



# *Welcome*





# SMALLHOLDER FARMERS IN TANZANIA

A Re-Look at the CGAP National Survey  
and Segmentation of Smallholder Farmers

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# Methodology of the CGAP Study



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1. A household listing exercise was conducted to identify potential households

Listing criteria to identify relevant smallholder households

Household with up to 4 hectares OR Farmers who have less than 50 heads of cattle or 100 goats/sheep/pigs or 1,000 chickens	AND	Agriculture provides a meaningful contribution to the household livelihood, income, or consumption (self-identified)
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2. A stratified, multi-stage sampling approach. Each region was classified into urban and rural based on the 2012 census, and the sample was selected independently in each stratum.
3. 212 EAs were randomly selected as primary sampling units with probability proportional to the number of households in the EAs.

Three survey tools were administered:

Type	Target respondent	Sample size
Household	HH head, spouse, or knowledgeable adult	2,993
Multiple-respondent	All HH members >15	5,034
Single-respondent	Randomly selected adult	2,795

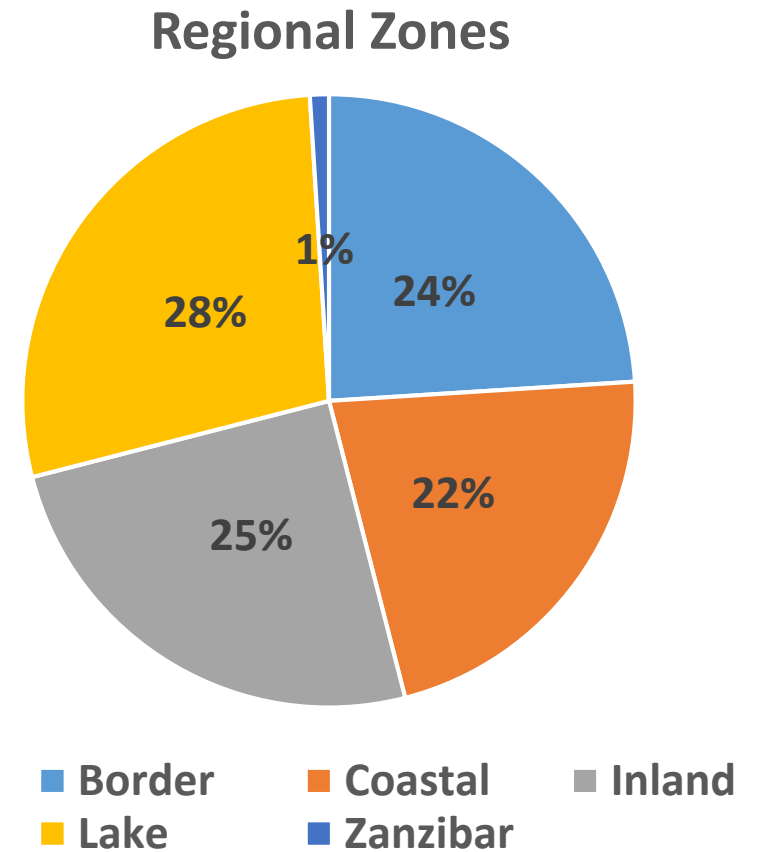
*Source: National Survey and Segmentation of Smallholder Households in Tanzania. CGAP 2016.*



# Demographics

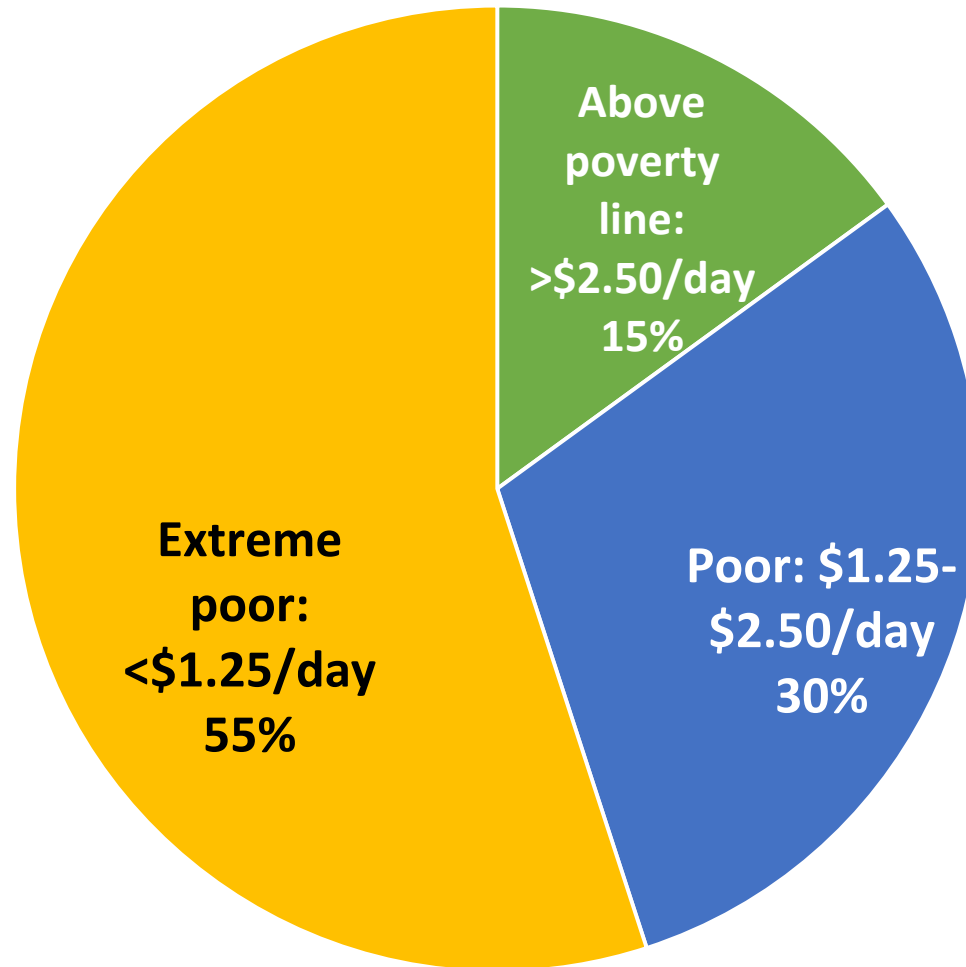
# Household characteristics

		Count	%
Age group of head of household	15-29	381	13%
	30-39	734	25%
	40-49	699	23%
	50-59	523	17%
	over 60	656	22%
Gender of the household head	Male	2,216	74%
	Female	777	26%
Marital status of the household head	Single/never married	130	4%
	Married	2,109	70%
	Divorced/separated	218	7%
	Widowed	398	13%
	Living together/cohabiting	139	5%
	Don't know	0	0%
Poverty line	Above poverty line	441	14%
	Below poverty line	2,552	86%



N=2,993

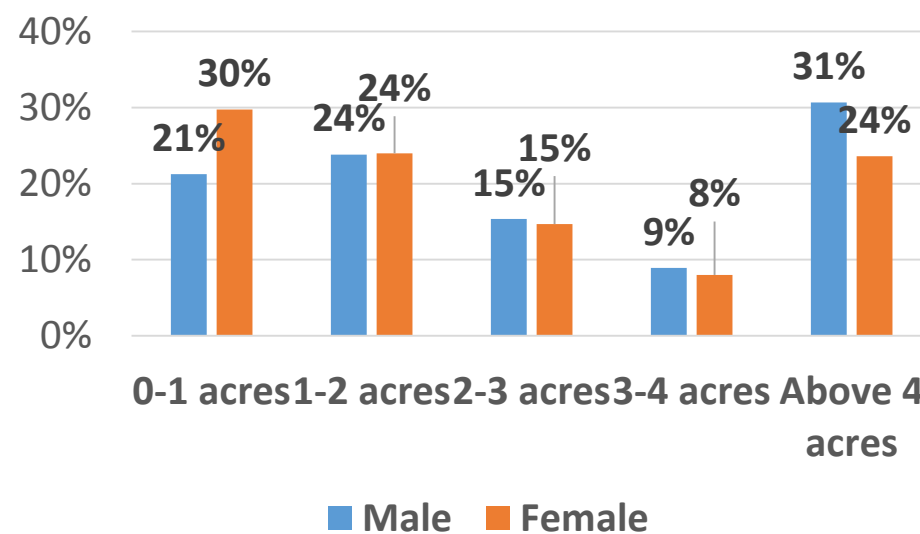
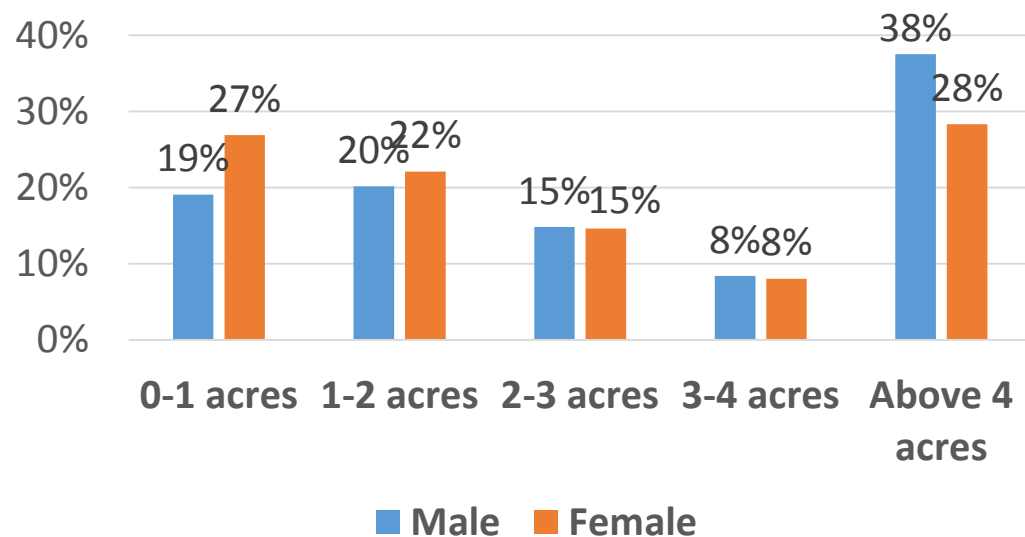
## Poverty status of the household (PPI)



*N*=2,993



## Size of agricultural land owned (left) and leased (right) in acres

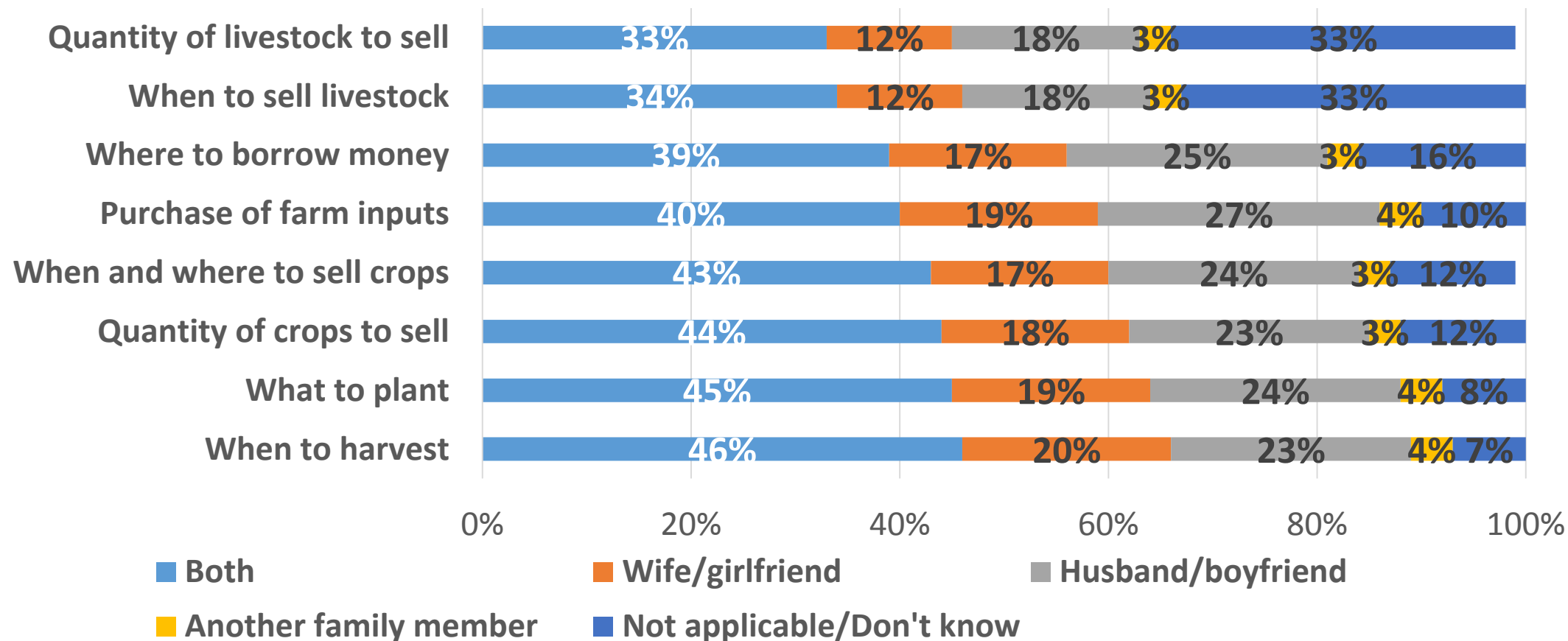


N=2,339

The average number of parcels owned or leased is 2. This is consistent across age groups and gender. Forty-nine percent is owned with lease or certificate and 44% is owned under customary law. Women own and lease smaller plots than men, but the difference is moderate: on average men own 7.7 acres and women 7.0 acres. The median for both is respectively 3.0 and 2.5 acres.



