

## PSM comments on Chair's proposal on

### **CFS RECOMMENDATIONS ON CONNECTING SMALLHOLDERS TO MARKETS**

1. PSM welcomes the Chair proposal, noting the need to refine some sections of the document, in particular:
  - A. Balance between international, regional and local and informal markets.
2. The document tends to put under a negative light the international markets, while highlighting/endorsing informal markets as the only way forward. There is no recognition of inter or intra-regional markets or an appreciation of the evolution of markets. A more balanced language recognising that all markets pose opportunities and challenges for SHF is needed. Informal arrangements can also leave smallholder farmers vulnerable and without recourse and may not necessarily offer the most advantageous balance of power. Informal markets do not offer checks for food safety, potentially putting consumers at risk.
3. In addition, all markets perform “multiple functions beyond commodity exchange” and exchange knowledge, not only informal ones.
4. PSM would propose to include Inter-regional in the title of the para 3. Inter-regional trade is a very important component in many regions so we cannot go simply for a binary view of markets as either local or international.
  - B. Evidence/citations of statements needed.
5. There are instances where statements are either ambiguous or require substantiation. For example, while PSM welcomes the focus on gender and women, the statement “As women smallholders mostly operate in informal 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 barriers” requires a citation or data to corroborate that women smallholders ‘mostly operate in informal markets’ (however that is defined). Moreover, the sentence then introduces the topic of trade and policy making without reference and particular barriers, again without reference. Both these additional issues are relevant to all smallholders, requiring efforts to strengthen their local organizational capacities to benefit from economies of scale.
6. Similarly, the statement in paragraph 3, ‘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’, is a blanket statement that would need further substantiation or needs to be nuanced and seems to contradict existing (FAO) evidence. Discrimination and constraints faced by women in agriculture exist across the board and are not necessarily worse in formal markets or national/regional/global one than in informal and local ones. Studies have shown that access to waged labour in farming and to new markets actually offer women new opportunities which they may not have had in the context of more traditional farming set ups. For example, FAO SOFA report 2010-11 notes “While women continue to face occupational segregation and discrimination in rural labour markets, new forms of organization in supply chains for export- oriented crops and agro-processing have created better-paying employment opportunities for women than had

existed before. Wages are typically higher and working conditions better than in traditional agricultural employment.” (p. 20).

7. Clarification/corroboration is required when (paragraph 3) referring to ‘corporate buyers’ or ‘international off-takers’. An off-taker is a buyer, usually with a contract that indicates terms of the agreement. But off-takers can be local/domestic as well, not just international. The term international is used to imply “corporate” which appears to imply taking advantage of the “poor farmer” whereas poor contract terms from all buyers can affect smallholders. This risk and vulnerability exist, but it is not specific to international markets – in any situation where there is a marked imbalance in power relations, the seller could be vulnerable. A farmer selling crops ‘informally’ is not better protected and has no recourse.
8. Reference, paragraph 7 (iii), is made to the reliance “on regular and stable demand for agricultural products”. Some citation/clarification/country examples of such markets is needed. Is this referring to institutional procurement through government run marketing boards? And if so, a clarification/discussion on instances of controlled prices provide disincentives to smallholder production and marketing.

C. Markets ‘linked to’ or ‘within’ territorial space.

9. The term ‘territorial markets’ is no longer used but markets ‘linked to territories’ or ‘within territories’ is introduced. This is not agreed language, nor a clear definition or concept.
10. The lack of a clear and agreed definition leaves it open to interpretation and has already created confusion. It is not clear what the term adds to the discussion on smallholder access to market or why it is an important addition or qualification, or how it would be used if there is no agreed definition. Using such terms without clear definition is particularly challenging when considering the recommendation to collect data on “markets linked to territories” as currently noted in the Chair’s draft. (“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”)
11. The terms of reference for the group were to work on ‘smallholders and access to markets’, not territorial markets specifically. PSM would contest the resulting narrowing down of the focus of the group to “territorial” markets, however these are defined, since this was not part of the original mandate of the group. PSM notes that the Chair’s proposal has removed ‘territorial’ from the title of the first paragraph (local food systems and markets) which is an improvement on the previous version and would urge this remains going forward.
12. PSM is also concerned that the term ‘territorial’ is used to indicate a preference for ‘local’ over national, regional or international markets. Discussions in the working group have repeatedly returned to the fact that smallholders enter and participate in a variety of markets, each presenting benefits and challenges. The efforts to insert “territorial” have sought to denote local and informal markets as more beneficial to smallholders as opposed to other markets, and to narrow the focus of the group on those markets only, with the notion that buying or sourcing from local/nearby/territorial markets is systematically preferable.

