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Linking African vegetable smallholders to high value markets: Potentials and constraints in smallholders integration into EurepGAP-certified and/or domestic African high-value supply- chains

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Abstract

This research project analyses the opportunities, challenges and constraints in linking smallholder vegetable farmers to high-value supply chains (SC) in different Sub-Saharan African (SSA) countries.

The project assumes that innovative small-scale vegetable producers delivering to traditional markets can improve their profit margin by strategically directing their production either to the export market or to high-value domestic market.

The export market bears considerable risks as it is highly demanding and volatile. E.g. exporting to the EU market increasingly requires compliance of private standards such as EurepGAP. The certification is often very costly and associated with a lot of paperwork. Statistics of EurepGAP for SSA revealed that only isolated cases of successful smallholder certification exist. There is increasing evidence that the fluctuation of smallholders involved in EurepGAP certification is considerably high. The project identifies the factors, which lead to the high dropout rate of smallholders from the EurepGAP certification scheme. Furthermore the project investigates institutional modes how smallholders can successfully cooperate with agricultural enterprises holding a EurepGAP (option1) certificate and therefore their own costly certification can be avoided.

A second option for smallholder vegetable producers is to target the high-value domestic supply-chain (SC) which may include supermarkets, upper-class hotels and other tourism-related businesses. Quality is generally assessed by visual judgment and is often within the responsibility of the SC purchasing manager. The example of a supermarket chain in Tanzania showed that besides quality the criteria of supply reliability in terms of time (timely delivery) and amount (sufficient volumes) are crucial factors for a sustainable business relation.

The research team investigates (i) the obstacles and potential of smallholder integration in high-value domestic value chains and (ii) institutional and organisational requirements of smallholder groups and their intermediaries in these SC.

Methodologically the study follows a comparative case study approach by carrying out market assessments of smallholder integration in both, international export and domestic high-value SC in four African countries. The results are of primary importance to smallholder groups, agricultural market development services and donors as a framework is

provided to assess under which conditions linking smallholders to high-value SC appears a promising strategic option.

Keywords: Africa, high-value agriculture, smallholder, supply-chain, Tanzania, The World Vegetable Center, value-chain, Vegetable