# Agricultural decision making



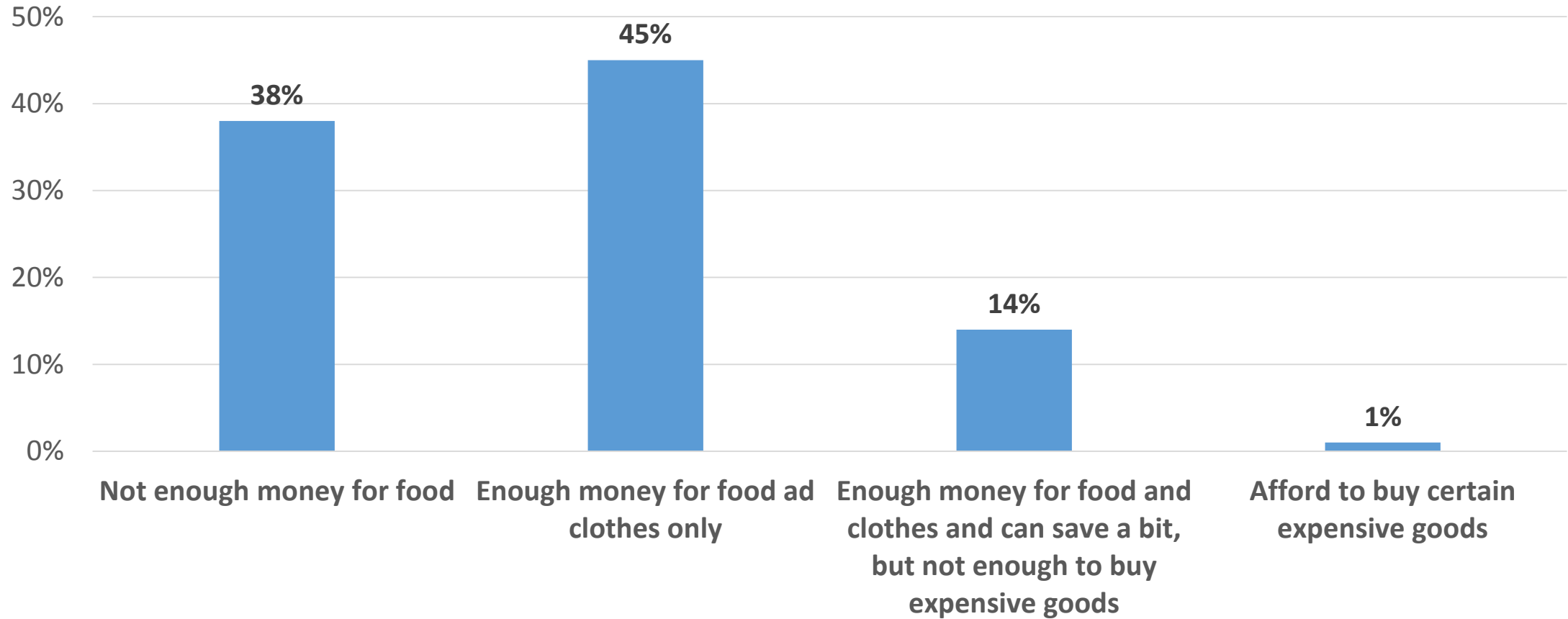
N=2,993

Agricultural decision making occurs more between husband & wife than by the husband alone.

# Income Sources and Expenses



## Household's current financial situation (self assessed)



N=2,993

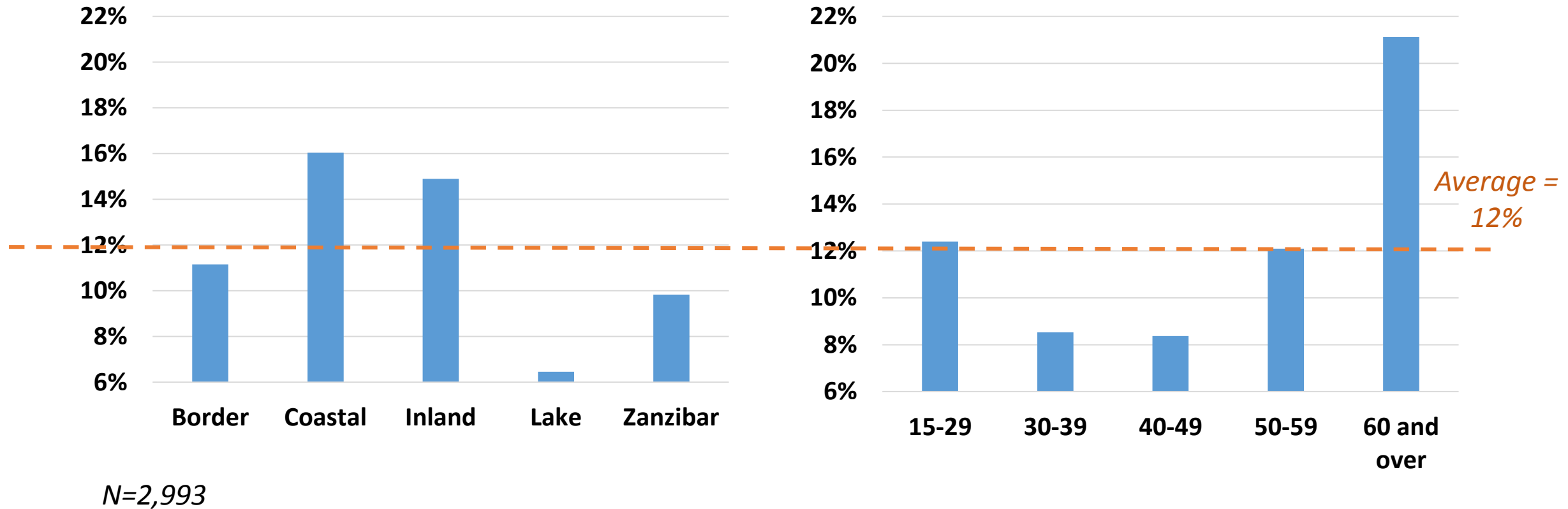


## Which of the following income sources is.....?

Income sources	Most important	Like getting the most	Most reliable
Growing something and selling it, such as crops, fruits, or vegetables	59%	59%	59%
Running own business in retail or manufacturing (selling or making goods)	10%	10%	10%
Earning wages from occasional job	7%	7%	7%
Other	6%	6%	6%
Earning wages or salary from regular job	4%	4%	4%
Rearing livestock, poultry, fish, or bees and selling it	5%	5%	4%
Running own business by providing services	5%	5%	5%
Getting money from family or friends	4%	3%	3%
Getting a grant, pension, or subsidy of some sort	1%	1%	1%
Don't know	0%	0%	0%

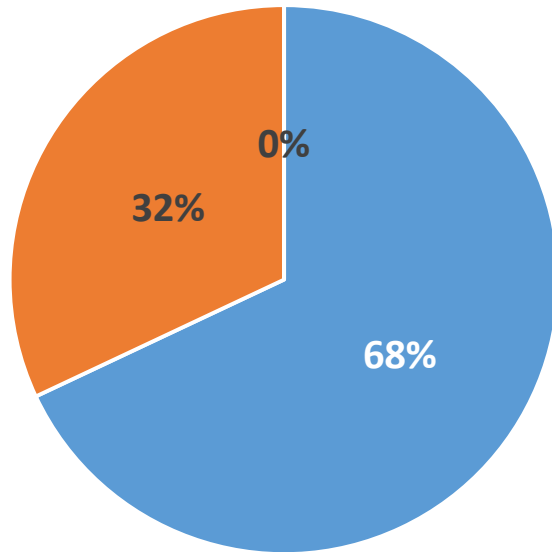
N=5,034

## Do you receive income from remittance (yes answers)?



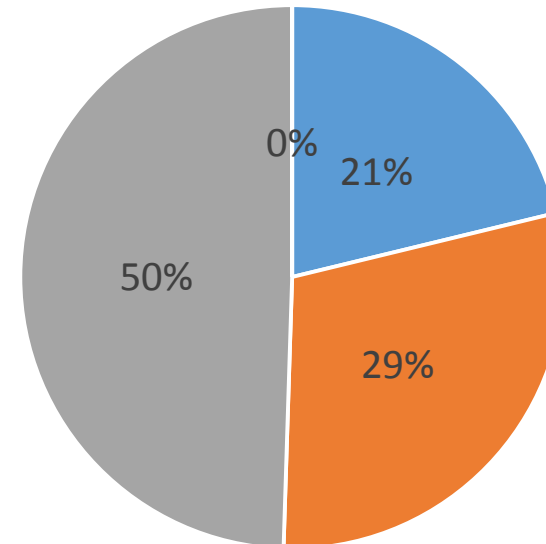
# The ability to get extra money in the event of an emergency

In the event of an emergency, could you get extra money through relatives sending money or by selling assets?



■ Yes ■ No ■ Don't know

Imagine that you have an emergency and you need to pay 100,000 shillings. How possible is it that you could come up with 100,000 shillings within the next month?



■ Very possible ■ Somewhat possible  
■ Not possible ■ Don't know

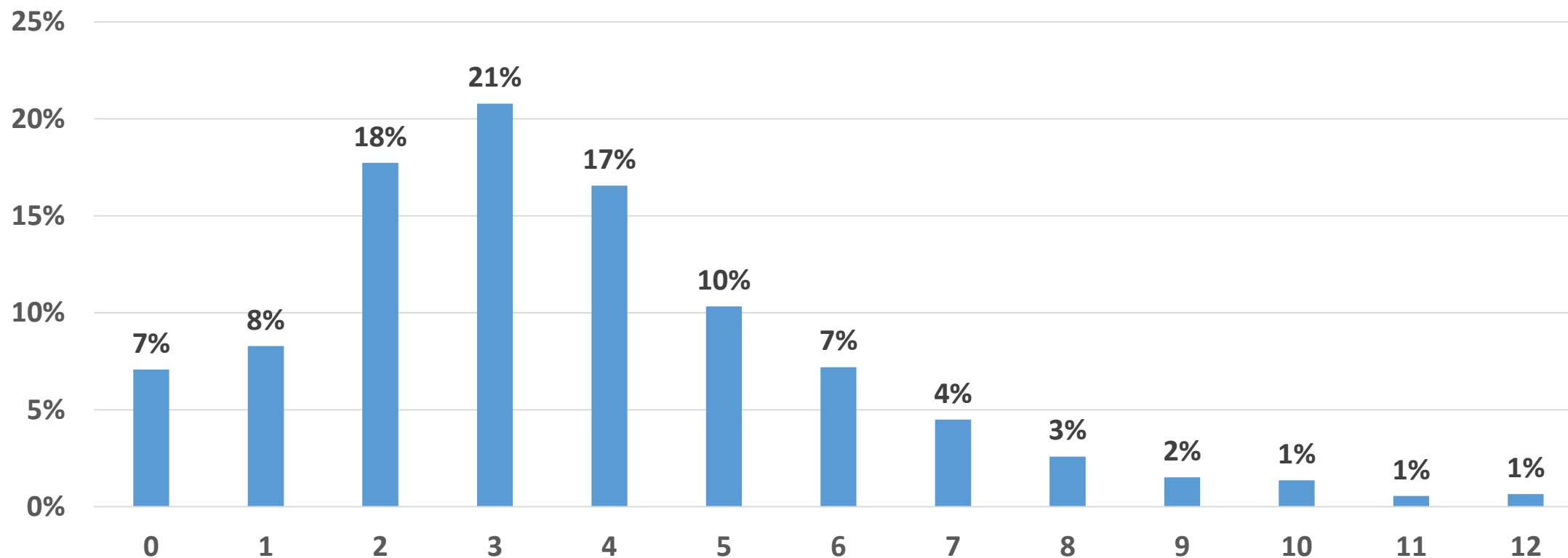
N=2,795





# Value Chains

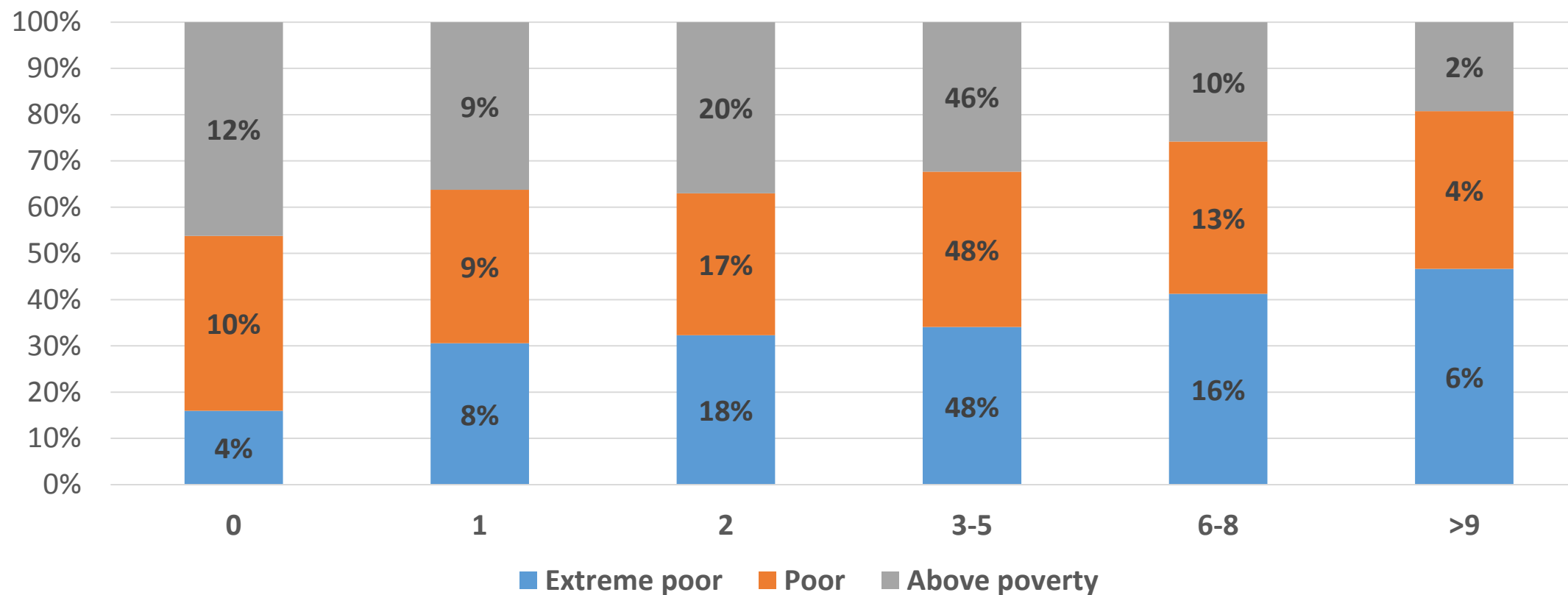
## How many crops do you grow in your farm?



