- and large-scale farms is driven by 'stepping up' and 'stepping in'. Chapoto, Mabiso and Bonsu (2013)¹⁷ found that while the *stepping up* transition can take 20–30 years, with the right exposure and attitude, smallholders are able to increase their scale of production and commercialise. MSFs are seen as a positive force through expansion of production up to 80ha, application of new technologies, and access to international subsidies and inputs from agro-industries. This transition has been found to be most effective in areas with flat topography (suitable for mechanisation) and low population density. The role of the state in opening up these sparsely populated rich valley areas through expansion of road networks and programmes to make mechanisation services and inputs accessible to rural based farmers is notable. As is the role of the private sector, as evidenced by the increase in rich urban farmers with modern Chinese equipment and links with agro-processing industries.

Work by the APRA team in Ghana validates how the use of fertilisers and inputs are having positive impacts and acting as drivers to support SSFs to contribute to more dynamic rural economies. This research has also added a new dimension to the assumption of a positive trickle-down effect for SSFs who are able to access markets for technology, inputs and mechanisation. APRA evidence suggests that in northern Ghana, SSFs are adding value to medium-scale investors through their knowledge of the local environment and most appropriate production practices. For the SSFs, there is a balance of negative consequences in terms of time away from their own farms and positive consequences in terms of their exposure to technology and awareness of extension programmes. This finding challenges the narrative of the Nigerian team on the spill-over benefits of MSF, finding that in the Ghanaian context it is the upper-MSF¹⁸ who benefit most from the relationship due to the wage labour of SSF who bring their local knowledge of appropriate crops and varieties and effective pest management practices.

The Ghana study was an additional piece of research that resulted from a peer review of the Nigeria WS1 paper and discussions around the data, methodology and need to expand upon the neo-classical economic analysis. The Ghanaian team had a substantially

17 Chapoto, A. Mabiso, A. and Bonsu, A. (2013) *Agricultural Commercialization, Land Expansion, and Homegrown Large-Scale Farmers: Insights from Ghana*. IFPRI Discussion Paper 01286. Available at <https://ssrn.com/abstract=2343154>.

18 APRA Ghana categorised farms into small-scale (10 acres or less), lower-medium-scale (11-50 acres), upper-medium-scale (51-100 acres), and large-scale (above 100 acres).

smaller budget but looked to build on the Nigerian work with a stronger political economy lens to compare the findings. This research produced APRA Working Paper 70,¹⁹ which outlined the rise of MSF, and APRA Working Paper 71.²⁰

The research also considered the environmental pressures of the shifts in land tenure that had the potential to increase vulnerability for SSFs who were being pushed onto more marginal lands where they were more vulnerable to pests. Finally, the study argued for a much stronger research focus to more fully interrogate how the shift to wage labour was affecting nutrition and livelihoods.

This work also resulted in a stronger understanding of the diversity of MSFs, and characterisation of the different categories of MSFs in Ghana, to distinguish between lower-medium-scale and upper-medium-scale within the MSF bracket. This supported a more nuanced analysis and clearer distinction between those who are 'stepping up' and those who are 'stepping in', as well as the positive and negative spill-over effects. APRA evidence suggests that there is potential for the lower-medium-scale to step up to upper-medium-scale, but this is limited by access to land and finance, which reduces ability to scale up without 'invasion' of smallholder parcels. SSFs and lower-medium-scale farmers are disadvantaged compared to larger farmers, as they are less able to call in favours with chiefs or convince them with gifts.

Policy implications

These findings highlight the need for diversified policies which recognise the advantages to MSFs in locating close to existing communities to take advantage of roads and other infrastructure, but also disadvantages, such as increases in land pressure for those communities. Policies also need to incentivise food production and the creation of non-farm economic opportunities. This creates an additional dimension to the Nigerian hypothesis on MSF investors as the future model of rural development for Africa, and provides a clear direction to continue to develop this research agenda.

As an additional piece of research, the APRA Ghana team did not have the budget to support engagement events, however the team believe that there is potential to generate interest from government and other stakeholders. The findings have been discussed on national television by the CEO of the Peasant Farmers Association of Ghana (PFAG) and a member of the APRA Ghana Reference Group as an indirect influence pathway. The Ministry of Food and Agriculture is aware of the growth of MSFs, but has lacked evidence on the implications of this trend, however APRA has not had sufficient resources to convene conversations on these findings. Another potential stakeholder is the Canadian development agency, which is investing to modernise agriculture in Ghana.

