

“Connecting Smallholders to Markets” What the CSM is advocating.¹

The CSM brings into the CFS the voices of small-scale food producers², agricultural workers, the urban food insecure and consumers, rural women and youth. We have been actively engaged in this workstream over the past two years, developing our positions and collecting case studies and analyses to back them up³, because this topic is of vital importance to us. What are we advocating in the CFS?

Recognize, support and protect territorial markets

This CFS workstream is examining the relation between smallholders, markets and food security, not agricultural production and markets in general. The bulk of the food consumed in the world (70%) is produced by smallholder producers and workers. Most of this food is channeled through what we propose to call “territorial markets”, as explained below. Only 10-12% percent of agricultural products is traded on the international market, particularly 9% of milk production, 9,8% of meat production, 8,9% of rice, and 12,5% of cereals.⁴ The idea of “connecting smallholders to markets” is misleading: globally more than 80% of smallholders operate in the territorial markets that are the most important for food security and nutrition⁵. We want these markets to be recognized, supported and defended by appropriate public policies.

We propose to call these markets “territorial” because they are all situated in and identified with specific areas. The scale of these areas can range from the village up to district, national or even regional, so they cannot be defined as “local”. Their organization and management may incorporate a weaker or a stronger dimension of formality but there is always some connection with the competent authorities, so they cannot be defined as purely “informal”. They meet food demand in different kinds of areas: rural, peri-urban and urban. They involve other small-scale actors in the territory: traders, transporters, processors, traders. Sometimes these other functions are performed by smallholders or their associations. Women are the key actors here, and so these markets provide them with an important source of authority and of revenue whose benefits are passed on to their families.

These markets are extremely diverse but they are all distinguished by certain characteristics, as compared with global food supply systems, including the following:

- They are directly linked to local, national and/or regional food systems: the food concerned is produced, processed, traded and consumed within a given “territory”, the gap between producers and end users is narrowed, and the length of the circuit is shortened.
- They perform multiple economic, social and cultural functions within their given territories - starting with but not limited to food provision.
- They are the most remunerative for smallholders since they provide them with more control over conditions of access and prices than mainstream value chains.

¹ This note provides a top-line view of the most important substantive concerns of the CSM. Specific wording suggestions will be presented separately.

² Family farmers, fisherfolk, pastoralists, indigenous peoples, agricultural workers.

³ See bibliography at http://www.csm4cfs.org/wp-content/uploads/2016/02/CSM_MarketsBibliography_150421.pdf

⁴ FAO (2015) *2015-2016 - The State of Agricultural Commodity Markets*; FAO (2015) *Food Outlook - Biannual Report on Global Food Markets*.

⁵ T.Reardon and J. Berdequé (forthcoming), “Agrifood markets and value chains” in IFAD, *Rural Development Report*; E. Del Pozo-Vergnes (2013) *From survival to competition: informality in agrifood markets in countries under transition. The case of Peru*, IIED.

- They contribute to the territorial economy since they enable a greater share of value addition to be retained and returned to farm level and local economies. They thus constitute an important contribution to fighting rural poverty and creating employment.

Markets linked to territories exist throughout the world. They are overwhelmingly the most important spaces of food provision in regions like Africa, Asia, Latin America, and the Near East. They are gaining importance in Europe and North America. All members and participants of the CFS can think of examples of these markets in her/his regions. Yet they have been ignored in research, data collection, and public policy decision-making and investment, so their functioning is insufficiently understood, supported and protected. This explains why there is not yet a single agreed term to describe them. The territorial approach – of which markets are an important component - is widely and increasingly used in the context of natural resource management, development planning, managing evolving relations between rural and urban spaces, and promoting decentralized sub-national government – including in the ongoing CFS work on Urbanization and Rural Transformation⁶. The CFS output document on “Connecting Smallholders to Markets” should incorporate this term in the title of the first section and the chapeau should provide an adequate description of what is meant by “territorial markets” in the context of the document, based on the explanations given above. It should recognize the primacy of these markets for food security and nutrition and for smallholders.

Recognizing that territorial markets have structurally specific characteristics that require support from specific policies⁷, the chapeau should be followed by concrete public policy recommendations – for which the CSM will provide wording proposals - aimed at strengthening these markets by:

- filling the data gap on territorial markets⁸,
- ensuring that increased formalization of these markets is conducted in a way that supports rather than hampers smallholders’ capacity to participate,
- investing in credit systems and infrastructure that are appropriate for smallholders and support their participation in markets linked to territories,
- supporting smallholders’ collective organization and action to access markets linked to territories,
- ensuring that pricing policies provide full remuneration of smallholders’ work and their own investments,
- promoting inclusive governance of territorial food systems by supporting direct participation at the local government level, such as through the model of local food councils/platforms which brings the local authorities together with all interested actors.