*N=5,034*

Farmers grow more than one crop for any given season with a high majority growing between 2-5 different types of crops

# How many crops do you grow in your farm (across poverty levels)?

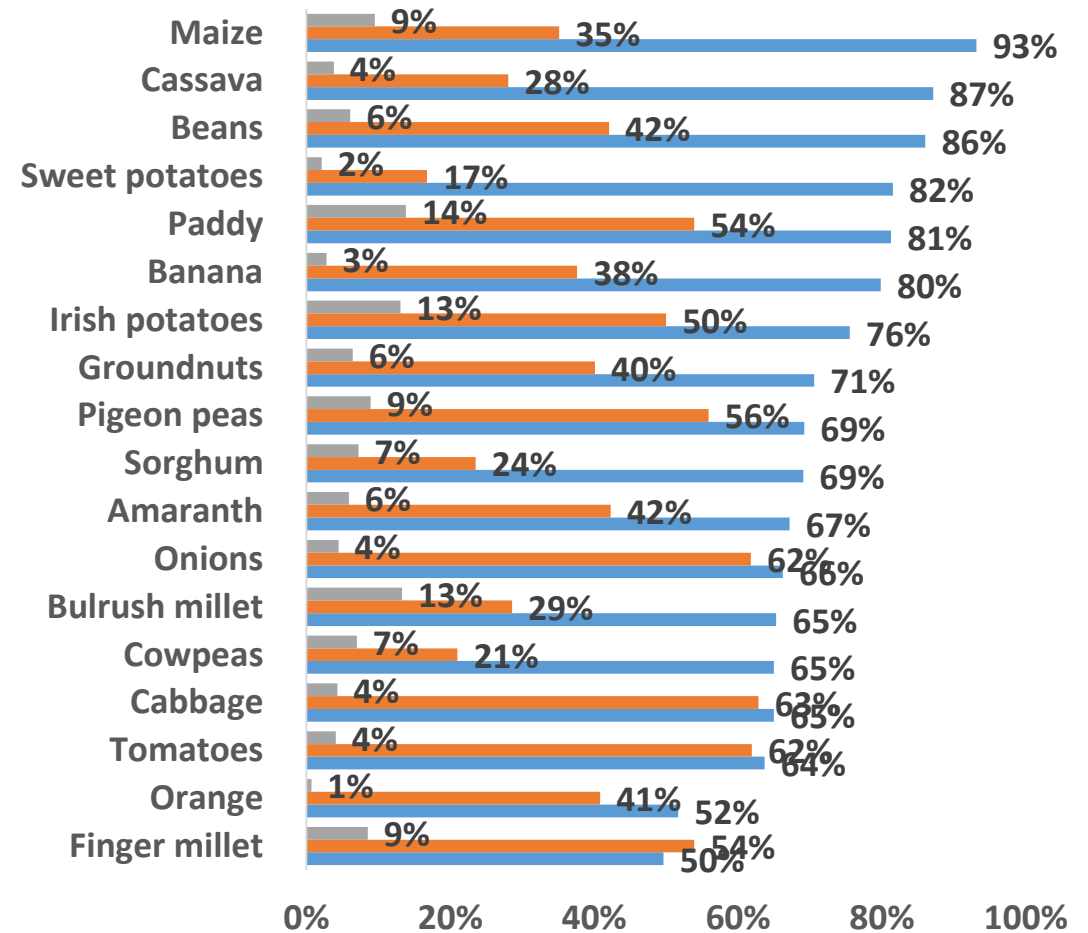
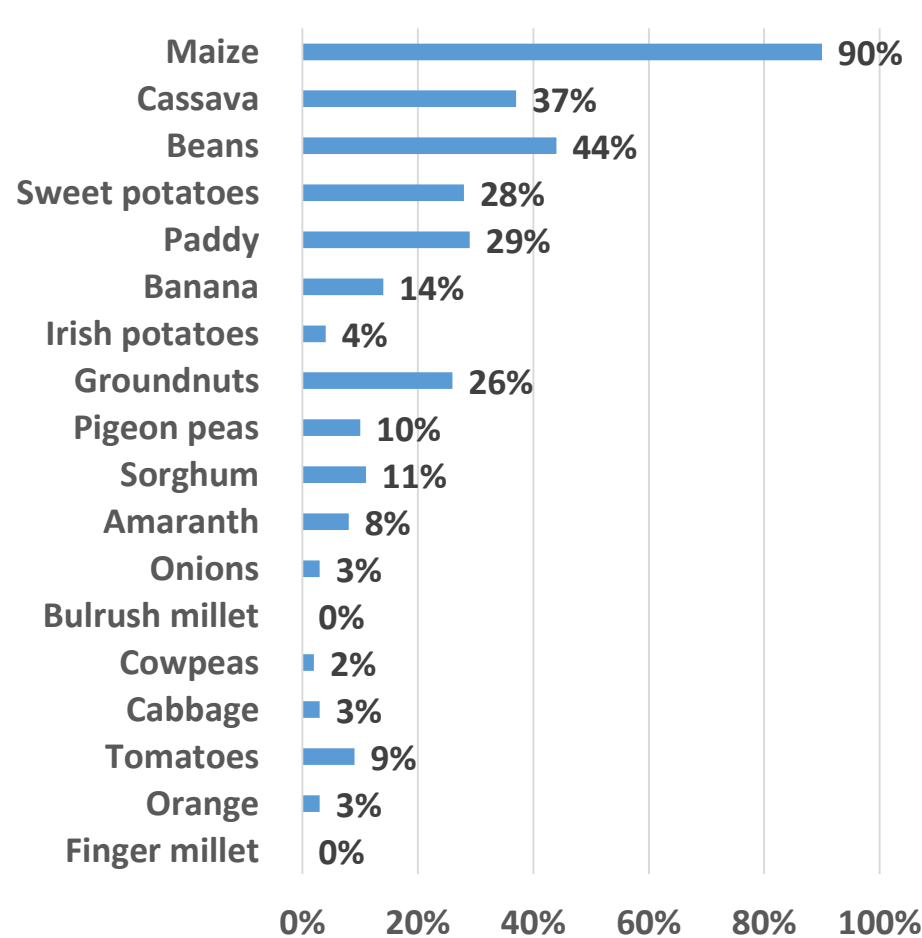


N=5,034

The poorest farmers grow more crops than the farmers that are less poor.



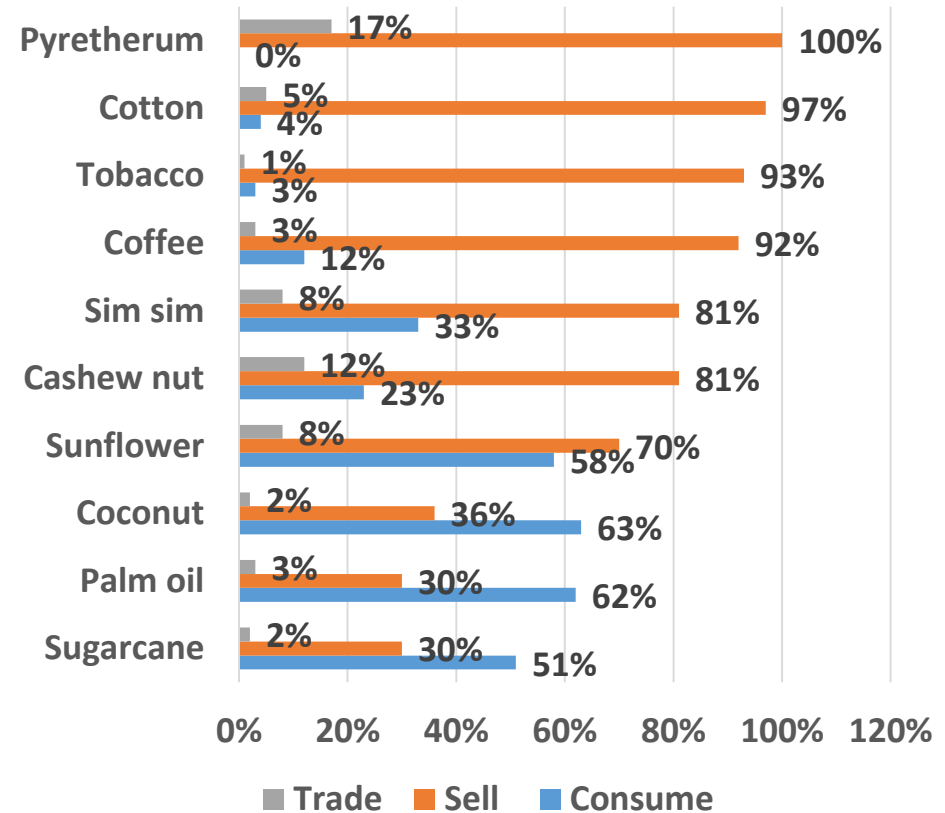
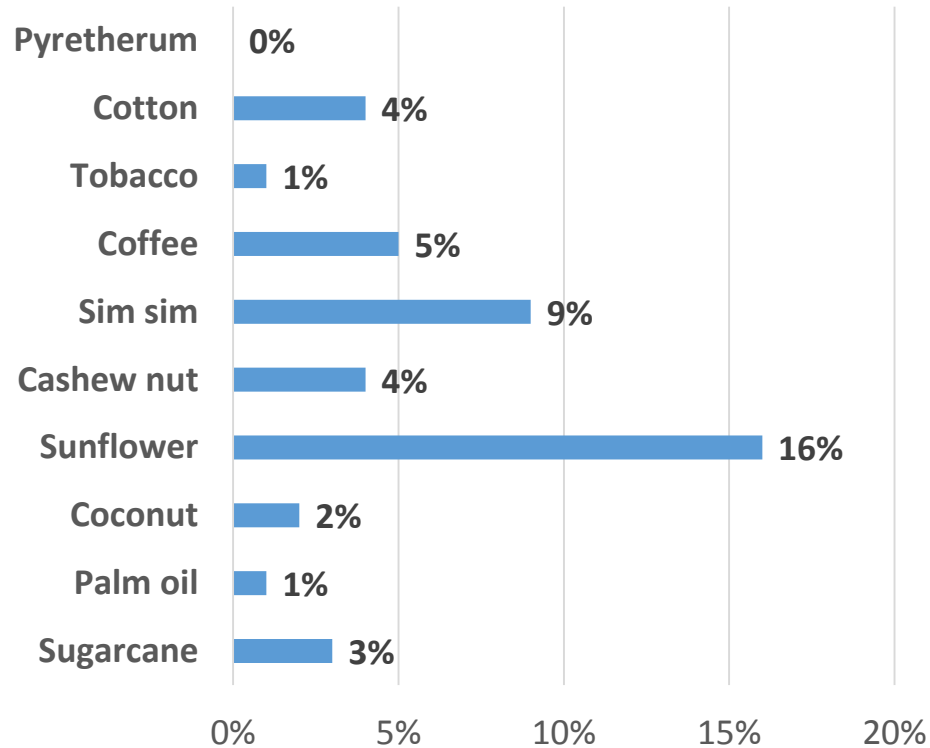
# Food crops grown (left) and grown for consumption, sale or trade (right)



■ Trade ■ Sell ■ Consume

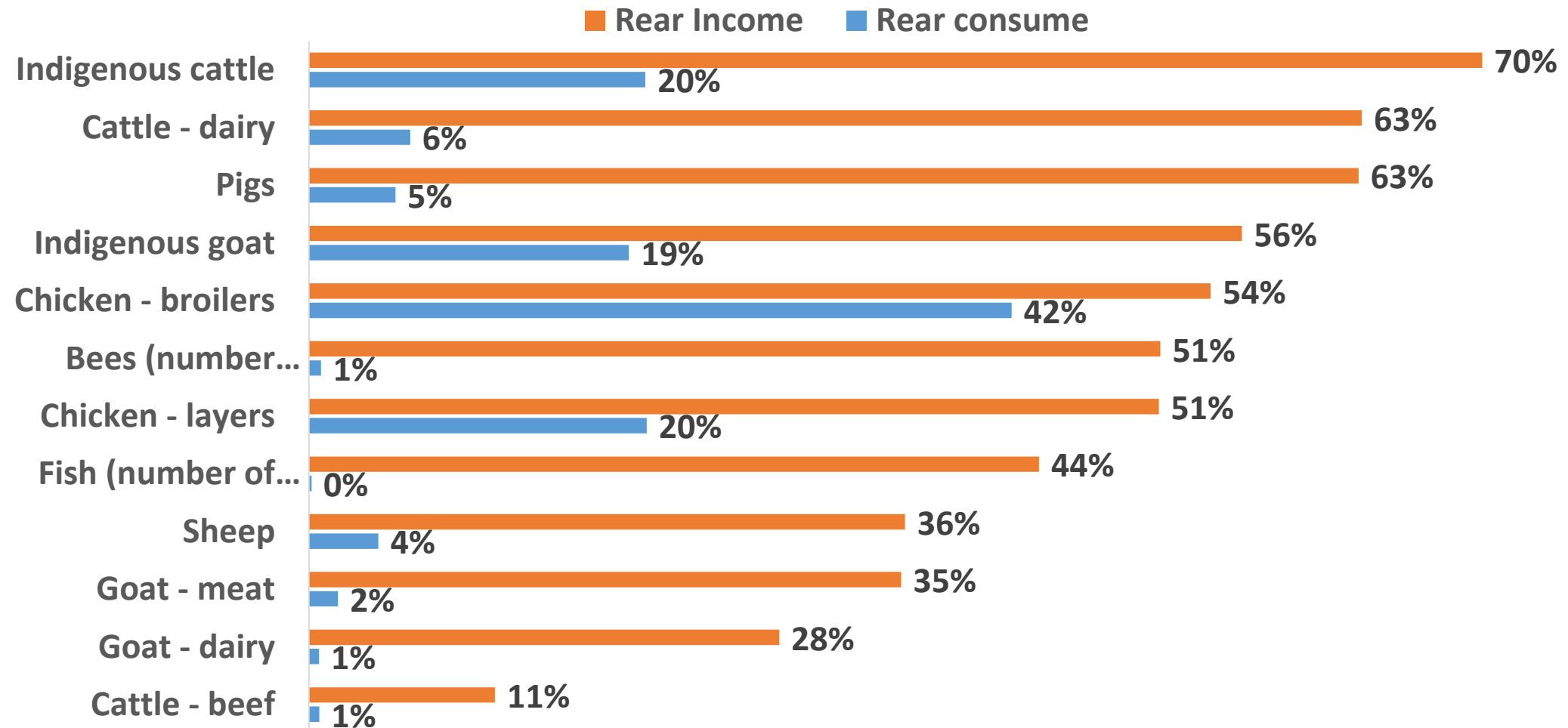
*N=4,742 (left), n= number of people grow who grow each crop (right)*

# Cash crops grown (left) and grown for consumption, sale or trade (right)



*N=4,742 (left), n= number of people grow who grow each crop (right)*

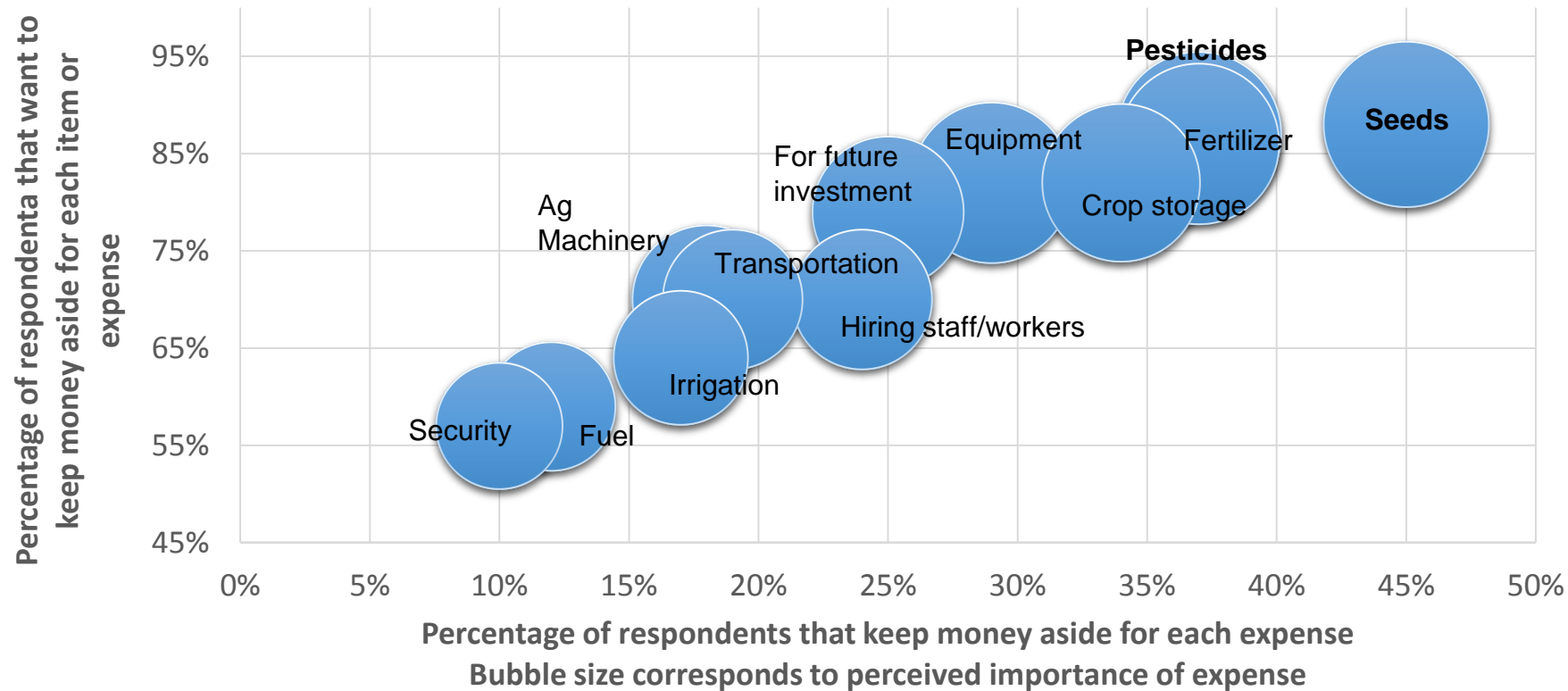
# Which of the following do you rear and get income from/consume?