13. Finally, “territorial” is also problematic because it implies a focus on product characteristics and preference or support for specific origins and domestic products. This is a continuation of a debate currently taking place at the international level in WTO regarding domestic support and market access. Given the complexity and sensitivity of the issue, introducing such terms in the work of the CFS could distract from the original purpose of the group, without bringing significant benefits to the discussion. This needs to be addressed since it could lead to several trade issues and an implicit criticism of marketing arrangements for anything not ‘locally’ grown.

D. Food safety and food standards are terms used inaccurately in the text.

14. The issue of health, food safety and food standards and access to markets needs to be addressed more clearly and in some cases, separately, as they refer to specific issues. For example, paragraph 4, Nutrition, it is not clear how the sentence “Smallholders can play an important role in maintaining the connection between consumers and the source of food production” fits in or related to the issue of nutrition. Secondly, it is not clear why the issue of ‘standards’ is introduced in the last sentence “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”. The issue is “lack of information and knowledge about best practices and techniques to protect food safety, which may affect the nutritional quality of food”.
15. In paragraph 7 (xvi) again food safety is mixed up with the issue of standards for trade. These are two different things: Standards and requirements are much broader than food safety, and food safety matters whether or not farmers are selling their products. Firstly, smallholders need access to knowledge, storage, infrastructure and training to be able to keep food safe. Secondly, and separately from that, they need training and support to meet standards, whether these are about residues, look & feel standards (size, appearance etc.), sustainability, traceability and other buyer and importer requirements.
16. Finally, in paragraph 7(x), PSM suggests to take a broader approach to support smallholders producing products which meet new consumer demands, through improved access to business and marketing training, through added value through processing and packaging etc. ‘Characteristics’ alone are not enough and while traditional diets are important, the focus should be on “healthy” diets – sometimes traditional diets might also not be healthy or adapted to new lifestyles (more sedentary for example so lower energy consumption).

E. Enhancements for implementation.

17. PSM would suggest some further clarifications and/or enhancements to document to lay the basis for practical implementation.
18. Reference is made, paragraph 5, institutional procurement to ‘programmes linking producers to structured demand’. It could be difficult for smallholders to find out about these programmes, even more to participate, and food quality and safety standards could

also represent a barrier.

19. Paragraph 7 (v) would benefit by adding 'cold chains' alongside storage facilities but, also, PSM proposes to add an additional point that reads: 'Improving access to clean, sustainable on-grid and decentralised energy sources to power the processing, packaging and storage facilities to ensure food quality and safety'.
20. Paragraph 7 (xi) refers to 'supporting' smallholder-sensitive finance but we cannot support something that doesn't currently exist widely and needs to be developed first. PSM proposes to change Supporting to 'Developing'. In addition, it would be advantageous to consider 'strengthening the local organization capacities of smallholders for better articulation of demand for services, better access to information, credit, for collective marketing and benefit from the economies of scale'.
21. Paragraph 6 (vi) mentions the "growth of cities in rural areas". We believe this should be rephrased or deleted. A city is no longer a rural area, and all cities are surrounded by rural areas. Also seems repetitive of the issue of 'urbanization' which is already mentioned earlier.
22. Paragraph 7 (xvii). Suggest to add 'women and' young people.
23. The PSM suggests to include a reference to the need for investment by national and provincial institutions in infrastructure (roads, electrification etc.) with a priority in areas identified in National Plans to have agricultural enterprises and value chains operated by large numbers of smallholders.