CSM Comments

Thank you for the opportunity to provide comments on the constructive Chair’s proposal. We would like to highlight once again the importance that we attach to this workstream and our satisfaction with the progress that has been made thus far, particularly in recognizing the significance of a whole category of markets that has received too little attention thus far and in placing an accent on supportive public policies like public procurement.

Some specific comments which we believe would help to strengthen the text are in the main text below. We may have further suggestions to make once our delegation from the different regions and constituencies assembles in Rome on 6 June.

We have a general comment on the structure of the document, in that we believe it would make the document more coherent and action-oriented if the recommendations were linked to the specific issues they are intended to address, as in the zero draft, rather being merged together at the end under different headings. We will prepare a draft set of the recommendations as they appear in the Chair’s Proposal but regrouped under the four issue areas and will send it to you over the next few days, so that all CFS members and participants can see what might be entailed.

CFS RECOMMENDATIONS ON CONNECTING SMALLHOLDERS TO MARKETS

INTRODUCTION

1. Smallholders\(^1\) are a heterogeneous group across countries and regions. They supply 70% of overall food production, and yet at the same time many smallholders themselves still suffer from food insecurity and malnutrition. Smallholders engage in many interrelated markets, but also face challenges in securing market access and eliciting benefits to support healthy livelihoods. They have an essential role to play in ensuring food security and nutrition today and tomorrow. In order to meet the estimated 60 percent increase needed in food production to feed the projected population of over 9 billion in 2050, smallholders have an essential role to play. These recommendations aim at helping to ensure reliable and

\(^1\) Smallholders, including those that are family farmers – women and men – include those that are small-scale producers and processors, pastoralists, artisans, fishers, community closely dependant on forests, indigenous peoples and agricultural workers.
remunerative outlets for their production. Addressing their specific constraints and maximizing their opportunities will support countries’ efforts to advance the 2030 Agenda for Sustainable Development by providing benefits to the food security and nutrition of smallholders, and to achieving the right to food food security and nutrition for all. These recommendations draw on the outcomes of the CFS High-Level Forum on Connecting Smallholders to Markets held in June 2015, are based on existing evidence and aim to encourage good practices. 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. They do not restate recommendations and guidance previously provided in other CFS products².

2. Local food systems and territorial markets: Globally more than 80% of smallholders operate in local and domestic food markets, with the majority trading through informal means. These highly diverse markets are the ones through which most of the food consumed in the world transits. They 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 are directly linked to local, national and/or regional food systems: the food concerned is produced, processed, traded and consumed within a given "territory" and the value added is retained there, helping to create employment. They can take place in more structured arrangements or in more ad-hoc or informal ways. They provide greater flexibility for smallholders, fewer barriers to entry and more control over prices and market conditions. They perform multiple functions beyond commodity exchange, acting as space for social interaction and exchange of knowledge. They are highly inclusive of and accessible to smallholders and other categories of food insecure, especially women, by this means contributing to the fulfillment of their human right to food. Despite their importance, territorial markets are often overlooked in data collection systems which impacts negatively on the evidence base for informing public policies. As women smallholders mostly operate in territorial markets, their essential contribution to food systems, including food distribution, and economic growth remains largely invisible in trade and development policy-making processes and they face particular socio-economic barriers in accessing resources and marketing opportunities with resulting in further marginalization.

and violation of their rights. Given their importance for food security and smallholder livelihoods, public policies and investments should be oriented towards strengthening, expanding, and protecting territorial markets.

3. **International markets:** In addition to informal and local markets, many smallholders are engaged in export markets which present particular opportunities and challenges for them. They can provide the potential for higher value and engagement with corporate buyers who can facilitate access to financial resources, capacity building and training for smallholders as part of their investment along the value chain. Conversely, smallholders may also face challenges in meeting export market safety or sustainability standards and may be vulnerable to disadvantageous contracts or conditions from international off-takers. Women smallholders may be even more vulnerable and face additional constraints as a result of lower access to productive resources and/or inclusion in decision-making. The impacts of these markets on local food production and marketing, as on the right to adequate food should be considered and addressed.