N=5,034



# Perceptual map: Importance, desires and possession of agricultural expense



N=2,638

The vast majority of inputs is bought from retailers (70%), followed by wholesaler (9%), middlemen/trading companies (3%) and cooperatives (3%). Most of the inputs is paid for by smallholder farmers in cash (97%). Only a few suppliers (4%) give smallholders the opportunity to pay later.

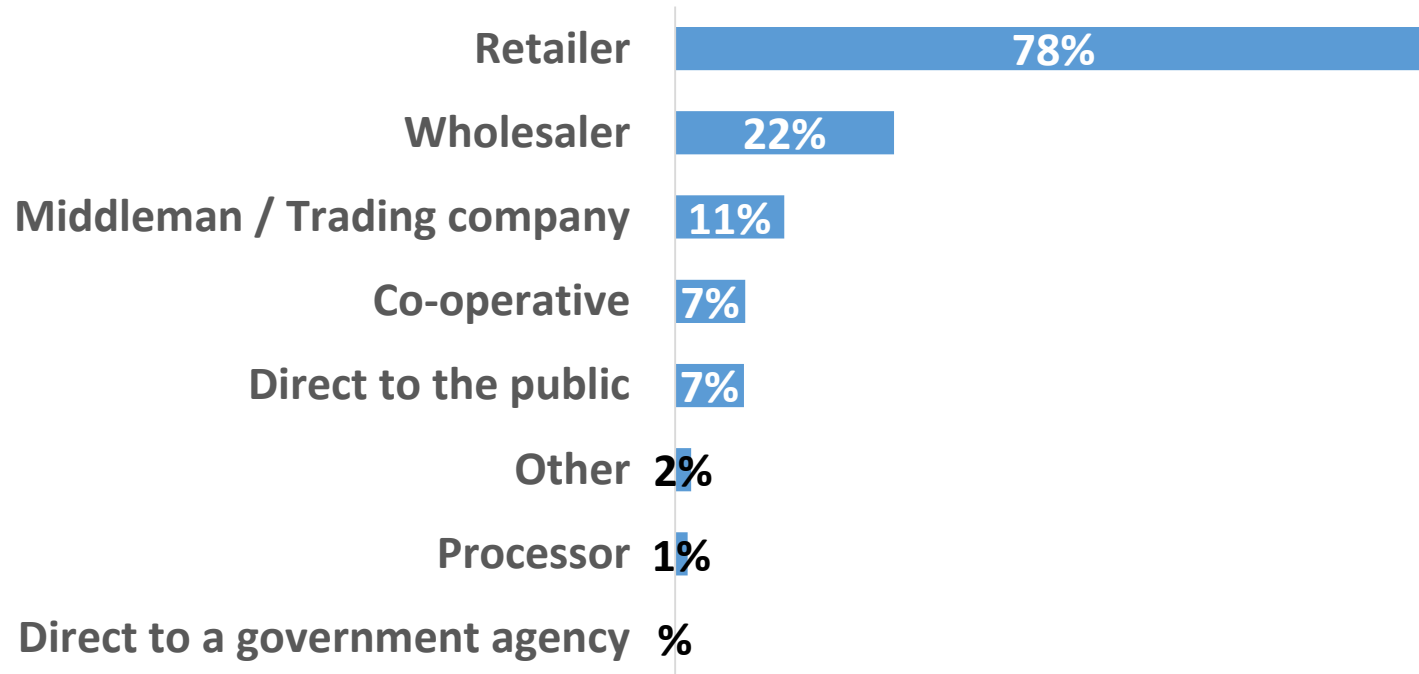


# Challenges for distribution and aggregation





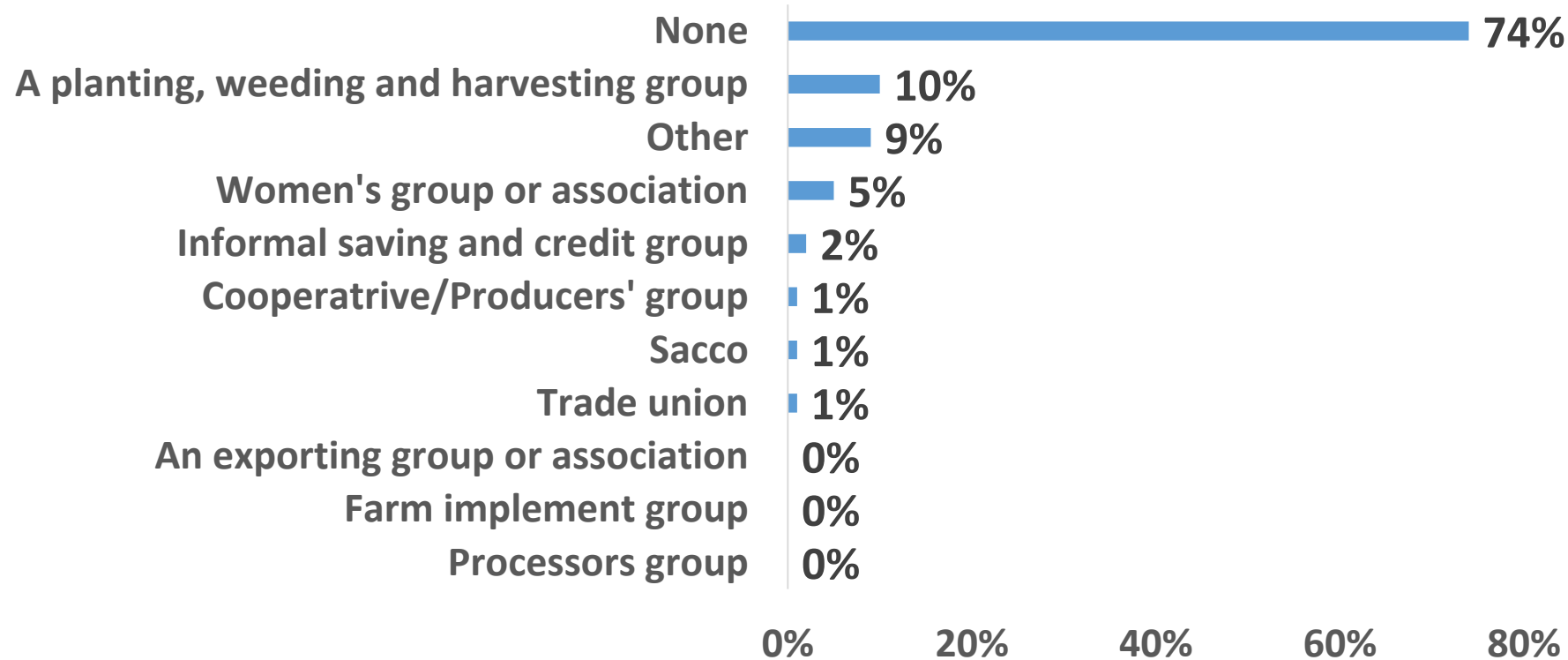
# Who do you sell your crops and livestock to?



*N=3,803*

Retailers are by far the most important buyer of produce from smallholder farmers. All buyers (retailers, wholesalers, etc.) pay smallholder mostly in cash. Very few farmers are paid through cheque, EFT, mobile banking, in-kind or with debit-card.

## Are you a member of any of the following groups or associations?



N=2,638

Few farmers are member of a group or association related to farming. It indicates few natural aggregation points for smallholder households in Tanzania. This corresponds with the fact that very few farmers grow livestock or crops under contract (3%).

# Why is this your preferred buyer and where do you sell?

Reasons this is a preferred seller (multiple answer)	Selling Location				
	In village	At local market	At farm to neighbor or traveling merchant	At other places	At regional market
I am not aware of prices at other markets	57%	54%	54%	58%	18%
I get the best price at this market	48%	39%	51%	27%	34%
I do not have access to transport to other markets	30%	26%	27%	10%	27%
Poor road conditions to other markets	24%	27%	25%	17%	23%
Other reasons	6%	7%	7%	22%	26%