Looking ahead, this evidence on the drivers of land accumulation and 'stepping up' to MSF provides policymakers with greater clarity on where farmers are able to support themselves, where policy adjustments are needed to incentivise private sector support, and where government intervention is required. This evidence has relevance to the government's Planting for Food and Jobs flagship agricultural campaign, which is reviewed every two years and has the potential to provide clearer insights into where farmers require support and which farmers are able to support themselves if access to credit and inputs is made available. This also has potential to inform other policy frameworks for support services, such as credit and financial services with commercial banks for MSFs. These insights can provide inputs into decision-making to target limited government investments into issues where they are most expedient and effective, and can drive government focus to support SSFs.

This evidence also provides policymakers with validation that their investments in agricultural development can deliver results, and proved that pathways exist for family farms to develop into profitable businesses. This evidence is valuable in helping promote and target investments to distinguish between farmers with capacity to 'step up' and those who require the protection of state support. The evidence also has implications for food security, in

19 Yaro, J.A., Wahab, I., Afful-Mensah, G. and Awenam, M.B. (2021) *The Rise of Medium-Scale Farms in the Northern Savannah of Ghana: Farmland Invasion or an Inclusive Commercialised Agricultural Revolution?* APRA Working Paper 70. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/16868>.

20 Yaro, J.A., Wahab, I., Afful-Mensah, G. and Awenam, M.B. (2021) *The Drivers of Medium-Scale Farms and the Emerging Synergies and Contradictions Among Socially Differentiated Farmers in Northern Ghana*. APRA Working Paper 71. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/16870>.

ensuring that MSFs are also supported by a favourable policy environment which promotes their potential to contribute to national self-sufficiency and protects them from competition from imports. Looking ahead, dependency on agricultural inputs is emerging as a potential constraint to economic growth.

1.3 Zimbabwe

The context in Zimbabwe varies from the West African examples, in that there is an official position to distinguish between SSFs and MSFs. The latter were designated as A2 Settled Farmers after the year 2000, when land reforms reallocated land to SSFs to boost productivity, creating approximately 22,000 new MSF households to join the A2 designation, which is reshaping the wider political economy of agrarian change. Yet, despite this official designation, there is a broad variation in MSFs in Zimbabwe. The APRA Zimbabwe team examined the role of medium-scale 'A2' farms, which were allocated following the country's land reform after 2000. They analysed processes of social differentiation across MSFs, based on qualitative-quantitative studies in two contrasting sites (Mvurwi and Masvingo-Gutu), identifying diverse processes of accumulation across 'commercial', 'aspiring' and 'struggling' farmers, and linking these to contrasting patterns of agricultural production and sale, asset ownership, employment, and finance. The emerging classes of farmers have divergent political interests, with some closely allied with the party-state and reliant on patronage connections for accumulation, while others are 'accumulating from below' or not at all, joining wider, fragmented 'classes of labour'. The study found that the ability to mobilise finance, influenced by the state of the macro-economy, as well as forms of political patronage, are crucial drivers of expansion.

The APRA Zimbabwe team highlight the importance of avoiding taking MSFs as a unitary category and, contrary to assertions that 'A2' farms are largely occupied by 'cronies' and that they are unproductive and under-utilised, a more differentiated picture emerges, with

important implications for policy and the wider politics of Zimbabwe's countryside following land reform. This research has produced new insights on the social differentiation amongst MSFs and how these different categories are linked to different patterns of production and commercialisation, ownership, employment and finance.²¹ These findings are complemented by a historical analysis that demonstrates how commercialisation outcomes depend upon the intersection of social dynamics and political economy factors, and the key role of employment and finance to support commercialisation.²² APRA research²³ has also produced evidence to demonstrate how smallholder farmers are more likely to be accumulating from below and 'stepping up' and renting land to grow in size.

In Zimbabwe, MSFs are primarily isolated and independent farming units, which make up 1 per cent of the production area – with limited sharing of capacity, equipment and labour with other MSFs or large- or small-scale holdings. This compares with strong social capital and collaboration at the community level to provide mutual production and marketing support amongst smallholder farmers. On the one hand, many MSF operations do not match the size of their landholding, thus creating a dynamic in which joint ventures have gained currency. On the other hand, SSFs are able to rent unproductive land and machinery from other smallholders to increase their own scale of operation. In this way, SSFs are producing more by renting additional land.