4. **Nutrition:** Smallholder households are both buyers and suppliers of food. As suppliers, they can provide sustainable fresh produce that contributes to healthy, diverse and balanced diets. Smallholders may be and are vulnerable to malnutrition due to a variety of reasons. These include limited income especially when women do not have control of income, partial reliance on own production which may not include a diverse range of foods, limited time available for adequate caring and feeding practices, and limited access to rural public goods, including health, water, sanitation and educational services. Smallholders can 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, storage and transportation facilities, there may be food loss and quality issues that, together with lack of information and knowledge about standards, good practices and food safety, may affect the nutritional quality of food. Rigorous protection of food safety requires standards that are appropriate to scale and context, meeting the needs of smallholders without sacrificing safety. These standards should be applied in a participatory manner, including smallholders, that builds understanding and knowledge of all actors.

5. **Institutional procurement:** Institutional procurement programmes can link producers to structured demand for agricultural products which enable smallholders to plan production and provide a more predictable income, including for those in vulnerable situations due to conflict. **Local authorities have an important role to support local and territorial food**
systems in public procurement programmes so that they foster access to fresh food and stable market for local producers. But to be effective and avoid distorting effects, they need to be well-targeted, properly coordinated, have transparent procedures and consider the need for graduation strategies. Institutional procurement policies should take into account social, environmental and nutritional benefits and not just the economic cost of the food. They should be anchored in public policies that promote the progressive realization of the right to adequate food. 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.

Public Policies supporting to smallholders in transition: The economic, social, environmental and political landscape in which most smallholders are operating is changing faster than ever before. Climate change, demographic pressures and changes, urbanization, the increase in the prevalence of conflicts and internally displaced people and refugees, higher incomes and changing diets, the growth of cities in rural areas and larger market towns present both challenges and opportunities for smallholders. These changes may provide opportunities to access new or higher value markets and income diversification, but may also present significant challenges in terms of access to and sustainable use of land and other natural resources. The outcome depends to a large extent on the orientation of public policies and investments. Smallholders can increase their capacity to meet the growing food demand in urban areas, a key strategic area for them, if they receive appropriate support from public policies, frameworks and investments.

RECOMMENDATIONS

The following recommendations aim to address the key challenges and opportunities for improving smallholder access to markets outlined above. They are primarily addressed to governments but many of the recommended actions can be undertaken and advocated by other stakeholders.

Promote information and functioning of relevant markets and improve linkages by:

i. Collecting comprehensive data on local, domestic and informal – both rural and urban - markets linked to territories to improve the evidence base for policies, including sex-disaggregated data, and incorporating this as a regular aspect of national and

Commented [10]: Rationale: for instance as in the EU Procurement Directive concept of ‘best price quality ratio’, or the UK’s ‘Government buying standards for food and catering’

Commented [NMCK11]: We suggest this small change in the title in order to highlight the key role of public policies in helping to ensure that transitions proceed in ways are beneficial to smallholders and that smallholders are able to seize the opportunities they present and are shielded from the potential threats. As indicated above, we suggest that the discussion of international export markets be incorporated in this section.

Commented [NMCK12]: Rationale: for clarity’s sake: It would be difficult to argue that the increase in the prevalence of conflict presents opportunities.

Commented [13]: Rationale: not just a one-off effort, but something that needs to become part of routine practice.
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international data collection systems. [FAO's Smallholder Dataportrait is one example that could be built on]

ii. Encouraging transparent pricing of agricultural products and that provides full remuneration for smallholders' work and their own investments, giving smallholders, including rural women. Pricing policies should give smallholders access to timely and affordable market information to enable them to make informed decisions on what, when and where to sell, guarding against the abuse of buyer power, particularly in concentrated markets.

iii. Identifying opportunities for smallholders to rely on regular and stable demand for agricultural products and for consumers to access locally produced food, including during crises and conflicts;

iv. Improving procurement procedures through the promotion of off-take agreements with adapted modalities, which include simplified language, waiving of performance bonds, fast, regular and advance payments and manageable quantities and timeframes;

v. Improving processing and storage facilities and their availability and accessibility across rural and urban areas to enhance quality, nutritional value and food safety, and reduce seasonality of food insecurity and post-harvest losses;

vi. Encouraging partnerships that empower smallholders along the entire value chain, and provide an equitable role in their negotiation, design and implementation;

vii. Setting in place and enforcing frameworks that ensure that when smallholders enter into contractual agreements for export markets they benefit from adequate protection and capacity and negotiate from positions of strength.