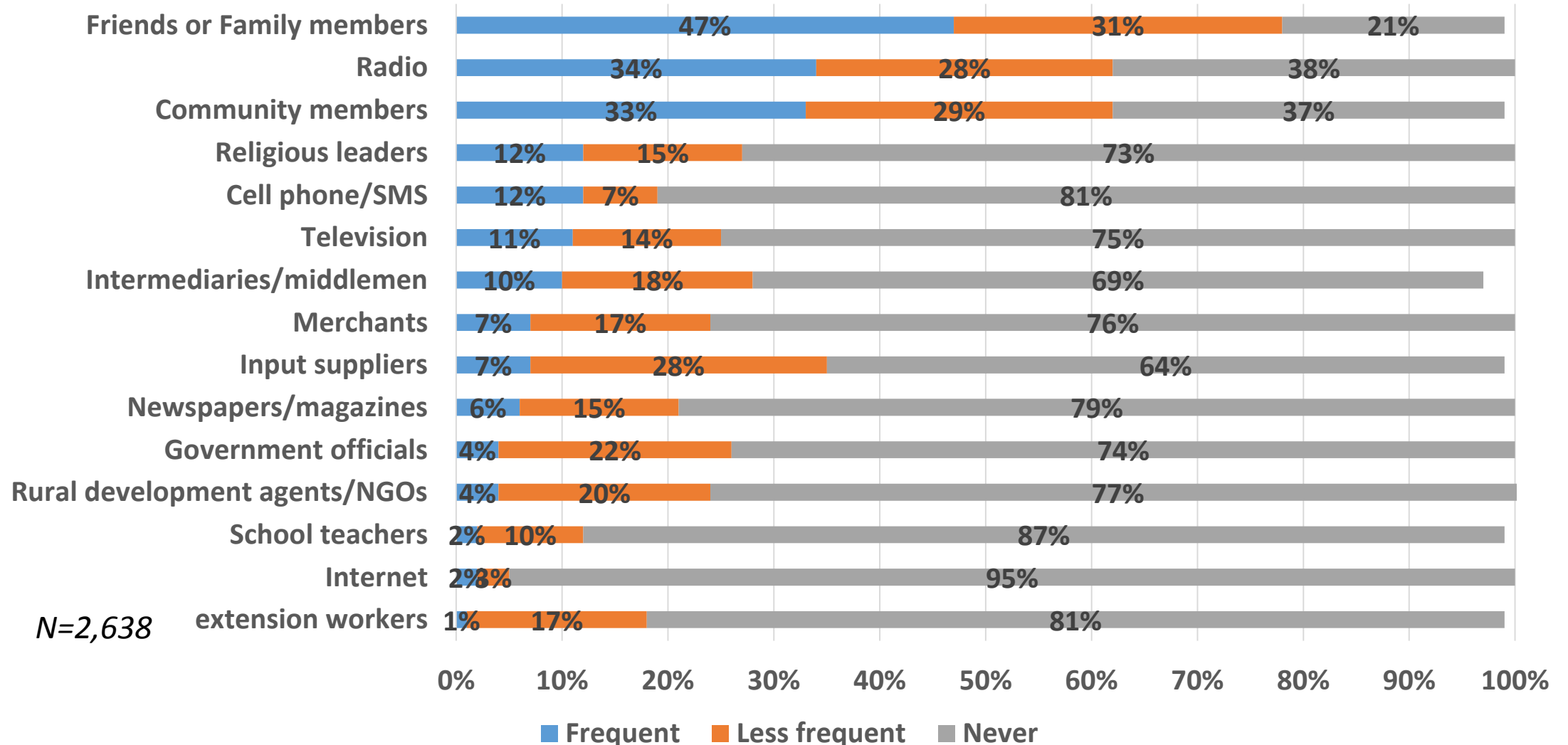
N=5,034





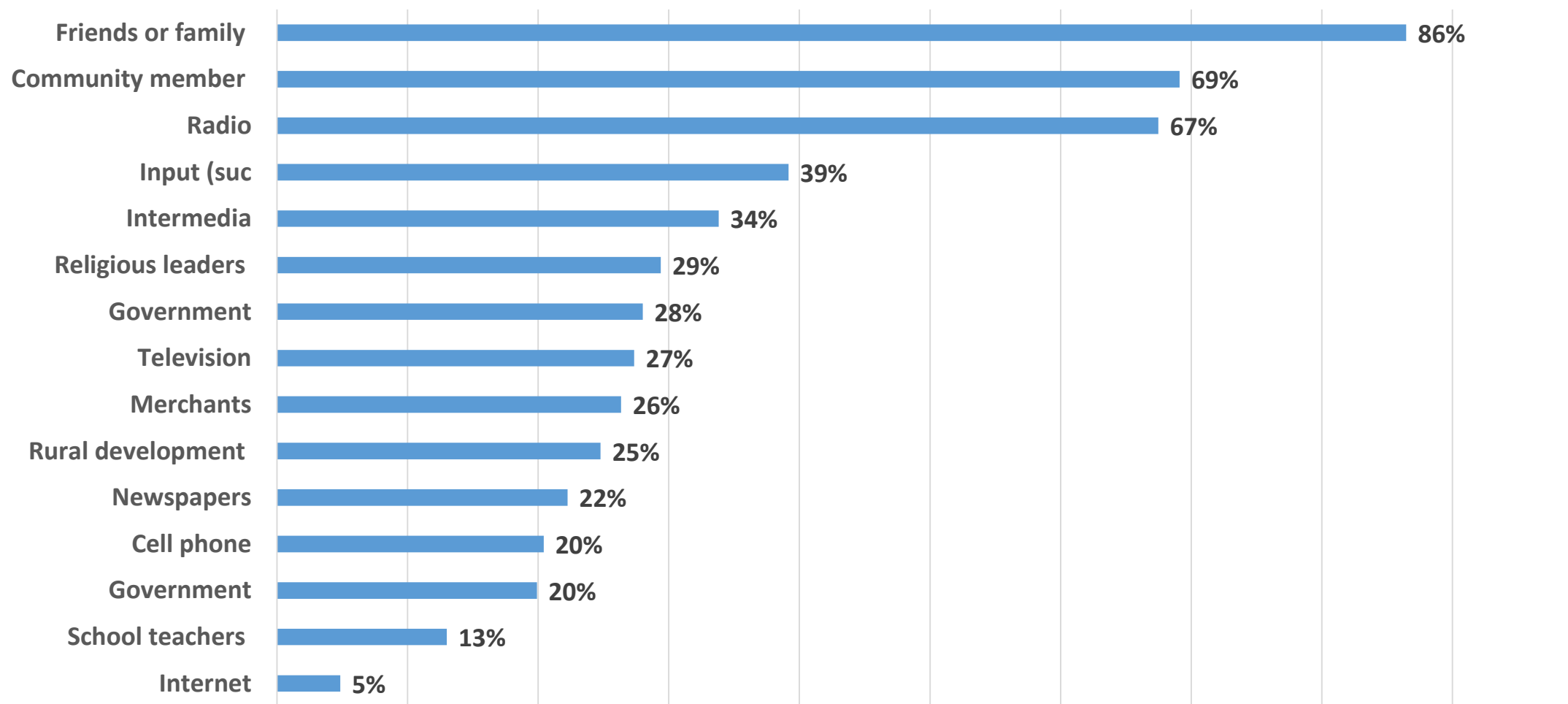
# Agricultural Advisory services

# How often do you use each of the following sources of information for agricultural activities?



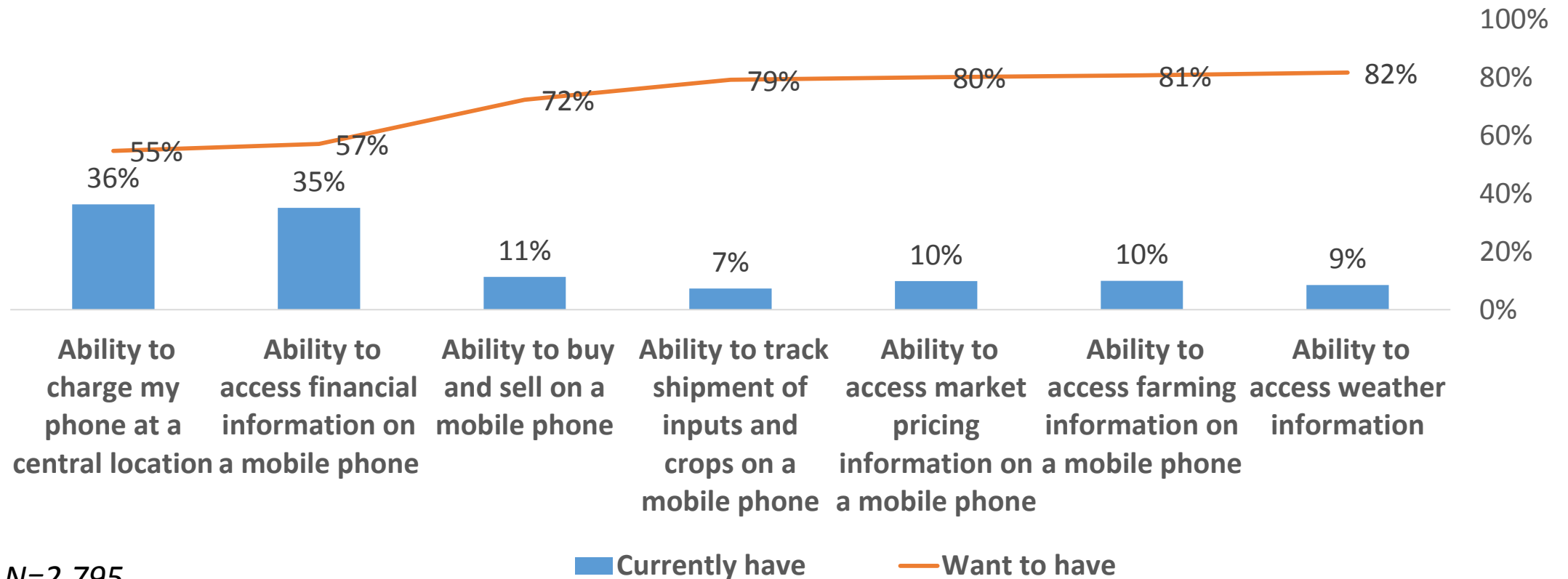
N=2,638

# Where do you get advice on financial matters?



*N=2,384*

# Do you currently have or want any of the following abilities for your agricultural activities?



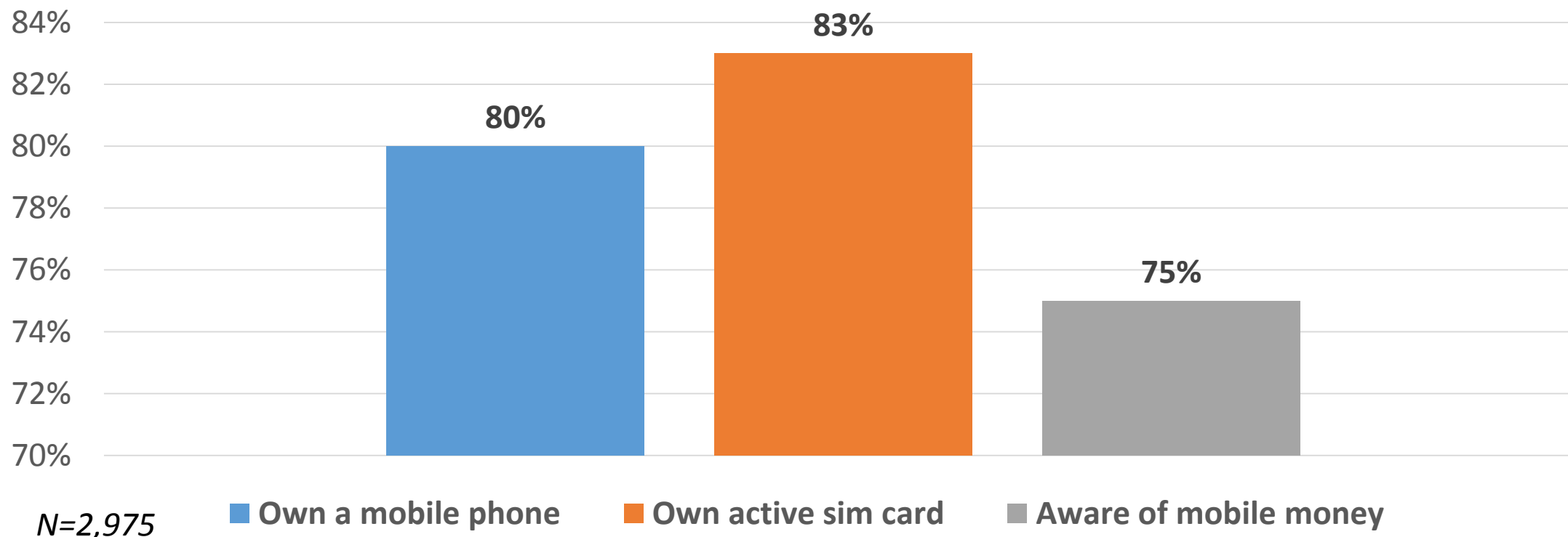
There is a gap in the services on mobile phones that smallholder farmers currently have versus the services that smallholder farmers want to have



# Mobile Technology and Financial Services



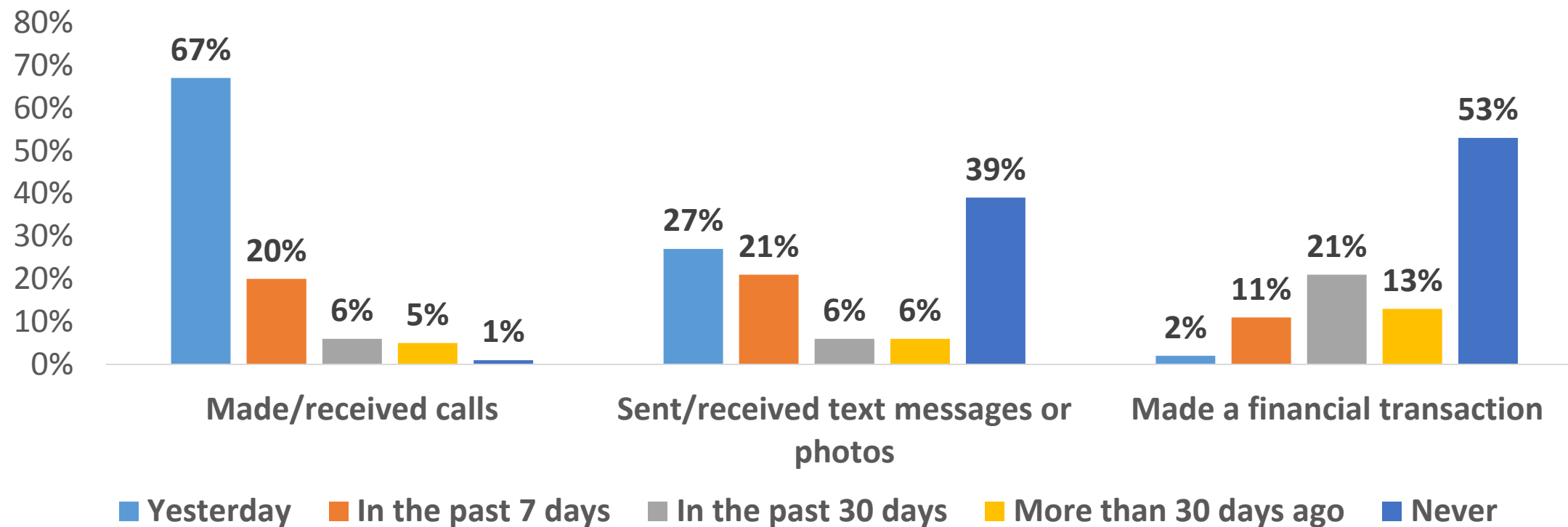
## Use of mobile technology



Eighty-four percent of men and 77 percent of women have their own mobile phones. Young farmers (15-29) stay behind the older age groups as only 70% own a mobile phone. For older farmers this is over 80%.

Most smallholder farmers value a mobile phone. For 93% a mobile phone is very important to their household. For 92% a mobile phone is very important to agricultural activities.

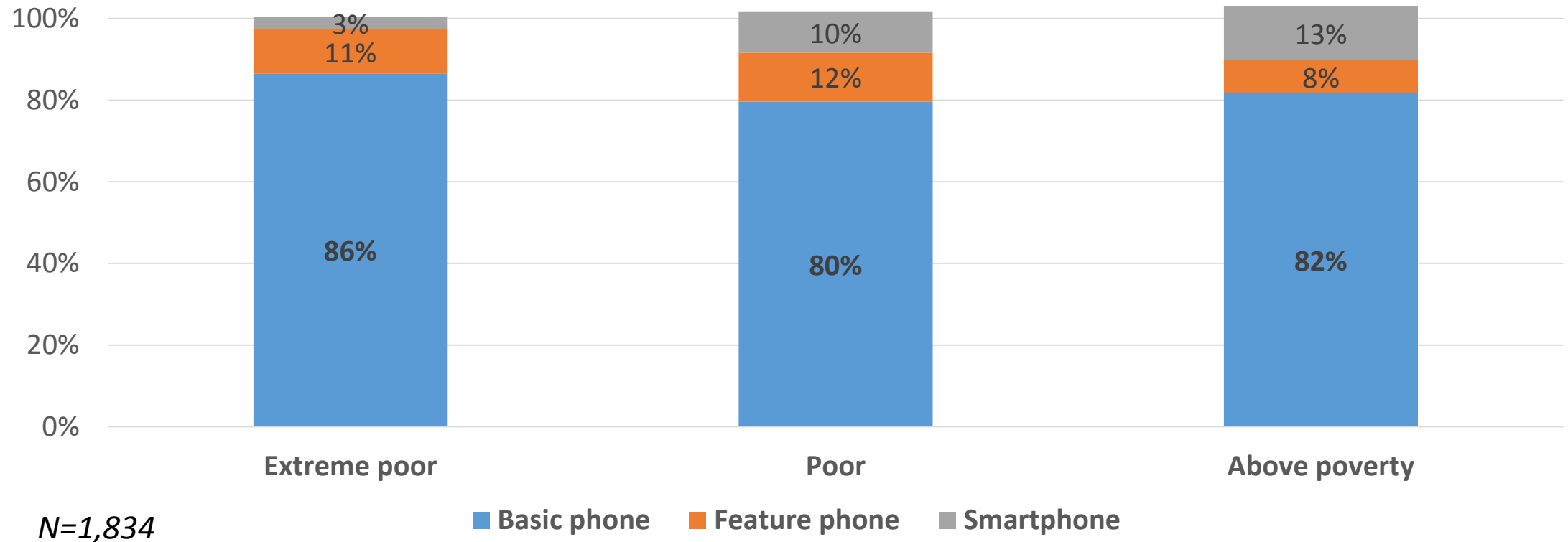
## Apart from today, when was the last time you performed the following activities on the mobile phone you use?



*N=2,150*

Of the smallholder farmers that own or can borrow/pay to use a phone (2,150 out of 2,795), about 47% have ever made a financial transaction with a phone. Forty-three percent made at least one financial transaction in the past 30 days. Men make financial transactions on phones slightly more frequently than women, especially men in urban areas.