In terms of inclusion, female-headed households are starting to access financial opportunities through public or private contract schemes. Women are not considered primary contract holders, but it is not unusual for them to access financial services. Women are also taking a more active role in marketing and are able to secure their own contracts with the Tobacco Industry Marketing Board, to ensure that the money generated at remote tobacco markets makes it back to the household. The land reform of 2000 has created an age division in Zimbabwe, with land granted to farmers who were 35 years old and above at this time. These

21 Shonhe, T., Scoones, T. and Murimbarimba, F. (2021) 'Medium-scale commercial agriculture in Zimbabwe: the experience of A2 resettlement farms', *The Journal of Modern African Studies* 58(4): 601-626.

22 Scoones, I., Mavedzenge, B. and Murimbarimba, F. (2017) 'Medium-scale commercial farms in Africa: the experience of the 'native purchase areas' in Zimbabwe', *Africa* 88(3): 597-619.

23 Mahofa, G., Mutyasira, V. and Sukume, C. (2022) *Impact Commercialisation Pathways on Income and Asset Accumulation: Evidence from Smallholder Farming in Zimbabwe*. APRA Working Paper 89. Brighton: Future Agricultures Consortium. Available at: <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/17371>.

farmers are now in their 50s or older and have used capital and connections to improve their livelihoods. The next generation have not had similar opportunities to access land, other than that which is subdivided by inheritance or allocation in communal areas within the village upon marriage. These 'youth' work primarily as hired farm labourers, as small 2ha plots available through traditional means do not offer sufficient opportunities for production.

These findings suggest a policy disjuncture, with state support mostly oriented towards MSFs. APRA evidence suggests that the government's intention of creating capitalist farms amongst the A2 farmers is not being achieved, and may be restricting the process of accumulation from below. Data suggest that farmers across the spectrum of government-stipulated farm sizes have the ability to accumulate, gain access to equipment, and '*step up*' their scale of production. This indicates that the government should reconsider policies which focus support on MSFs and explore mechanisms to promote SSFs with the potential to increase their scale of operation. This requires further research to strengthen understanding of the groups which are accessing agricultural finance, markets and extension services.

1.4 Tanzania

APRA work in Tanzania uncovered another dimension to the dynamic between MSFs and SSFs and the drivers supporting '*stepping up*', linked to immigrant agro-pastoralists who have introduced animal traction, providing services that have enabled them to acquire and cultivate more land to improve their livelihoods. In the Kilombero region studied by the APRA Tanzania WS1 team, findings show that rice commercialisation in the study area was driven by intensification and extensification through sustainable rice intensification technologies and animal-drawn technologies, respectively. Qualitative data showed that the local people who sold what they perceived to be useless marshland to immigrant agro-pastoralist are now renting land from the immigrants who used oxen to turn useless marshland into cultivable land suitable for rice production. However, the majority of MSFs who employed animal-drawn technology for area expansion and scored the highest rice commercialisation index, surprisingly, scored the highest multidimensional poverty index, representing a higher poverty level than SSFs. This observation from the first round of data collection suggested that while increased cash income

through commercialisation is necessary, it is not sufficient to ensure poverty reduction. However, data from the second round of data collection indicated that MSFs made significant livelihood improvements, while contributing further to commercialisation by area expansion as they continue to provide rental ploughing services as well as employment (especially for weeding and harvesting) to smallholder farmers around them. The dynamic relationships between land and livestock, and the implications for poverty reduction, require further research and analysis.

This research also highlighted how the interaction between MSFs and SSFs takes multiple forms, firstly via oxen rental services and secondly by providing employment opportunities for SSFs, providing this group with income to reinvest in their own farms or to use for consumption and for acquisition of assets, both leading to poverty reduction. Some SSFs have bought oxen from agro-pastoralists, improving the productivity of land and labour through the use of manure. The findings from Kilombero also showed that MSFs had a stronger employment effect than a large-scale investor located in the study area. In fact, by the second round of data collection (2019), the large-scale investor had closed its business due to various reasons, and a new investor had not yet come in.