⁶ See: CFS, *Draft Background Paper on Urbanization and Rural Transformation. Implications for Food Security and Nutrition*, pp. 17-18. Territorial approaches support an understanding of the spatial, social, economic and political scope that international policy often fails to fully address, and offers the opportunity to create stronger economies, climate and sustainability strategies, and opportunities for inclusion of smallholders. http://www.fao.org/fsnforum/sites/default/files/files/126_Urban_Rural_Transformation/UrbRurZeroDraft.pdf. See also Cistuli et al. (2014) *Addressing food and nutrition security by means of a territorial approach*, FAO Concept Paper; B. Vorley and L. Lancon (forthcoming) *Food consumption, urbanization and rural transformation: The trade dimension*, IFAD; L. Hitimana et al. (2011) *Informal economy and food security* (2011) SWAC/OECD; Resolis (2015) *Systèmes alimentaires territorialisés en France*, Resolis Journal (4); EU Committee of the Regions, *Mission Statement 2009* <http://cor.europa.eu/en/about/Documents/Mission%20statement/EN.pdf>; posted comments on Zero Draft by Universities of Coventry, Wageningen, Cornell (see CFS website).

⁷ P. Hebinck et al. eds. (2015), *Rural development and the construction of new markets*, Routledge..

⁸ For an example of participatory mapping of one type of territorial markets – community supported agriculture - see <http://urgenci.net/the-mediterranean-csa-project/mediterranean-exploratory-mapping/>

Nutrition and smallholders' access to markets

Under this heading we have three major concerns, which will be reflected in our wording proposals. First, it should be recognized, as is widely documented in the literature, that natural foods - such as those produced by small-scale family farming adopting sustainable, agroecological approaches - are the best source of the healthy, balanced and diversified diets called for by ICN2⁹. It should also be recognized that for most poor people, in urban as well as rural areas, traditional food outlets are the primary channel for nutrient-rich foods such as fruits, vegetables and livestock products.¹⁰ Territorial markets, with their direct interface between producers and consumers, are also critical in informing people about the qualities of food and how to conserve and prepare it. The CFS output document should recommend that these qualities associated with markets linked to territories be reflected in public sensitization programmes and that public policies should defend them from the threats they face due to the spread of large distribution channels.

Secondly, the relevance of complementary programmes improving smallholders' access to health services, water and sanitation, highlighted in the Zero Draft but deleted in the Chair's Proposal, needs to be reaffirmed and catered to in public policies.

Finally, while it is indispensable to guarantee food safety for consumers, it has to be recognized that most existing food safety standards and regulations have been developed in function of the industrial food chain and are not appropriate to the contexts and conditions of small-scale family farming (e.g. the injunction to provide separate toilet facilities for men and women) or of territorial markets. There is considerable evidence that territorial markets do not pose the threats to food safety that they are often assumed to, and that the best way forward is by developing practices and regulations suited to the production and marketing conditions of small-scale producers rather than making them conform to rules that have been developed for the very different universe of industrial foods and supermarkets.¹¹ Different safety standards are justified quite simply because the risks involved, and from which consumers need to be defended, are very different. The comments on the Zero Draft from Coventry University and from the Research Committee on Sociology of Agriculture and Food of the International Sociological Association posted on the CFS website contain pertinent suggestions for how to go about developing such appropriate and context specific guidelines. The CFS outcome document must contain a concrete recommendation to this effect.

Institutional Procurement

The chapeau for this section needs to be strengthened. It should recognize that the many social, economic and environmental benefits that localized public procurement strategies provide for farmers, citizens and consumers include a reduction of "food miles", access to fresh and nutritious food, and providing small-scale producers with a stable market for their products. Targeted procurement initiatives promoting small-scale farming systems can produce a range of direct and indirect benefits, and support state obligations to progressively realize the human right to adequate food.¹² What might be cheapest in the short term not

⁹ <http://www.fao.org/nutrition/education/food-dietary-guidelines/regions/brazil/en/>;
http://189.28.128.100/dab/docs/portaldab/publicacoes/guia_alimentar_populacao_ingles.pdf, p. 19.

¹⁰ FAO, *The State of Food and Agriculture 2013: Food systems for better nutrition*, p. xi; J. Batterby and S.Peyton (2014) "The geography of supermarkets in Cape Town: supermarket expansion and food access", *Urban Forum* 25; E.Robinson and J.Humphrey (2015) *Better nutrition for the poor through informal markets*, IDS.

¹¹ K. Roesel & D. Grace, eds. (2015), *Food safety and informal markets: animal products in Sub-Saharan Africa*, Routledge; E. Blackmore (2015), *Legitimising informal markets: a case study of the dairy sector in Kenya*, IIED; E. Del Pozo-Vergnes and B. Vorley (2015) *Global or local food chains: uncovering the dilemmas in Senegal and Peru*, IIED; EIP-AGRI Focus Group (2015) *Innovative Short Food Supply Chain Management*.