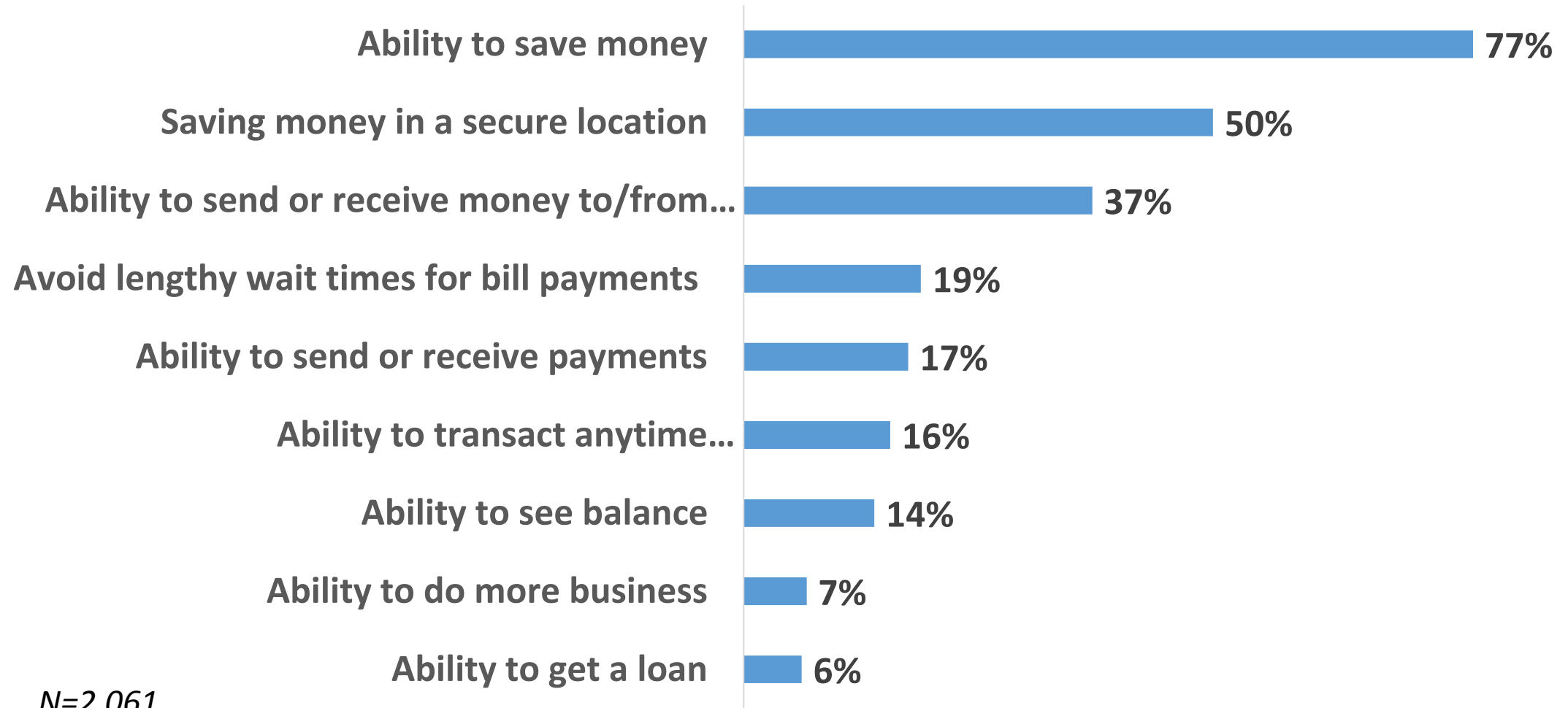
## What type of phone do you own?



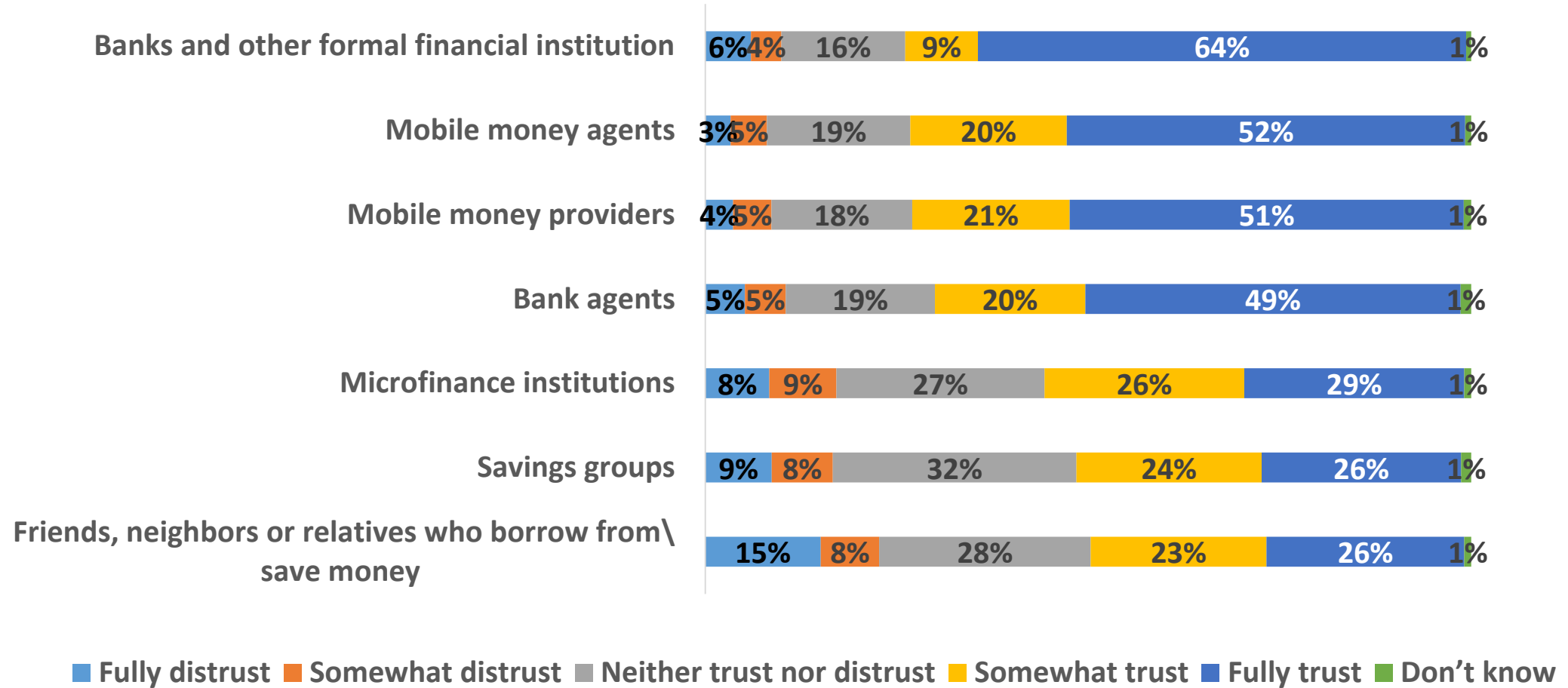
Eighty-one percent of the smallholder households own at least one phone.

Most performed activities with a mobile phone are making calls and sending text messages. This followed by financial transactions: 23% did this at least once in the past 30 days. All other activities (internet, twitter, audio, games) are only done by a small minority

# What do you think are the benefits of using mobile money?



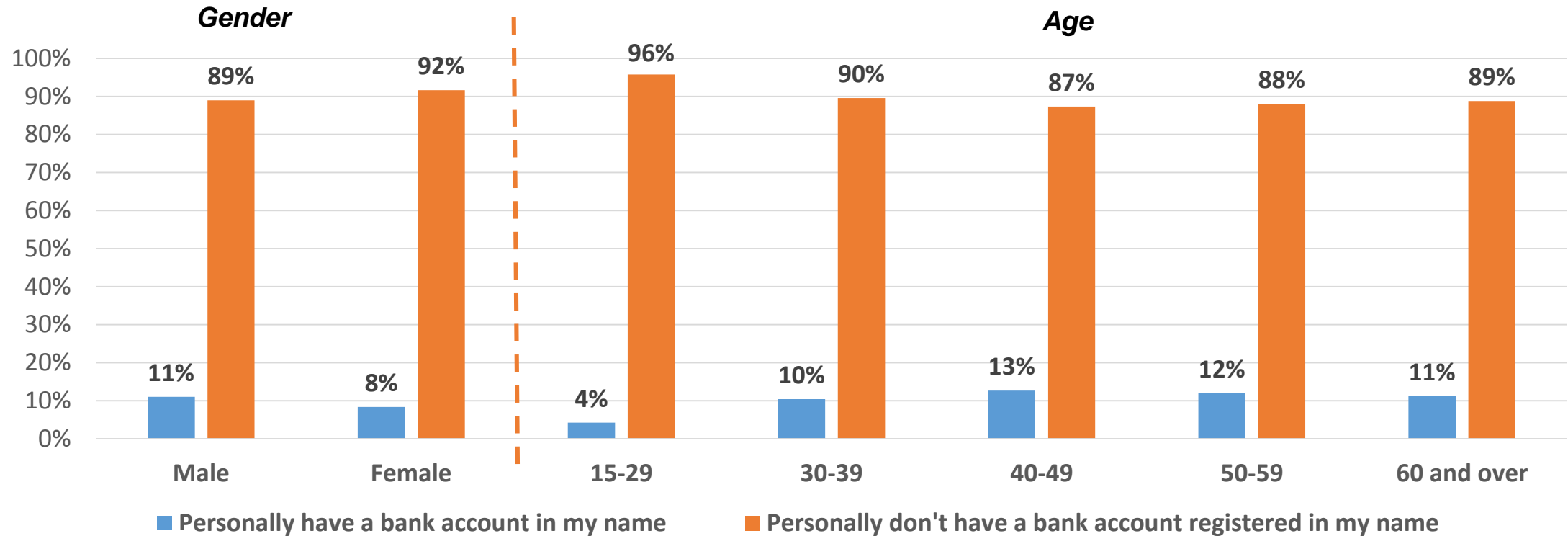
# How much do you trust each of the following as a financial source?



N=2,795



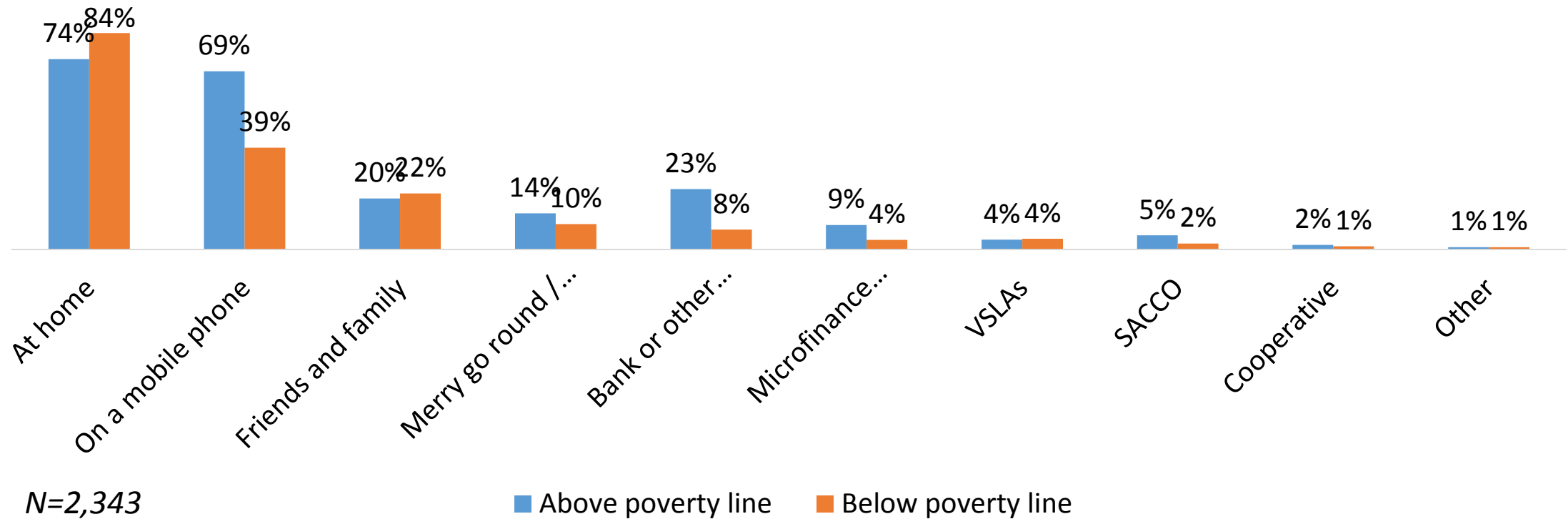
# Do you personally have a bank account in your name?



N=2,795

Access to a bank account is slightly higher across men and the higher age groups.

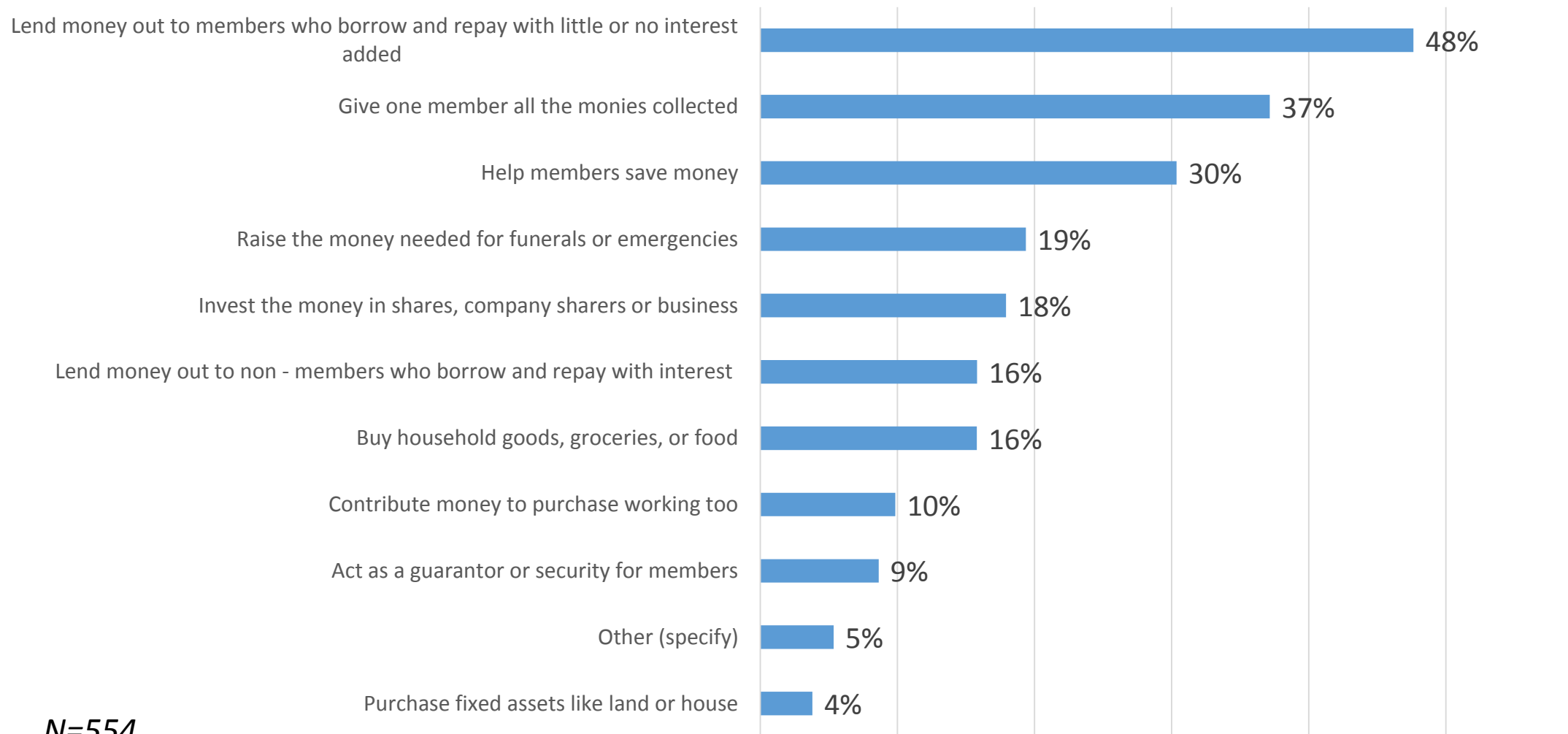
# Have you saved money with any of the following in the past 12 months?