In Tanzania, the WS2 team studying mixed crop-livestock systems in the Singida region found that the use of ox-plough and livestock manure enhanced crop commercialisation, meaning that those households that did engage in the use of livestock inputs (namely, livestock-keeping households – including caretakers, male-headed households, and MSFs) benefitted more from this increased commercialisation and its contribution to poverty reduction than their non-livestock-keeping, female-headed, SSF counterparts. Another dynamic identified by this study is where owners of large livestock herds opted to re-distribute their herd to other villages due to increasing pressure on land. The caretakers have in turn benefited from using oxen services, thereby '*stepping up*' as they increased their average size of cultivated land. They also benefited nutritionally through milk consumption. In some cases, this enabled caretakers to acquire their own cattle from the proceeds, improving their status within the village. However, this livestock acquisition further exacerbates the pressure on land, with potential environmental implications in the medium and long term, and negative livelihood impacts for small land parcels.

1.5 Multi-country study

APRA WS3 also produced a multi-country comparative policy study based on a review the literature and secondary data sets drawn from selected statistically representative surveys²⁴ on the distribution of farm sizes in sub-Saharan Africa – examining trends over time, drivers of change in farm structure, and effects on agricultural transformation, and presenting new evidence for six countries – Ethiopia, Ghana, Kenya, Nigeria, Tanzania, and Zambia.²⁵ This evidence explored the positive contributions of MSFs to smallholders within a broader context of land commodification, and escalating land prices which also restricts land access for some groups. The multi-country data suggests that in some contexts MSFs are having transformational impacts on rural economic systems, stimulating off-farm economy and investments in other stages of value chains, which are having a beneficial impact for some SSFs who are able to benefit from increased access to markets, technologies, inputs, and extension services. However, there is still insufficient evidence of the potential negative impacts on SSFs, who sell their land to MSFs and ‘drop out’ of agriculture into non-farm employment or move onto lower quality land. The article highlights the need for further research to ensure that policy debates have empirical evidence of both positive and negative effects to support strategies to accelerate agricultural transformation.

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- 24 Data was drawn from Ethiopia Socioeconomic Survey (ESS/LSMS-ISA), Ghana Living Standards Survey (GLSS), Kenya Integrated Household Budget Survey (KIHBS), Malawi Integrated Household Survey (IHS/LSMS-ISA), Nigeria General Household Survey (GHS/LSMS-ISA), Tanzania National Panel Survey (NPS/LSMS-ISA), and Zambia Crop Forecast Survey (CFS).
- 25 Jayne, T.S., Wineman, A., Chamberlin, J., Muyanga, M. and Yeboah, F.K. (2021) ‘Changing farm size distributions and agricultural transformation in sub-Saharan Africa’, *Annual Review of Resource Economics*. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3958495.

2 TOWARDS A MORE NUANCED NARRATIVE ON MSF



APRA's research has strong implications for policy agendas, as it provides national governments and development agencies with more nuanced evidence and insights. These can be used to inform strategies and policies to leverage the benefits of economic diversification and rapid growth in off-farm employment to create higher living standards. Moreover, evidence on the differential effects of this phenomenon is essential to ensure that policies exist to mitigate for rapid structural relocation of the most vulnerable and marginalised groups. This trend is a critical political economy issue with implications for land laws and regulations.

MSF investments are establishing new land markets, both formally and informally, and increasing land prices. This is pricing smallholder farmers out of land around towns and cities, and many have already sold land and moved into off-farm employment, or onto cheaper and more marginal land. The burgeoning land market has the potential to encroach on customary land and traditional authorities as the growth and investment of African investor farmers increases. Different land ownership structures will have significant implications for poverty reduction and the ability to diversify livelihoods. Where the poor own and can sell their land, they have access to income from to invest in new economic activities. In other cases, such as the example of the Dagomba, Mamprusi and Gonja kingdoms from northern Ghana, where chiefs transact land on behalf of their subjects, land can be passed on to external commercial interest at the expense of community members who lack the financial muscle and influence to claim their shares of communal property, leaving them without any investment capital.

Work in Nigeria has highlighted potential positive spill-over effects from MSFs who are 'stepping in' for SSFs, which has broad implications for national policy, development agency investments and private sector business models. Follow up work in Ghana has built upon this research to provide a more nuanced understanding of MSFs and provide evidence of how farmers are 'stepping up', and demonstrating the viability of investments in agricultural development. The Ghanaian studies show the synergy needed between

the state and the private sector in creating a landscape that benefits both local and urban based farmers without the widespread marginalisation of the poor.

