



Food and Agriculture
Organization of the
United Nations

AGRO-INDUSTRIES *Brief*

FACILITATING MARKET LINKAGES FOR FAMILY FARMERS

MAIN TOPICS

- Inclusive business models
- Institutional procurement
- Contract farming

ACTION AND PLANS

- ▶ **Developing guidelines and tools** to support governments and practitioners in promoting the development of business models that respond to the needs of small farmers and rural communities.
- ▶ **Building the capacity** of governments and the private sector to develop policy and enabling environments that foster inclusive business models and responsible contract farming operations.
- ▶ **Acting as a resource centre for contract farming** by maintaining an international database of sample contracts, holding expert consultations, researching implementation practices and impacts, and advising member countries on legal and regulatory frameworks for responsible contract farming.
- ▶ **Appraising lessons from initiatives** that promote linkages between smallholders and institutional procurement markets.

CURRENT ISSUES

Small farmers can be linked to markets through traders, farmers' organizations, agrifood processors, retailers, large hotels and supermarkets, or through formal contracts with large buyers under contract farming arrangements. Small farmers can also supply food to the public sector, for instance for schools and hospitals, under institutional procurement processes. FAO's work contributes to ensuring that business models that include smallholders result in poverty reduction and food security while being competitive and sustainable. However, the inclusive and business elements of these efforts can be competing forces. Trade-offs are sometimes necessary when a business model that is inclusive of small actors has to generate profits.



Mainstreaming approaches and tools for inclusive business models (2007–present)

FAO has made major contributions to current thinking on business models that link smallholders to buyers. In 2008, FAO piloted the inclusive business models approach in 16 countries in Africa, the Caribbean and the Pacific, generating important lessons on linking farmers to buyers, policy guidelines, and a video of a case study from Kenya. More recent work includes an expert consultation in Rome, an Africa-wide public-private sector meeting, and a training programme for FAO project staff and field practitioners, resulting in better policies and practices, particularly in Africa.

Institutional procurement models linking small farmers to public buyers (2012–present)

To help fill the knowledge gap in this area, FAO partnered with the World Food Programme (WFP) on developing country case studies about experiences of WFP's Purchase for Progress (P4P) programme. Recommendations were prepared for the public sector, WFP and FAO on how to make institutional procurement more competitive, sustainable and inclusive of smallholders and small enterprises. FAO will publish the consolidated results of this analysis in 2015.



Promoting responsible contract farming operations (2013–present)

To protect the interests of small farmers, there is need to promote the adoption of responsible contract farming practices. A comprehensive training package on planning and implementing contract farming operations was developed and tested with facilitators in Africa, Asia and Latin America during 2013–2014, and FAO is collaborating with the International Institute for the Unification of Private Law (UNIDROIT) on developing a guide to best practices for the legal aspects of contract farming.



References

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