Compared to men, women save relatively more with informal savings groups/merry go round, whereas men save more on a mobile phone. Compared to older farmers, few young farmers have savings in a bank. They have their money at home or with friends and family.

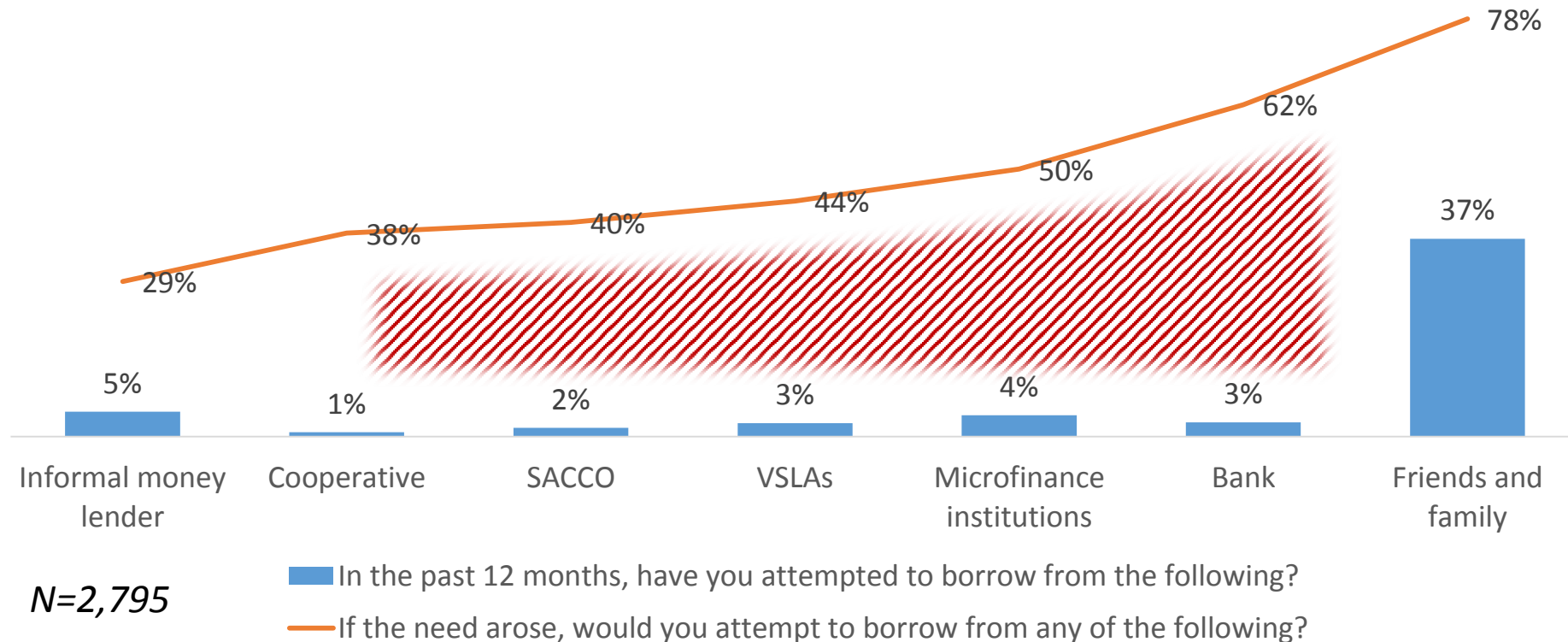
The main reason why many smallholders don't have a membership with any informal financial service institution is mostly financial. Sixty-three percent say they are not a member of such groups since they don't have any money. Other reasons are 'you don't know them' and 'you don't trust them'

# What are the services provided by your saving groups?



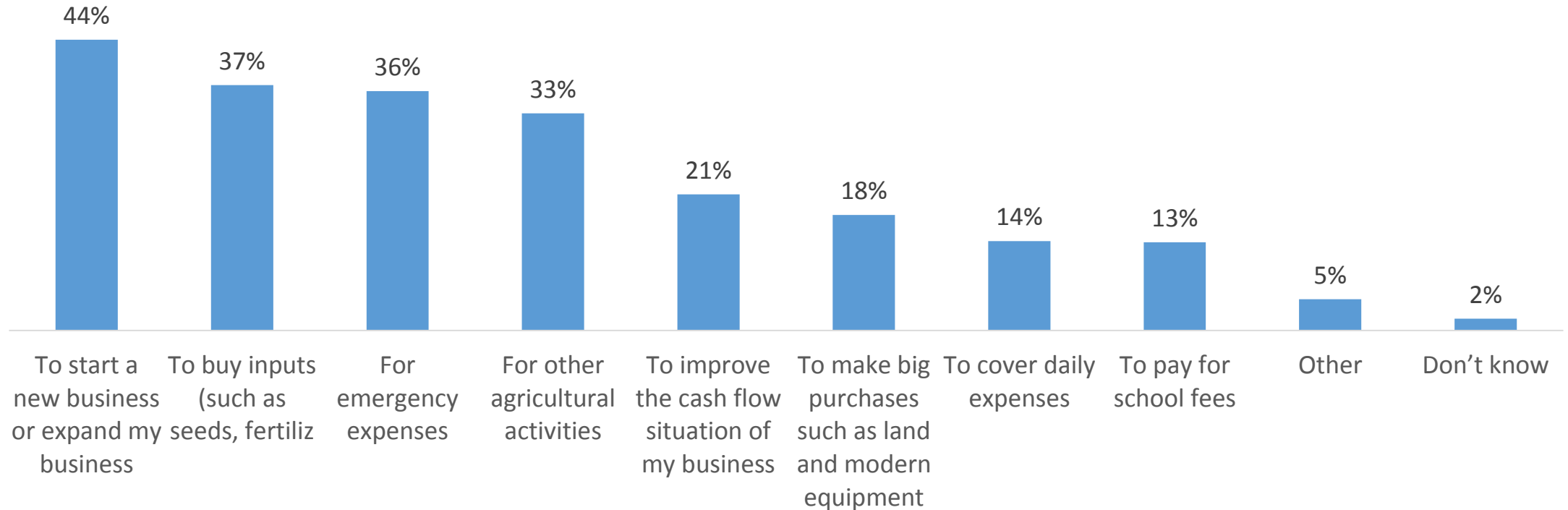
N=554

# In the past 12 months, have you attempted to borrow from any of the following, and if the need arose, would you attempt borrow from any of the following?



There is an unmet demand when it comes to loans provided by formal institutions such as banks and microfinance institutions

# What would be the main reason for borrowing money?

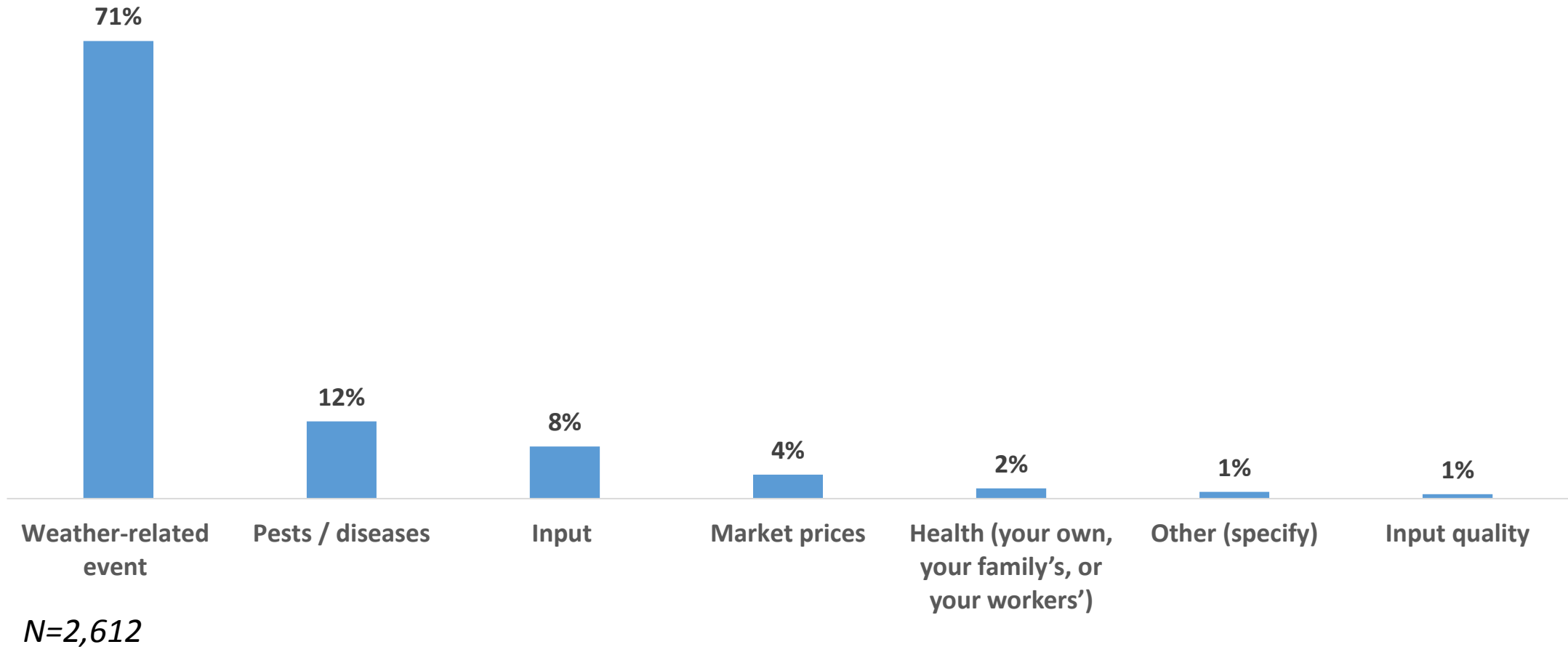


*N=2,795*

The most important factors considered by smallholder farmers when they would borrow money are interest rate (68%), quickest access to money (50%), repayment terms (47%) and convenience to get to (33%).



# What are the important risks affecting your agricultural activities?



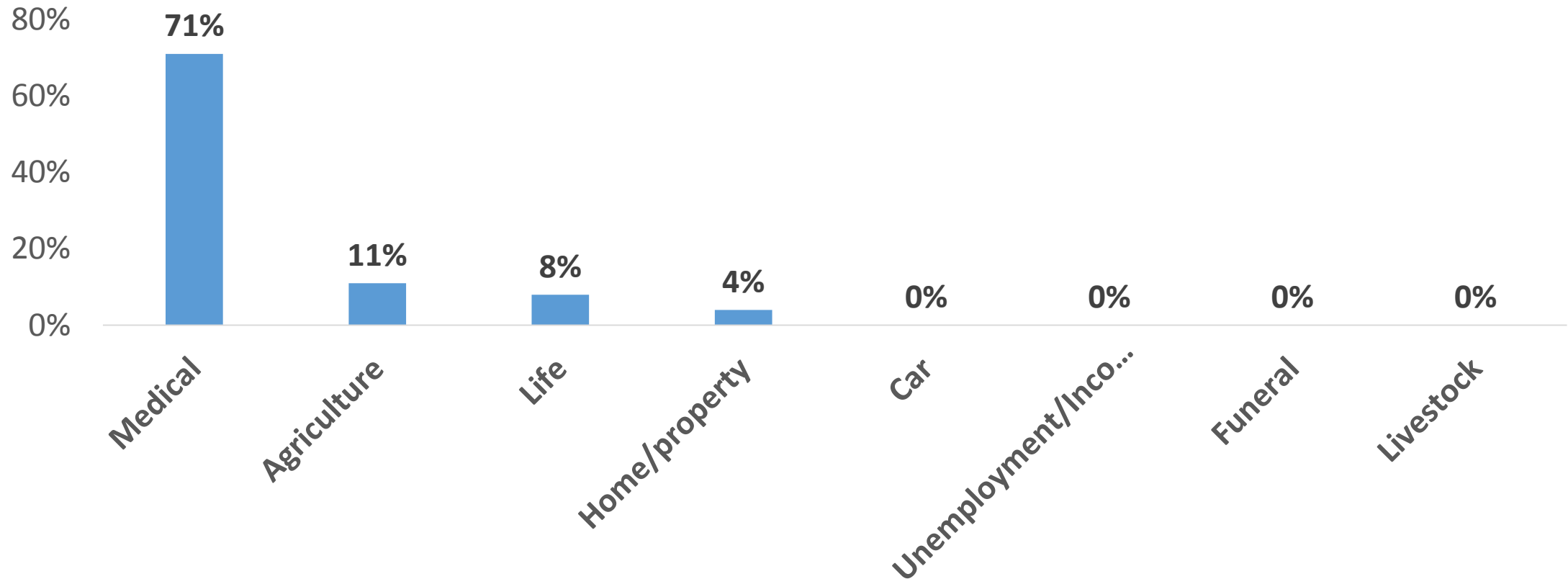
## How did you mainly cope when this (risks on previous slide) happened?

		Total	Age group				
			15-29	30-39	40-49	50-59	60 and over
Coping strategy	Total	2,612	100%	100%	100%	100%	100%
	Temporary job	507	22%	21%	18%	16%	15%
	Took a loan	169	7%	6%	5%	6%	8%
	Borrowed	310	13%	12%	13%	11%	9%
	Sold livestock/crops	559	19%	21%	23%	28%	18%
	Sold asset	56	2%	2%	2%	3%	3%
	Used savings	863	31%	36%	34%	32%	31%
	Was covered by insurance	13	0%	0%	0%	0%	2%
	Stopped farming	278	10%	10%	11%	9%	14%
	Did not need to do anything special	710	29%	21%	27%	27%	35%
	Did not do anything	393	16%	17%	15%	16%	11%
	Don't know	20	0%	2%	0%	1%	1%

N=2,612

Most smallholder farmers rely on their savings when shocks occur. Another significant group didn't do anything special. Younger farmers tend to take temporary jobs relatively more than older farmers, whereas middle aged farmers sell livestock or use their savings more than young and old farmers.