Stronger evidence is required to assess the effects of this phenomenon on inclusive agricultural commercialisation. Data from Nigeria suggests that, while women are increasingly achieving land ownership, there is a strong bias toward men in land acquisition and accumulation, meaning that women are not benefitting equally from the evolving rural dynamic. The same phenomenon prevails in Tanzania where customary land can be registered under the name of the husband, wife or both to get a customary certificate of ownership. APRA data collected in 2017 indicates that this gave women leverage in land ownership but complementary land tenure studies²⁶ have shown that as land changes hands over time the empowering effects of equitable land registration initiatives are reduced.

For youth, there is an assumption that spending on inputs and commodities by investor farmers injects cash into the local economy, which has a multiplier effect on the local non-farm economy and thus creates employment opportunities. However, the limitations on land access also inhibits opportunities for youth to enter and develop their farming and for some to 'step-up' resulting, in some areas, in an increasingly aged farming population.

It is currently premature to make any specific policy claims based on this research, but it is likely that APRA evidence will continue to shape this research agenda and become a key reference point as this issue continues to gain importance. APRA has generated new evidence to inform a more nuanced understanding on the growing phenomenon of MSFs in different African contexts which is essential to shape rural and land policies, and promote the positive (and mitigate the negative) effects of this shifting dynamic. APRA's research has contributed to a stronger awareness of the scale and speed of this shift, which is informing a revised narrative of agricultural development. This narrative challenges previous assumptions of the

26 Dancer, H. (2015) *Women, Land and Justice in Tanzania*. Woodbridge: James Currey.

central role of SSFs to deliver inclusive development. APRA's data also identifies an alternative development pathway, which highlights the potential multiplier effects of investor farmers that pull people into non-farm employment opportunities rather than pushing people off their land. This raises important policy questions to provoke new thinking around the structural changes created by land acquisition. It suggests that policy is needed to support the growth of both the agricultural sector and non-farm economy to address rural poverty.

The policy implications of this phenomenon need to be nuanced with consideration to the social and geographical variations within and between countries. Further research is needed on how this is impacting on the SSFs who are *'stepping out'* and moving into non-farm employment, to explore the assumptions around new economic opportunities, which have potential to alleviate rural poverty, and evaluate the implications for marginalisation of poor social classes, who may not find alternative livelihoods in already stressed urban economies.

3 CONTRIBUTING TO DEVELOPMENT AGENCIES DISCOURSE AND DEBATE ON MSF

3.1 Provoking conversations at the Bill & Melinda Gates Foundation

A conversation with two senior programme officers, Joshua Ariga and Alan Rennison, at the Bill & Melinda Gates Foundation (BMFG), highlighted the relevance of APRA's research on MSFs to contribute to a more nuanced understanding of rural social dynamics across Africa. At BMFG, the agricultural development business case is anchored to SSFs and increasing their access to markets, technology and innovations, for improved livelihoods. Evidence on these evolving rural dynamics has value to inform future modelling and identify mechanisms through which to provide SSFs with the capacity to 'step up' to MSFs, and promote non-farm employment that can provide sufficient income to either support smaller farmers to 'hang in' or to pursue an alternative non-farm livelihood strategy. BMFG expressed interest in understanding how the emerging dynamism amongst MSFs can create synergies with SSFs, who have been stuck in the same problems of low productivity for decades. Such insights could also help BMFG anticipate areas for future expansion of MSFs and recognise how this creates new areas of economic opportunity, as crop traders and other value chain support services follow these investments.

From a modelling perspective, APRA's evidence suggests this phenomenon will be increasingly important in anticipating the shifting dynamics of rural economies and patterns in land ownership and how these affect poverty, nutrition and jobs. Currently, this level of nuance and detail is missing. For BMFG, further evidence – in the form of quantitative projections regarding how these trends will evolve regionally and nationally – will be necessary for development agencies to enter into dialogue with national governments on land policy, and allocation of donor funds for agricultural and infrastructure development. The exchange between APRA and BMFG was just a starting point: more evidence is needed to build consensus around policies to deliver land reforms, support SSFs with the potential to 'step up', and promote non-farm economic activities for

SSFs who require alternative support to either 'hang in' or 'step out'.