¹² O. De Schutter (2014), *The Power of Procurement, Public Purchasing in the Service of the Realisation of the Right to Food*.

only implies violations to human rights but will have negative social and economic consequences for smallholders in the long term, putting increased pressure on other public programs and assistance.

The roles of government and of local authorities in regulating and operating these programmes should be recognized. It should be clear that such procurement programmes for schools, hospitals, prisons, homes for the elderly and public servant's canteens are a legitimate on-going segment of smallholders' markets and not something out of which they have to "graduate".

The regulations and procedures governing such public procurement programmes should reflect these principles and a recommendation to this effect should follow the chapeau. The regulations and procedures should give preference to fresh, locally sourced supplies given their greater nutritional value, and to collective access by groups of smallholders. There is considerable experience which can be drawn upon from initiatives like the Zero Hunger programme in Brazil and the "Purchase from Africans for Africa" programme which recently underwent a thorough review at WFP/FAO, European Directives 24 and 25, as well as in posted academics' comments on the Zero Draft.¹³

Public policies supporting smallholders in transition

In their written comments and interventions during the Informal Consultation many delegations from all regions emphasized the need for the CFS output document to stress the important role of public policies in creating a supportive environment for smallholders. This is probably the point on which most consensus already exists.

The section on Smallholders in Transition, which the CSM proposes to retitle "Public policies supporting smallholders in transition", is the proper place to express this consensus. It should be clear that transitions are constant and dynamic and that smallholders are key change agents. The transformations underway today are not inevitable "givens" to which they must simply adapt. On the contrary, the 2013 HLPE report and work underway in the CFS workstream on urbanization and rural transformation highlight the fact that these changes are affected by – or are sometimes the outcome of - the orientation of public policies and investment. Territorial markets are under threat today as a result of a series of combined drivers such as migration trends, the steady advancement of large distribution channels (which are extending even to rural areas), the increased penetration of cheap imports under favourable trade regimes and the massive marketing of industrial food of doubtful nutritional value, among others. In addition, many trade rules (which ought to be applied to globally traded commodities) end up impacting negatively on markets linked to territories where products that do not transit through the world market are traded.

These evolutions are not inevitable. Countries can choose to promote what is now being termed "integrated territorial development"¹⁴ suggesting a new kind of space - small-medium cities and the rural areas around them – which is far more compatible with smallholders' conditions than the current race towards megapolis. Policies can concentrate on building markets linked to territories that reinforce

¹³ See comments of Coventry and Wageningen Universities and of the Research Committee on Sociology of Agriculture and Food of the International Sociological Association. See also Collectif Stratégies Alimentaires (2014) *Institutional procurement serving family farming*; J.Hitchman (2016), *Framework legislation and levers for connecting smallholders to markets*, Urgenci; F.Galli and G.Brunori eds.(2013) *Short supply chains as drivers of sustainable development*..

¹⁴ European Commission (2015), *Scenarios for integrated territorial investments*. http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/pdf/iti_en.pdf; ECDPM 2015 *What is territorial development?* <http://ecdpm.org/great-insights/territorial-development-2/what-is-territorial-development/>.

smallholders' capacity to meet the fast-growing urban food demand, a strategic area in which they now encounter difficulties. This section should suggest a vision whereby public policies can support smallholder market engagement as a way out of poverty and towards the realization and operationalization of human rights obligations of States.

The chapeau thus needs to be substantially strengthened, and should be followed by a few strong public policy recommendations inviting governments, in particular, to:

- Promote integrated and balanced approaches and coherence among public policies and investments, so as to ensure that they support and defend territorial markets.
- Mainstream the gender dimension, going beyond women's economic empowerment to cover their rights as human beings- it is important to distinguish between "empowering women" and respecting their legal rights.
- Support innovative youth engagement in markets in ways that enable ensuring the continuation and enriching of our practices and knowledge, through mentorship methods such as learning alongside of experienced producers or incubator farms and apprenticeship schemes.
- Ensure that smallholders benefit from adequate protection and capacity to negotiate from positions of strength where PPPs and contract farming are operating.

It would not be credible for this package of recommendations to make no reference whatsoever to the fact that international policies – particularly in the areas of trade and investment – have significant impacts on smallholders' access to territorial markets and on government policy space. Recognizing the contentious nature of this issue we suggest that the HLPE be asked to prepare a report on it, a proposal that is currently under consideration in the MYPoW OEWG.

Finally, in order to strengthen application of the recommendations at country level the text should conclude with a paragraph regarding follow-up action. This para. should emphasize the primary responsibility of national governments, the commitment of all CFS participants to apply the recommendations to their own programmes, supportive action that could be taken by the Rome-based agencies, and a commitment by the CFS to review the situation within a given period of time.

The CSM will make wording proposals both on the chapeau and the recommendations of this important section.