# Which of the following types of insurance do you feel your household needs the most?

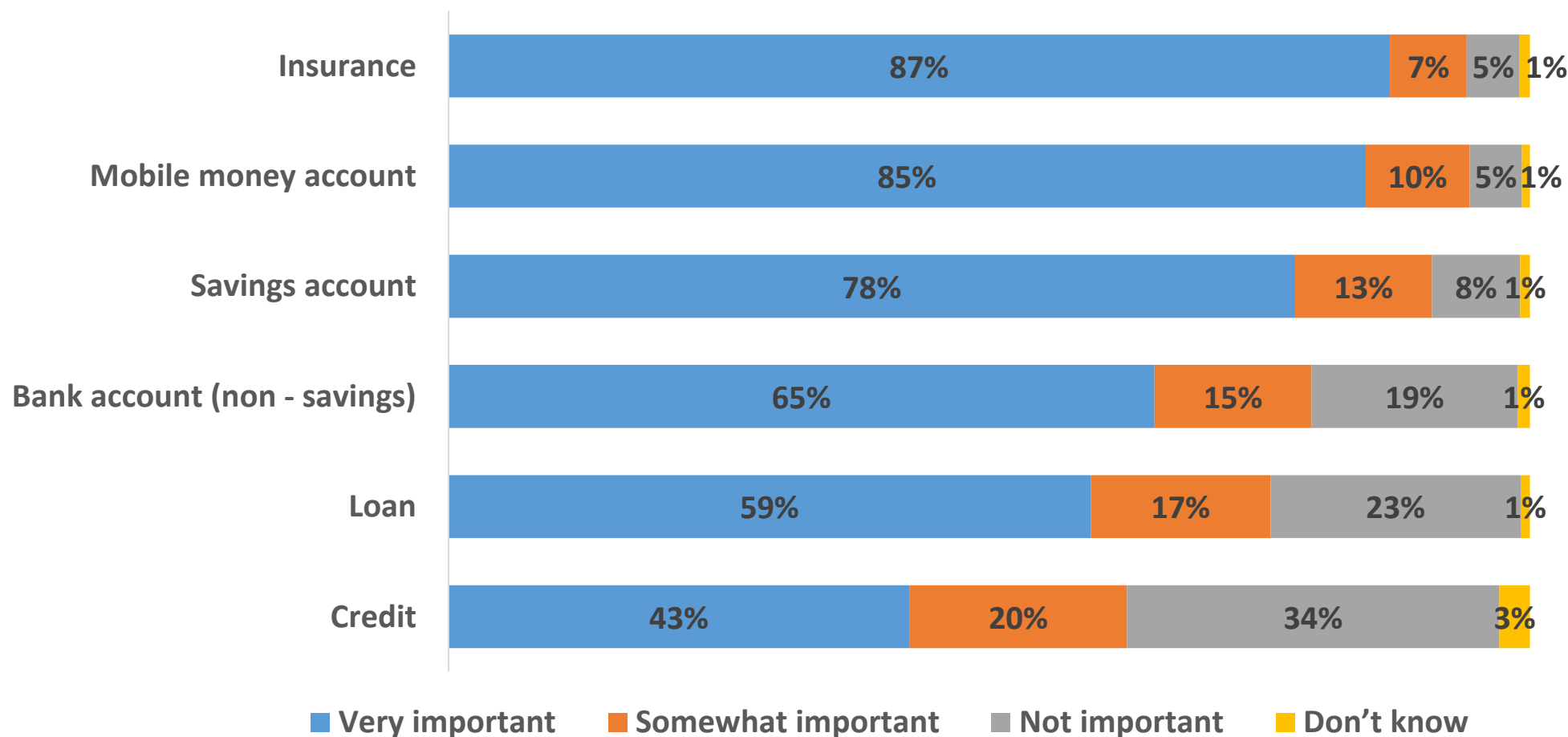


N=2,795

# Aspirations

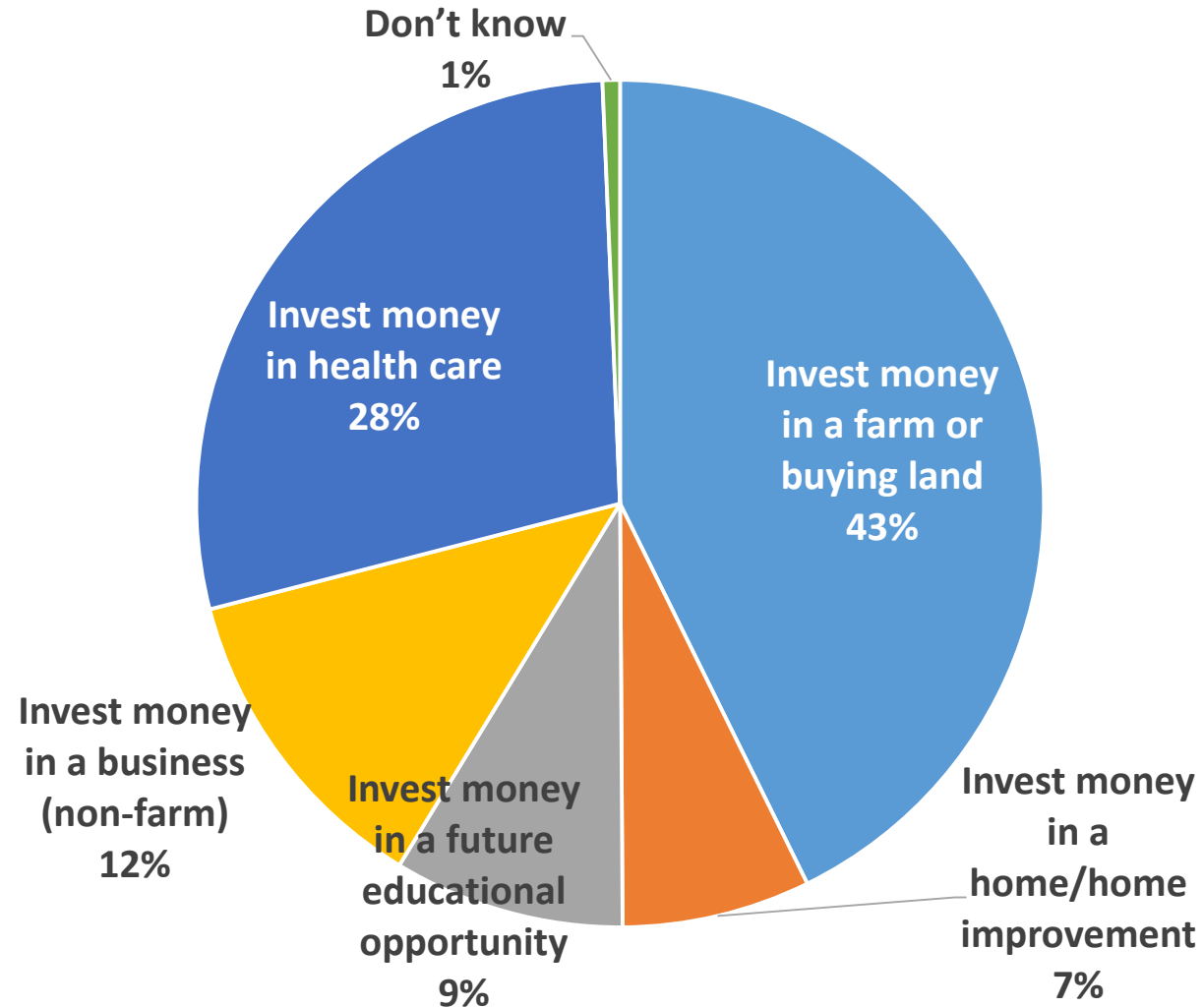


# How important is it to your agricultural activities to have the following?



N=2,795

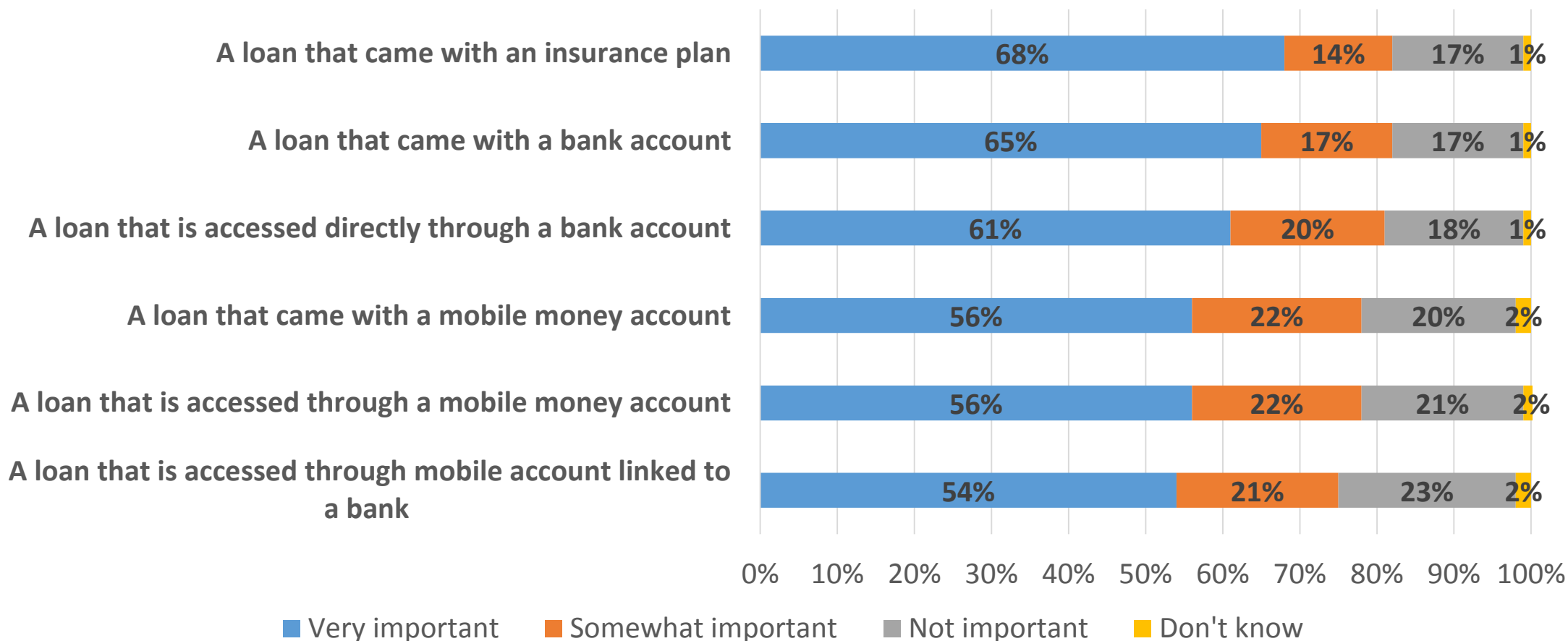
# Which of the following do you feel your household needs to do most?



N=2,794

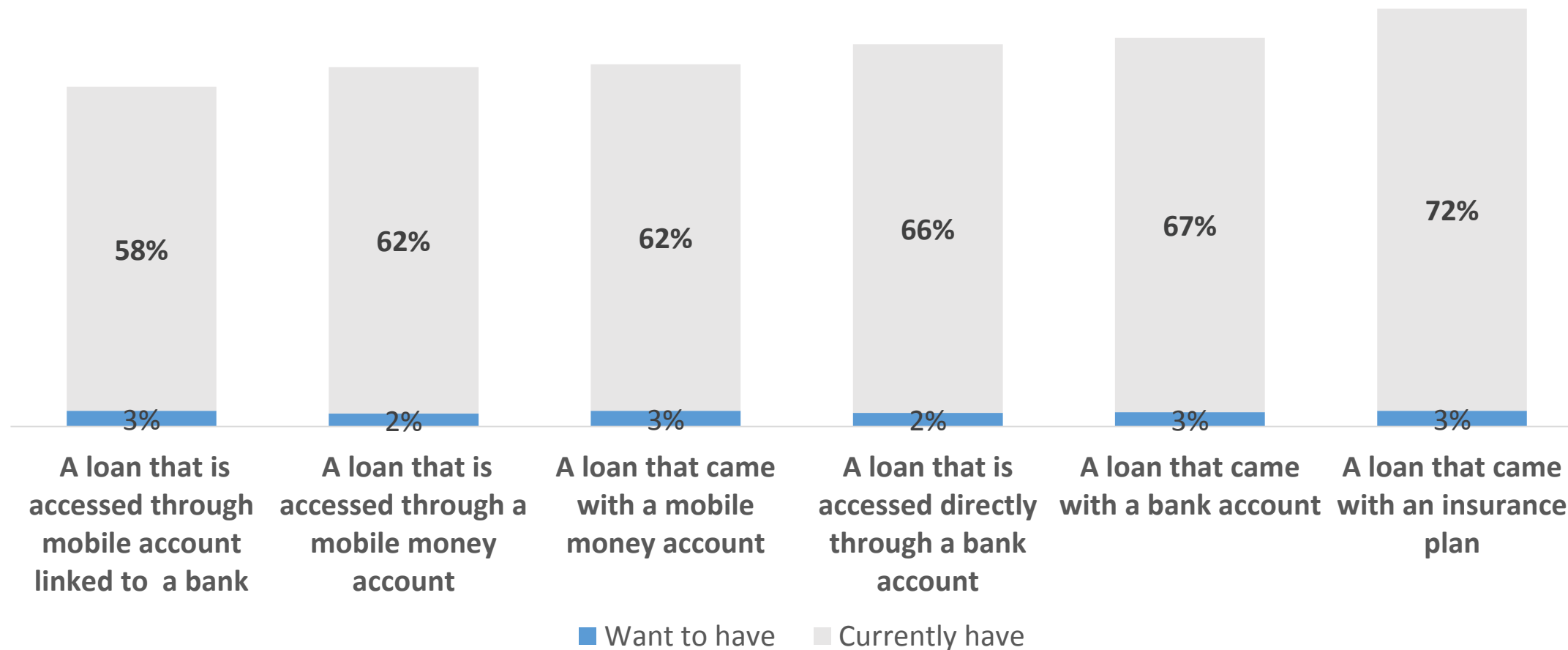


# How important is each of the following products to your agricultural activities



N=2,795

# Do you currently have any of the following products for your agricultural activities? Do you want to have any of the following products for your agricultural activities?



N=2,795

# Segmentation: A New Lexicon?



# Smallholder Household Segments

Farming for sustenance	Battling the elements	Diversified pragmatic	Options for growth	Strategic agricultural entrepreneurship
Every day, quintessential farming household that struggles to support its needs	Persevered through harsh agricultural challenges and remain optimistic toward farming	The realities would lead them to diversify out of something they enjoy if given the choice	Stable, optimistic for the future and has options for the future within and outside of farming	Actively engaged in agriculture, and growing their agricultural activities
Stands to gain the most from financial and agricultural mechanisms	Financial mechanisms have enabled some of the perseverance	Embody the realism and inner conflict that can characterize households	Could pivot into or out of farming depending on opportunities	Model or “use case” for inspiring growth in other segments

*N=Smallholder farmers by segment*

## Informal and formal financial mechanisms

Segments	Financially included	Own bank account	Own mobile money account	Own NBFI account	Access to informal savings
Farming for sustenance	1%	0%	.5%	1%	14%
Battling the elements	14%	0%	14%	2%	17%
Diversified and pragmatic	57%	6%	56%	6%	23%
Options for growth	76%	14%	75%	9%	23%
Strategic agricultural entrepreneurs	90%	32%	89%	12%	27%

*N=Smallholder farmers by segment*

## Individual scores and percentages for crops, land size and income sources

Segments	# Crops grown	# Crops grown/ sold	Land size hectares	Number of Income Sources	Access to informal savings
Farming for sustenance	4.26	1.95	3.26 ha	2.55	14%
Battling the elements	4.51	2.19	3.48 ha	2.92	17%
Diversified and pragmatic	4.46	2.08	3.91 ha	2.84	23%
Options for growth	4.09	1.92	3.76 ha	2.98	23%
Strategic agricultural entrepreneurs	3.52	1.898	4.44 ha	3.48	27%

*N=Smallholder farmers by segment*