APRA evidence provides a foundation for this conversation. However, much more research and data are needed to gain a more complete picture of how MSFs can support inclusivity – rather than compete – with SSFs, in terms of access to traders and mechanisation, fertiliser use, access to new varieties, with potential beneficial effects on poverty reduction. Policymakers will be convinced by high-quality data and therefore more evidence is needed to build a case in terms of what arrangements in land distribution should be made and what other complementary policies should look like.

3.2 Informing creative solutions at the World Bank Group

In Zimbabwe, the policy field has been dynamic during the period of APRA research, with a new government placing strong emphasis on making agriculture a key policy area to transform the agriculture sector as a basis for developing the country's GDP. These policy conversations do not currently have a defined focus on MSFs, but instead a realisation of the need to support SSFs with a stronger business focus to build livelihoods and agribusiness within agriculture and to create jobs along the whole value chain, from production to market.

Easter Chigumira, Senior Agriculture Specialist at the World Bank Group in Zimbabwe, shared her reflections on the relevance of APRA research to inform thinking at the World Bank. She explained that the Zimbabwean government does not readily use the term MSF, with only a distinction between small- and large-scale farmers. Instead, the term A2 farmers is used which represents a huge variation in small- to large-scale farmers. Clearer criteria to classify and define MSFs has potential to draw greater attention to the substantial population that would fall within this group, and their importance as an engine for job creation and economic growth, to inform discourse of the government, World Bank and non-governmental organisations. There is scope for APRA to continue to

try to shape the discourse around MSFs through media engagement, and work to distinguish or define A2 and MSFs, and stimulate greater discussion and dialogue.

The World Bank has also been considering the role of MSFs in driving job creation in Tanzania which is bringing the concept of MSFs into the World Bank and igniting discussion within both the World Bank and the government in Tanzania. This is not the case in Zimbabwe where, although job creation is a concern, the role of MSFs in this area has yet to be realised. Further work is needed to clearly articulate the connection between MSFs and economic growth, and build on conversations in Tanzania informed by APRAs work in this area.

Ideas and concepts from APRA's working papers provide a useful reference to inform thinking on agricultural matters at the World Bank that add value to the framing of rural challenges and help to identify options for more creative solutions. A key opportunity for further influence is the current World Bank push towards a focus on women's economic empowerment and young people. APRA's core framing was around inclusive agricultural commercialisation and there is demand for evidence to help to shape the World Bank focus and thinking on this issue. World Bank discourse around young people, and their willingness to be involved with agricultural value chains, has also been shaped by APRA findings, and these concepts have fed into new discussions around land tenure for the government to see the alternatives to the current system, and to think creatively to find solutions.

4 REFLECTIONS



This case study has argued that APRA has generated new evidence to contribute to a stronger awareness of the expansion of MSFs across the continent, the contextual variations surrounding the classification of MSFs, and the relationship between farm size and other drivers of productivity. This evidence is informing a more nuanced debate in terms of the potential positive spill-over effects of MSFs for SSFs in terms of exposure to new markets and technologies, in juxtaposition with the potential negative effects of these shifting patterns of land ownership and rural enterprise.

APRA research has expanded the evidence base on MSFs, and generated new academic insights underpinned by new primary data and analysis across multiple countries. In addition, APRA research has generated new methodological approaches to explore this dynamic from both a neo-classical and political economy lens. The journal articles, working papers and policy briefs, the primary and secondary data they are based upon, and the methodological and analytical approaches developed, provide a foundation of accessible evidence that will continue to inform the research agenda. APRA has expanded understanding of these issues among a core of influencers, who are members of the APRA Advisory Group, who will continue to work on these issues. As this thinking gains ground within rural development debates, the APRA team anticipates that interest in this research agenda will continue to grow as decision-makers realise the need for evidence about this shifting dynamic in different contexts, to inform the design of effective rural development policies and programmes.

