

Linking Small-Scale Farmers to Market
An Evaluation of AMSDP Programme in Arumeru District, Tanzania
By
Yusuph John Kulindwa
[MSc (Agricultural Economics), Sokoine University of Agriculture]
(2008)

Abstract

The primary objective of this study was to evaluate the impact of institutions supporting the marketing system in linking small-scale farmers to markets following market liberalisation in Tanzania. The study used the Agricultural Marketing System Development Programme (AMSDP) as a case study.

In particular, the study sought to:

- Examine the impact of assets owned by household farmers on agricultural output market participation;
- Assess the level of market orientation of small-scale farmers in the study area;
- Identify transaction cost factors that influenced the decision of farmers to participate in agricultural product markets in the Arumeru district; and
- Suggest measures that could improve the efficiency of agricultural output markets in Tanzania.

Basing on the above objectives, the study was designed to test the following hypotheses:

- i) Households with more endowment (assets) were likely to participate in agricultural output marketing;
- ii) Access to information had a positive significant impact on small-scale farmers' participation in the agricultural markets in the study area;
- iii) The level of market orientation increased with the access to agricultural output markets; and
- iv) Obstacles that farmers encountered were likely to reduce farmers' participation in agricultural output markets.

The study was conducted in Arumeru district, Arusha region, in the northern highlands of Tanzania. The district was selected because it was one of the areas where AMSDP was operating. As a matter of fact, Arumeru was among the first districts in which the programme started operating in 2002.

A cross-sectional research design was used in this study. This design enabled the researcher to collect data at a single point once and use the collected data in a descriptive way and for the determination of relationship among variables. Limited time for field work and the nature of the research justified the use of this design.

For the purpose of this research, Arumeru district was divided into two zones for conducting the survey - the Eastern and Western zone. This was because the zones were under different administrative structures with regard to political administration – particularly members of parliament. This could have influenced differently the provision of support services. Five villages were purposively selected from each zone. The selection was mainly based on the distance from the production sites to the selling centres. A simple random sampling was used to obtain a representative sample of smallscale farmers from the 10 villages.

The data used in this study were collected from farmers using a structured questionnaire. The questionnaire was designed to capture both quantitative and qualitative information on farming systems, production, marketing, transaction costs and other socio-economic variables

The unit of study was a household. Appointments with the concerned households were done through the district and local leaders. Data collection was conducted in March 2007. The survey was carried out by the researcher assisted by two enumerators. Kiswahili language was used throughout the interviews. One interview lasted, on average, between 45 to 60 minutes.

The primary data were collected through household surveys which covered about 163 farmers from the ten villages. Face-to-face interviews with household heads or their representatives were used. Other data were obtained from the AMSDP coordinator and local sellers and producers in which the programme operated.

The study employed both descriptive and qualitative analyses which were based on the research objectives and hypotheses to be tested. Descriptive statistics was applied to describe the characteristics of households who participated in different commodity markets. The results were tabulated using frequency tables and charts to enable perception of the situation in the studied area. Logit model was used to determine and test the factors which influenced small-scale farmers' decision to participate in the market.

According to this study, available evidence indicated that the overall participation of farm households in agricultural markets had remained very low. For this reason, little achievements had been realised in respect of the objectives of AMSDP. The programme activities were implemented through components whose evaluation seemed to have some promising improvements. For instance, small-scale farmers were empowered through training workshops which enabled them to acquire relevant knowledge on marketing systems. Also, the component of financial market support services enabled smallholder farmers to secure loans through group formation that resulted into farmer groups to be registered as Savings and Credit Co-operative Societies (SACCOS).

The AMSDP had aimed at enabling rural farmer groups to access pre-negotiated lines of credit being provided by Participating Commercial Banks (PCB) on the basis of warehouse deposits of agricultural produce. However, the research revealed that the warehouse receipt system, which was considered to be

very important to smallholder farmers, was not yet implemented by the programme in the study area. Further, one of the significant constraints of producers was their inability to hold their produce after harvest due to liquidity problems.

In the same vein, the component of rural marketing infrastructure had been attempted very little with less than 60 of the households benefitting from the component as was envisaged in the programme. Market facilities in 140 market places had been expected to be upgraded under that component at an average of 4 market places in each district. However, only one village surveyed had an assembly market which indicated that the programme had attained little achievement in this regard.

A similar observation was made in respect of the market access and productivity. In the villages where interviews were conducted, easy access of households to the market accounted for 61% of the total value of the produce, while medium and difficult access accounted for 38% and 1% respectively.

As part of the recommendations, the study observed that institutional support in provision of market information, training, and extension services could facilitate the establishment of smallholder co-operatives and associations which would empower smallholder farmers and enable them to access markets easily.

Further, mechanisms ought to be put in place to ensure that non-government organisations and local government authorities become main mediators of contracts between companies and small-scale farmers in cases where they are required to cultivate a certain crop, particularly non-traditional crops so that both groups could benefit.