

Smallholder Farmers in Global Value Chains: Spice Market Participation in Tanzania

RENEE BULLOCK



The promise that markets would generate economic growth gave rise to the market-led paradigm of agricultural development during the 1980s. Market liberalization policies were widely promoted throughout sub-Saharan Africa. Following withdrawal of state control, informal market institutions and private contracting arrangements emerged. Market access is critical for 80% of Tanzania's population, for whom agriculture is the primary source of income. Price differences between informal and formal markets can affect important household economic decisions, such as how to meet food security needs, or whether to send a child on to secondary school, for example. The purpose of my research is to identify how social, economic, and geographical factors impact decisions to participate in informal spot markets and formal smallholder organic contracting. More broadly, what are the development outcomes of participating in these different types of markets?

My field site is in the eastern Usambaras, a mountainous, tropical and biodiverse region in northeast Tanzania. I completed my master's research about governance of community owned forest reserves in the uplands in 2010. I chose to continue to work in this region for my PhD studies and expanded my research to include the lowlands to compare agricultural markets in both areas. The uplands and lowlands differ agro-ecologically, nonetheless horticulture is the primary source of income for the majority of smallholders. People around the world use black pepper and carda-

mom spices to flavor their dishes, both of which are grown in the east Usambaras. However, market challenges and high costs limit the export potential of spices and most of the trade remains confined to East Africa. A complex network of brokers and traders dominate the informal spice trade. Buyers wander through villages from household to household in search of products and competition runs high. While this type of spot market behavior lowers costs to producers, since they don't have to travel to distant markets and search for buyers, the informal trade is beset by high transaction costs, a common feature in African agricultural markets. High costs of doing business depress prices paid to farmers, which leads to lower annual incomes and overall lower quality produce that does not meet export standards. Formal certification of organic spices is a recent local effort that seeks to integrate smallholder farmers in global value chains in an effort to improve prices, farming and harvesting practices. Higher quality standards are necessary to meet demands of overseas niche markets. But debate exists over whether this market initiative is an inclusive or exclusive growth strategy. Some argue that smallholders, particularly relatively poorer households, are unable to meet costs associated with the more remunerative global value chains. Others posit that contracting promotes efficiency and facilitates equitable development. I chose to investigate this debate from different social, economic and geographical perspectives.

In summer 2012, I explored topics such as the roles of gender, wealth, and distance in shaping household marketing strategies. My

preliminary findings are that men largely control selling and income from spices. Secondly, farmers with larger plots do appear to participate in contracting more often. Lastly, based on previous observations, I investigated how distance affects trust between buyers and sellers. Since the contracting company is based in the lowlands, their close proximity to producers appears to generate higher levels of trust, and consequently higher rates of certification. Following analysis, the implications of how these factors affect livelihoods and development will become clearer. I am fascinated by these complex interactions that characterize local trade dynamics. My ongoing research into understanding the causes and consequences of market participation has taken me to a remarkable part of



the world.

Renee Bullock is a PhD candidate in the Department of Geography and former FLAS fellow (Swahili, 2008-10). Funding for this research was provided by the Madelyn M. Lockhart Fund, the Center for African Studies, and the Office of Research.