

CFS stakeholders are invited to submit written inputs on the Zero Draft of the set of recommendations on Connecting Smallholders to Markets.

The deadline for receipt of written inputs is 15 April 2016. Inputs should be sent to CFS@fao.org

The written inputs, together with the discussion on the inputs at the 25 April 2016 informal consultation, will be used to develop a new Chair's proposal text, which will be the basis for negotiation on 8 and 9 June 2016. To that end, written contributions should focus on the substance of the document and concrete proposals for improvements.

CFS RECOMMENDATIONS ON CONNECTING SMALLHOLDERS TO MARKETS

INTRODUCTION

1. These policy recommendations and practices aim to strengthen smallholders' access to markets. They draw on the outcomes of the CFS High-Level Forum on Connecting Smallholders to Markets held in June 2015 - which identified priority areas such as supporting smallholder collective action, providing key financial and non-financial services, developing partnerships between smallholders and other private food sector actors, and the role of public investment and policy frameworks – as well as additional evidence collected in follow up to the Forum.
2. The recommendations are based on existing evidence and aim to encourage good practices. The recommendations attempt to minimize duplication without restating recommendations and guidance previously provided in other CFS products¹.
3. The overall aim is to improve smallholders' access to markets, while supporting countries' efforts to advance the 2030 Agenda for Sustainable Development and achieving a number of its goals by fostering an enabling environment for small-scale food producers to increase their productivity and incomes sustainably. The recommendations are intended to contribute to meeting the mandate of the Committee to strive for a world free from hunger where countries implement the Voluntary Guidelines for the Progressive Realization of the Right to Adequate Food in the Context of National Food Security.
4. The recommendations are grouped into four complementary and interlinked categories of intervention aiming at benefiting smallholders and increasing their access to markets: (i) local food

¹ Such as the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), the Principles for Responsible Agricultural Investment in Agriculture and Food Systems (RAI), the Framework for Action for Food Security and Nutrition in Protracted Crises and the policy recommendations on Investing in Smallholder Agriculture for Food Security and Nutrition.

systems and markets; (ii) improving nutrition; (iii) institutional procurement and (iv) supporting smallholders in transition.

I. LOCAL FOOD SYSTEMS AND MARKETS

5. Smallholders are responsible for the bulk of food production and globally more than 80% of smallholders operate in local and domestic food markets, with the majority trading through informal means. These markets operate within territorial spaces that can range from local to transboundary to regional and may be located in rural, peri-urban or urban contexts. They can take place in structured arrangements or in more ad-hoc or informal ways which provide greater flexibility for smallholders and fewer barriers to entry. They perform multiple functions beyond commodity exchange, acting as space for social interaction, exchange of knowledge and strengthening of cultural identities. Despite their importance, informal markets are often overlooked in data collection systems which impacts negatively on the evidence base for informing public policies. Smallholder sensitive public policies include interventions aiming at:

- a) Collecting comprehensive data on the use of local, domestic and informal markets linked to territories to improve the evidence base for policies. FAO's Smallholders Dataportrait is one example that could be built on;
- b) Promoting inclusive market development that ensures formal market requirements, such as food safety regulations and formal registration systems, do not undermine smallholders capacity to participate;
- c) Supporting smallholder-sensitive credit systems and smallholder-targeted infrastructure, such as small-scale centers for processing and packaging, and market places for direct sale;
- d) Facilitating smallholders' capacity to increase their economic influence by acting collectively and forming cooperatives, associations and networks, and promoting the engagement of traditionally underrepresented groups, such as women and young people;
- e) Promoting products with specific quality characteristics, such as products linked to geographical origin, organic, or products resulting from agroecological approaches which help local populations to preserve traditional food systems and diets;
- f) Encouraging transparent pricing of agricultural products and developing and disseminating tools that give smallholders access to timely and affordable market information to enable them to make informed decisions on what, when and where to sell;
- g) Promoting inclusive governance of local food systems by supporting local authority engagement with all interested actors, including consumers and producers.