viii. Promoting inclusive participation in local food systems by encouraging local authorities engagement with all interested actors, including consumers and producers, by such means as establishing local food councils or platforms;

ix. Recognizing smallholders' key roles in providing and maintaining environmental resources in order to identify the true cost of food produced;

x. Promoting integrated and balanced approaches between policies dealing with smallholders’ access to markets and broader national strategies, such as those on investment, local economic development and rural-urban planning, to ensure that they support and defend territorial markets;

xi. 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 improve diets;

Commented (NMCK14): We propose to delete this reference here since a recommendation regarding FAO’s work in this area is proposed to be inserted at the end.

Commented (15): The language of this recommendation is technical and not clear. and needs further work
Build smallholders capacity to engage in all markets, taking into consideration gender and age-specific capacity needs, by:

xili. Supporting smallholder-sensitive finance, including special credit systems and smallholder-targeted infrastructure, such as small-scale centers for processing and packaging, and market places for direct sales;

xili. Empowering smallholders, especially women and young smallholders, by strengthening their access to and control over productive assets and resources, income and employment opportunities, and by facilitating the provision of extension, financial, and business development services which are tailored to their specific needs.

xliii. Facilitating production diversification to increase resilience to climate, natural disasters and price shocks, to enable more diverse food consumption and reduce seasonal food and income fluctuations;

xlv. Investing in adapted production technologies that are adapted to smallholders and build on their local knowledge to increase value addition, smallholder productivity, and promote rural employment diversification that insures against food price volatility and mitigates the impact of risks and shocks in agricultural income;

xliii. Encouraging production of nutrient-dense food, including fortified staples and complementary foods and livestock which improves the nutritional status of all consumers and may present new market opportunities for smallholders;

xliii. Providing information and capacity building to smallholders about food standards, good practices, regulatory and markets’ requirements to increase food safety and smallholders’ market competitiveness, while ensuring that these requirements are context and scale appropriate and do not undermine their capacity to participate;

xliii. Targeting education and training to young people in ways that make it possible to ensure the continuation and enriching of smallholders’ practices and knowledge, e.g., through mentorships methods, while encouraging with a focus on entrepreneurship and innovation in value chains and agribusiness;

xliii. Supporting the development of production and managerial capacities of smallholders, farmer organizations and Small and Medium Enterprises, with special attention to women and youth;

xx. Facilitating smallholders’ capacity to increase their economic influence and their ability to achieve their rights and participation in food value chains by acting collectively and forming cooperatives, associations and networks, and promoting the engagement of

Commented [16]: In order to strengthen women’s access to services, these services have to be designed in a way that reduce their unpaid care work and take on board women’s specific needs, such as childcare issues, and convenience of women to participate.

Commented [17]: Rationale: turning into a shopping list

Commented [18]: see long comment above on para 4

Commented [NMCK19]: Rationale: The objective is not to detach individual rural youth from their communities but to enable them to act as leaders of innovation within their rural areas and economies.
traditionally underrepresented groups, such as women (promoting women self-help groups, women’s collectives and cooperatives) and young people.

Implementation, follow-up and monitoring:

vi. Governments are responsible for applying the recommendations at national level and local authorities at local level, with the participation of smallholders’ organizations.

vii. All CFS participants are responsible for taking the recommendations into consideration in their own programmes.

viii. At global level, appropriate UN agencies can lead the way on some concrete steps, with the collaboration of small-scale producers’ organizations and academics:

a. Data collection: FAO is invited to take the lead in mapping existing experiences of data collection on territorial markets that are qualitative and participatory as well as quantitative, and making the results of this experience available to governments developing methodological guidelines.

b. Food safety: WHO/FAO, with the support of the UN Standing Committee on Nutrition in the context of the Decade of Action on Nutrition, is invited to take the lead in mapping/assessing existing approaches to developing mechanisms that ensure food safety for consumers but are adapted to the specific contexts and scales of smallholder food production and markets and developing guidelines.

c. Public procurement: FAO is invited to assess existing experience in targeting public procurement programmes to requirements of small-scale producers and developing guidelines that can be made available to governments.

xxiv. The CFS should come back to this issue in 3 years to take stock of progress made in filling the data gap and applying the other recommendations.