4.1 A new research agenda

Looking at the findings from different APRA studies, the one clear message that emerges is the importance of contextual variation, with different definitions and interactions and drivers between MSFs and SSFs creating a positive symbiosis in some cases, due to the positive spill-over effects of MSF's access to markets and technologies, availability of oxen, and creation of wage labour opportunities. APRA's work has helped to outline a future research agenda with strong emphasis on local research and context, to continue to understand

the dynamic relationship between MSFs and SSFs, and the key drivers to stimulating positive spill-over effects to support dynamic rural economies, land markets and non-farm economic opportunities. Some of the key areas for future research are outlined below:

Classification of MSFs. APRA research has highlighted the great diversity of MSFs. Five hectares is the standard lower limit, but there is variation in terms of whether this is land available or is land under cultivation, the different types of productive land and livestock available, and the intensity of production. APRA has also highlighted the heterogeneity of MSFs, and the different needs of urban elites who are '*stepping in*' as investor farmers, vs owner operators who are '*stepping up*' and expanding production and require different supporting policies. Work in Ghana identified classifications of upper- and lower-medium-scale farmers, whilst work in Zimbabwe classified farmers as 'commercial', 'aspiring' and 'struggling' depending upon their production systems and access to other drivers. To bring the MSF debate into the mainstream, a clearer classification system would be useful to promote conversations across the continent, whilst also facilitating clearer differentiation of factors to contextualise at the local level.

Off-farm economic opportunities. Whilst APRA has contributed new depth to the livelihoods framework, with work on MSF introducing a new category – that of farmers who are '*stepping in*' – much less is known about the negative effects for farmers who are '*stepping out*' or '*hanging in*'. There are still large evidence gaps around the assumptions that the expansion of MSFs creates new non-farm economic opportunities that are able to absorb labour and provide alternative livelihood options. A further assumption is that this supports poverty reduction and economic growth. But very little is known about the quality and conditions of these economic opportunities. A key theme of future research should be to gain a more complete picture of the negative effects and livelihood and mitigation strategies for the most marginalised, who either leave their land or supplement their farming with non-farm labour, to inform policies and programmes to stop these households falling further into poverty.

Environmental considerations. Looking ahead, a key consideration is the environmental impact of this shifting land dynamic and mechanisms to balance increased agricultural accumulation and production with concerns for climate and biodiversity. An increase in MSFs and productivity implies that there is both extensification, with new land being made available for agricultural activities, as well as an intensification, with the use of inputs and technologies. Looking ahead, drivers of economic growth will increasingly need to be balanced with assessment of potential environmental costs.

4.2 Final thoughts

The growth of medium-scale investor farmers, and consolidation of land ownership, is a trend that is likely to expand in the coming years, creating a need for development agencies to update their thinking and engage with this dynamic. Solely focussing on SSFs provides only a partial view and a more nuanced understanding will be needed to deliver programmes and policies that balance the potential of MSFs to boost rural economies, with the squeeze on access to land for more marginal groups, against potential negative environmental consequences.

APRA research has generated new insights that provide different perspectives, but more could have been done to nurture the debate between different teams and explore the complementarities and contradictions in these research findings. Within APRA there are advocates for the value of integrating MSF and SSF models, and other researchers who have concerns and would like to push back on this debate. More space for focussed in-depth internal discussions on the implications for rural Africa may have helped different teams to strengthen their policy messages. Acknowledging that debate on this issue is needed may have provided a neutral entry point for conversations with development agencies whose focus and purpose is on SSFs.

When considering the policy space across Africa, it is also important to acknowledge that many policymakers are themselves the policy elites who are investing in land and agriculture as a symbol of their status. This group have the political position and connections to have a more direct influence on policy processes than research outputs, and have an increasing stake in shaping the dynamics of rural communities and value chains. This creates a potential for cronyism and bias to demonstrate that MSF are performing well, so this needs to be considered with caution. Deeper analysis will be needed to understand how access to capital

and other investments enable greater productivity, but also increase social differentiation based upon access to assets and capabilities.

APRA has contributed a new lens to on the evolving dynamics of land ownership and accumulation, and highlighted how this is creating new relationships between MSFs and SSFs. The dynamic interactions between these groups will likely shape rural development across Africa in the years ahead, but need to be considered in the broader context of well-established drivers of productivity, such as access to markets, extension, inputs, education and land security. The one clear message is that context is everything, so caution is needed in advancing broad recommendations to promote increased farm size as a key pathway to improved productivity. APRA has contributed to stronger awareness and debate at national and regional levels among agricultural policymakers, farmer organisations, the private sector and more widely through the national and local media. This work provides the foundation for an expanding research agenda with the potential to inform agricultural research, development and policy in future.

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