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Without Rain, Markets Ineffectively Fight Smallholder Poverty: A M4P Analysis on Southwestern Madagascar’s Mahafaly Region

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Abstract

Market access is often limited for smallholder farmers in much of sub-Saharan Africa - foreclosing beneficial trade, production and consumption options. In face of the extremely low level of agricultural inputs to rain-fed farming in southwestern Madagascar’s Mahafaly region, we sought to identify constraints to intensified production of arable crops based on the “Making Markets Work for the Poor” (M4P) approach. M4P includes a methodology for value chain and institutional analysis. 120 farmers and traders from a transect of villages including several market places were interviewed in 2013/2014.

Our results confirm the importance of seasonal factors beyond the precipitation-induced timing of planting and harvesting decision. Before and during the rainy season, many households regularly run out of agricultural supplies. They are forced cut food intake for several month per year (“lean season” from October to March). Cash crops (maize, beans) are sold in April/May; also much of the main food crop cassava is frequently sold after harvest in August/September. Although storage losses are frequently reported, respondents do not cite a lack of storage technology as decisive for seasonal crop sales. In fact, sales are mostly related to postponed basic consumption needs, and to meeting cultural obligations. Households are more strongly integrated into regional value chains than expected from the low cash availability and extreme poverty in the villages. Likewise, the trading system appears relatively flexible and effective in spite of poor transportation infrastructure and security threats.

Although farmers benefit from market integration in terms of consumption choices, current market participation does not translate into a path out of poverty for most smallholders. The root cause is a severely restricted set of agricultural production options in this area of low and irregular rainfall. If the agricultural production potential was about to increase (e.g., through availability of irrigation water or higher precipitation), it is likely that the local trading system will make additional production inputs available. However, a lack of knowledge on alternative production options, as well as inefficient cultivation techniques and high labour costs still have to be overcome. Under current circumstances, the potential of market-facilitated sustainable intensification or value chain upgrading in agriculture is low.

Keywords: Market integration, markets, markets for the poor (M4P)