

THE POSITION OF SMALLHOLDERS

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Who is the Smallholder?

Ask twenty people 'What is a smallholder?' and you will get twenty different answers. And more than likely all twenty answers will be correct.

The fact is that smallholder are as varied and complex as the British weather or EU farming subsidies. The smallholder, who exists all over the world, is farming land of less than a half hectare and land of many hectares. The smallholder is sometimes farming his own land and sometimes land rented from others or owned communally by a clan or tribe. The smallholder is as likely to be a She as a He.

Smallholder production systems are as complicated as the societies within which they exist. But as a rule of thumb, smallholders make significant use of family labour, with hired labour only used during peak periods (e.g. planting and harvesting). Smallholder farms tend to be labour intensive with little mechanisation. Crops are grown sometimes for cash and sometimes for domestic consumption.

Smallholders and Exports

Smallholders are active in all sectors of agriculture. Their only constraint is the agro-ecosystem; not the type of crop. In Africa, smallholders are responsible for the staple foods of most of the population, and are often market traders as well as farmers.

But these are not the only markets smallholders supply. Anyone in Britain who has eaten a chocolate bar in the last hundred years has tasted cocoa grown on smallholder farms in Ghana. Coffee is often a smallholder crop (e.g. Kenya and Tanzania). Smallholders have been competing with plantations in the rubber market since the last century (e.g. Nigeria). The bulk of Uganda's cotton comes from smallholder farms, and in Nigeria and Ghana smallholders have entered into the burgeoning oil palm market.

This presentation focuses on smallholders engaged in export horticulture as this is a sector where ethical trade is taking off. Sub-Saharan Africa's horticultural exports exceed \$2 billion per annum, more than earnings from traditional export crops such as coffee and cotton.

The Importance of Smallholders

Employment: 75% of Kenya and Burkina Faso's export horticulture crop comes from smallholder farms. In countries such as Uganda, Zimbabwe and Ghana there are several thousand smallholders engaged in export production.

Quality: Smallholders in many sectors have consistently over a long period of time produced as good if not better quality product than commercial plantations/farms (e.g. coffee and cocoa). Growth in organic agricultural production is especially suited to the comparative advantage of smallholders.

¹ This paper draws on the work of the Natural Resources and Ethical Trade programme, in particular that of the author, Stephanie Gallat, Seth Gogoe, Ben Dadzie and Man-Kwun Chan. This work is funded by the Department for International Development (Rural Livelihoods Department, Crop Post-harvest Research programme) and the horticulture industry.

Flexibility: Exporters frequently use smallholders to complete orders when other sources cannot do so (e.g. because of weather or unexpected demand).

Cost: Smallholder production competes with and can be cheaper than commercial farms, even when the true cost of labour is factored in. For instance, costs for smallholder pineapple production are less than 50% of those of commercial farms.

Sustainability: Smallholder production has survived political upheaval, population growth and climatic change, and responded to market boom and bust - evidence of smallholder resilience and adaptability. Many claim that smallholder productions systems are friendlier to the environment than commercial farming.

Political stability: In countries where land reform is high on the agenda, support to smallholders is one way that commercial farmers can show that they are helping the country as a whole.

The Problem with Smallholders

Smallholder production is under threat from different quarters in many countries from. These threats include:

Quality: Despite what was said earlier, some smallholder horticultural producers have experienced difficulties in meeting the standards set by overseas' markets.

Infrastructure: Quality in horticulture is further affected by bad roads, lack of cold storage and poor telecommunications.

Marketing and credit: Numerous small producers, perhaps in scattered locations, cause marketing problems for exporters, and without formal organisation (e.g. co-operatives) can make the delivery of extension and credit non cost effective.

International regulation: International regulations for instance on pesticide residues and plant breeders' rights are increasingly affecting smallholder production.

Traceability: An upshot of tighter food safety legislation in consumer countries is the need for systems to trace risks and causes throughout the supply chain. Large numbers of dispersed smallholders in isolated pockets are a headache for retailers and importers charged with putting in place such traceability systems.

Land rights: In recent months, the Western press has highlighted the occupation of large farms by smallholders in Zimbabwe. But it is more common to find smallholder land rights under threat, with commercial farm-owners for instance using their political influence to have small farmers evicted.

Ethical Trade – Between Opportunity and Threat

Ethical trade is only one condition of trading that smallholders need to grapple with. Compared to those listed earlier, it is at present a minor threat, but nonetheless it should not be a threat at all.

Ethical trade needs to view smallholders in two ways. First as a distinct type of producer. Second as an employer.

Smallholders as Employers

Smallholders use both family and non-family labour. The terms and conditions for family labour are typically prescribed by social rights and obligations. Exploitation of labour, not least the farmer's own, is a characteristic of smallholder production, and a key factor

in smallholder competitiveness. There are various forms of farm-owner-family member relations. Marriage is a crucial element in many cultures with husband, wife and to an extent children forming the core of the labour force. Exploitation of women is a common criticism of smallholder farming because women not only have to work on the farm as part of the marriage contract, but may have little control over the product of their labour. However, it is also possible to view smallholder farming as a joint endeavour where financial remuneration is only one aspect of benefit, and where opportunities and benefits for children and other family members may be as significant as individual earnings.

Child labour is a common feature of smallholder production, although it is increasingly limited to school holidays and out of school hours in countries where education is available in rural areas.

Outside of the nuclear family, waged labour is increasingly common, even when preference is given to extended family members. Wages may be poor, but this can be offset by broader benefits resulting from membership of the family group. Opportunities to work on a family member's farm may be less a source of income, than a form of apprenticeship or a means of establishing a stake in land.

The worst conditions are often amongst non-family workers, many of whom are migrants. The situation in Ghana horticulture is not uncommon. The migrant community lives at the periphery of the village. Some of its members (normally men) have permanent contracts as farm managers, and play a key role in mobilising other community members as daily waged labour. Implicit in the farm manager's contract is that he will also call upon his wife and children's unpaid labour.

Smallholders as Producers

When smallholders are introduced to the concept of ethical trade, the issue of greatest concern is typically the terms of trading – how much they are paid, guaranteed volumes and speed of payment. Despite the use of the term 'ethical trading', these issues are not covered by most codes of practice.

Similar issues arise in relation to larger producers. Insofar as they remain unanswered, it could be argued that this is beyond the remit of ethical trade, at least for the time-being. However, late payment, cancelled orders and prices below the cost of production all affect the behaviour of producers and the extent to which they are willing and able to change.

Conclusions

Few smallholders meet the requirements of existing worker welfare and human rights codes of practice. The wages and living conditions of non-family workers would constitute major non-compliances, and legitimately so. More problematic is the treatment of family labour, women, children and extended family members. This would also constitute non-compliances with current codes, but may or may not be acceptable to those concerned depending on the circumstances.

The case of smallholders highlights that what is ethically acceptable is to an extent culturally determined, and is difficult to prescribe. This is not to say, for instance, that slavery should be accepted just because it exists. But it is to say that concepts such as just remuneration cannot be determined solely by reference to a pay packet.

There is an understandable fear that explanation of such complexity is the biggest threat because it will encourage buyers to exclude smallholders in order to avoid the pitfalls. Already the cost and practicalities of verifying smallholder performance are problematic. Perhaps it would be better to turn a blind eye.

However, in countries where smallholder production accounts for a significant percentage of volume, not addressing the issue of 'what is an ethical smallholder' does nothing to reduce the risk Northern buyers are trying to avoid.

In this presentation I have focused on the challenges. I hope that the questions you raise will help identify some of the solutions.

March 2000

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