II. NUTRITION AND SMALLHOLDERS' ACCESS TO MARKETS

6. Smallholder households are vulnerable to malnutrition due to a variety of reasons. These include limited income, reliance on own production for consumption, limited time available for adequate caring and feeding practices, and limited access to rural public goods, including health and educational services. It is important that interventions aiming at connecting smallholders to markets contribute to improved nutritional status for vulnerable consumer groups and for smallholders, most of which are net food buyers and rely on markets to meet their food requirements. Smallholders play an important role in maintaining the connection between consumers and the source of food

production. When market access is not matched with appropriate pre and post-harvest handling and storage facilities, there may be food loss and quality issues that particularly affect nutritious food. Lack of information and knowledge about standards and food safety are important factors affecting the quality of food items and thus potentially negatively impacting on nutrition. Public policy interventions aiming at addressing nutritional issues in the context of connecting smallholders to markets include:

- a) Complementing programmes that connect smallholders to markets with actions to improve their access to health services, caring and feeding resources, water and sanitation and nutrition-specific interventions;
- b) Improving processing and storage facilities to retain nutritional value and food safety, and reduce seasonality of food insecurity and post-harvest losses;
- c) Providing information and capacity building to smallholders about food standards, good practices and markets' requirements to increase food safety and smallholders' market competitiveness;
- d) Promoting and disseminating information related to sustainable diets and nutritional benefits associated with diversified and locally sourced smallholder products to increase demand for and production of nutritious food by smallholders;
- e) Facilitating production diversification to increase resilience to climate and price shocks and enable more diverse food consumption, reduction of seasonal food and income fluctuations;
- f) Encouraging production of nutrient-dense food including small-scale livestock in order to improve the ability to achieve healthy and more balanced diets;
- g) Empowering women by facilitating access to productive resources, income opportunities and extension services and information, credit, labour and time-saving technologies.

III. INSTITUTIONAL PROCUREMENT

7. Institutional procurement programmes can link producers to structured demand for agricultural products which can help smallholders to plan production and provide a more predictable income. But to be effective and avoid distorting effects, they need to be well-targeted, properly coordinated, have transparent regulations and clear graduation strategies. Lack of predictable demand and payment, or complexity and rigidity in procedures can create barriers for smallholders who may find it difficult to meet institutional buyers' requirements. Procuring institutions can improve smallholders' access to markets by:

- a) Softening procurement procedures through the promotion of adapted contract modalities, simplified language, waiving of performance bonds, advance payments and manageable quantities and timeframes;
- b) Supporting the development of production and managerial capacities of smallholders, farmer organizations and Small and Medium Enterprises, with special attention to women and youth, to facilitate compliance with market requirements and improve competitiveness;
- c) Identifying opportunities where smallholders could meet structured demand for agricultural products and vulnerable consumers could access locally produced food;

- d) Facilitating transparent and reliable demand over an extended timeframe and fast and regular payment for smallholders' products;
- e) Providing collection points, storage and warehousing infrastructure that are accessible to smallholders as well as access to quality testing equipment;
- f) Collecting data on the impact of institutional procurement initiatives on smallholders' welfare.

IV. SMALLHOLDERS IN TRANSITION

8. The economic, environmental and political landscape in which most smallholders are operating is changing faster than ever before. Demographic pressures and changes, migration and urbanization, higher incomes and changing diets, the growth of cities in rural areas and larger market towns can create opportunities for smallholders, and may also elicit greater pressure on increasing smallholder productivity and income diversification. Greater demand for scarce natural resources from rapidly expanding cities, and the reclassification of rural land into urban territories means that access to the key natural resources upon which smallholders rely is, in many cases, under threat. Policy interventions can contribute to meeting growing urban food demand and create commercial opportunities for smallholders by:

- a) Promoting integrated and balanced approaches to strengthen linkages between policies dealing with smallholders' access to markets and broader national strategies, such as those on local economic development and rural-urban planning;
- b) Investing in production technologies to increase smallholder productivity and promoting rural employment diversification that insures against food price volatility and mitigates the impact of risks and shocks in agricultural income;
- c) Providing social protection that facilitates improvement of human capital and access to physical assets, especially for women, young farmers and the most vulnerable smallholders;
- d) Targeting education and training to young people, with a focus on entrepreneurship in value chains and agribusiness, to manage migratory trends and ageing of the population active in agriculture;
- e) Encouraging public-private partnerships empowering smallholders to have an equitable role in their negotiation, design and implementation;
- f) Recognizing smallholders' key roles in providing and maintaining environmental resources in order to be able to identify the true cost of food produced.