**Comments from Timothy A. Wise, Research and Policy Director, Global Development and Environment Institute, Tufts University, Medford, MA 02155**

The V0 draft of the HLPE report on smallholder investment is an excellent first draft on a large and complicated topic. These comments are intended to deepen and broaden the research and presentation to include more of the relevant literature on the subject, to build the evidence base, and to answer more directly the specific research questions posed about PPPs in general and corporate investment in particular.

I would refer the authors to a very recent publication I co-authored with Mexican researcher Antonio Turrent Fernandez, [Achieving Mexico’s Maize Potential](http://www.ase.tufts.edu/gdae/policy_research/MexMaize.html), linked here and available at:  
<http://www.ase.tufts.edu/gdae/policy_research/MexMaize.html>  
This extensive paper included an extensive literature review on the evidence base that investments in small-scale maize farming in Mexico could close yield gaps estimated at more than 50% through available technologies, focusing on sustainable methods and without the use of controversial genetically modified maize seeds. We concluded that there was enormous potential for Mexico to close that yield gap and regain some or all of its lost self-reliance in maize production. We further concluded that with significant public investment in irrigation and infrastructure, underutilized land could be productively brought into production, dramatically increasing Mexico’s maize output and making the country a net exporter.

This is relevant to the HLPE draft because I believe the authors have still not consulted a wide enough literature to sustain their analysis. I would point out that the G20 interagency paper commissioned by Mexico for the June G20 meetings, “Sustainable Agricultural Productivity Growth and Bridging the Gap for Small Family Farms: Interagency Report to the Mexican G20 Presidency,” offers an extensive review of the relevant literature, and while that report has many weaknesses it identifies much of the important literature.

It is also relevant because it seems the explicit question about PPPs and value chains may have diverted attention from the more fundamental question the paper is to address: “a comparative study of constraints to smallholder investment in agriculture in different contexts with policy options for addressing these constraints.” Key to that larger question is public investment, a topic that does not get adequate attention in the current draft. Nor does the issue of gender, which the majority of smallholders (women) would probably say is one of the biggest constraints to smallholder investment. Again, there is a wide and deep literature on this topic, and it should be consulted and represented here. Following are a few specific comments on the literature followed bymore on the draft itself.

**The need to consult a wider literature:** It is unclear from the presentation what methodology was used in the literature review, specifically, whether the scope included only peer-reviewed literature. If so, I would urge that a broader range of publications be reviewed and that the peer reviewed literature be consulted more deeply. The paper referenced above includes a very up-to-date literature review on the topic, with references that go well beyond Mexico, maize, and Latin America. So too does a comprehensive report from early 2012: [**Resolving the Food Crisis: Assessing Global Policy Reforms Since 2007**](http://www.ase.tufts.edu/gdae/policy_research/resolving_food_crisis.html), by Timothy A. Wise and Sophia Murphy, GDAE-IATP Policy Report, January 2012.

I include at the end of these comments some important references from a variety of sources, including institutions such as the World Bank and IFPRI, academic researchers, and researchers working with NGOs. All seem relevant to the topic at hand. In addition, I would suggest inclusion of two authors who have contributed a great deal on these subjects:

1. Michael Lipton – one of the seminal thinkers on smallholders and poverty. I do not cite any one book or article, but urge that the authors review his important work, with firmly established the importance of investment in smallholder agriculture as necessary to broad-based economic development in societies in which smallholders still predominate.
2. Olivier de Schutter, the UN Special Rapporteur on the Right to Food, who has taken up not only the broad question of the smallholder investment but the specific question of smallholder links to agribusiness and contracting arrangements. I would note in particular:

De Schutter, Olivier (2009). Seed policies and the right to food: enhancing agrobiodiversity and encouraging innovation: Report presented to the UN General Assembly (64th session). Geneva, Switzerland, UN Special Rapporteur on the Right to Food.

De Schutter, Olivier (2010a). Agribusiness and the right to food: Report presented to the Human Rights Council. Geneva, Switzerland, UN Special Rapporteur on the Right to Food.

De Schutter, Olivier (2010c). Large-scale land acquisitions and leases: a set of minimum principles and measures to address the human rights challenge: Report presented to the Human Rights Council. Geneva, Switzerland, UN Special Rapporteur on the Right to Food.

De Schutter, Olivier (2011a). Agroecology and the Right to Food: Report presented at the 16th Session of the United Nations Human Rights Council. Geneva, Switzerland, United Nations Human Rights Council.

De Schutter, Olivier (2011d). "The Green Rush: The Global Race for Farmland and the Rights of Land Users." Harvard International Law Journal **52**(2).

**A few observations on the content of the draft:**

1. The definition of smallholder agriculture is not as clear as it should be. On the one hand, it should be clear whether smallholder agriculture includes those renting land. (I would assume it does.) On the other, it should be clear that many smallholders are operating at a level that goes beyond subsistence, and the goal, in fact, is to bring a larger segment of smallholders to the point of producing surpluses for the market. The typology of the smallholder farmer should be expanded.
2. The definition of investment is not as clear as it should be. Specifically:
   1. Public investment is critical to smallholder agriculture given the wide range of market failures prevalent in the sector. The use of the term “public goods” is confusing in this regard, because public investment in smallholder agriculture goes well beyond the provision of public goods. It can (and often must) include credit, storage and other marketing infrastructure, research and development, extension services, irrigation, etc.
   2. Private investment is too often equated with corporate investment, via PPPs or other means.
   3. Private investment includes smallholders’ own investments in their productive assets. This is acknowledged in the draft but is then treated more as a matter of furthering subsistence through safety net programs than in equipping smallholders with the capital and economic security to innovate in their farming practices.
   4. The paper is largely silent on international aid for ARD. This is an important topic, all the moreso because of the G8’s embrace of PPPs as an explicit substitute for public donor investment in ARD, as part of its corporate-led New Alliance initiative. This approach needs to be challenged, and the important role of international public investment needs to be emphasized.
3. The paper is unclear on the role of the market, in a number of different ways:
   1. Market failures are not well-documented or well-understood. These include a broad range of weaknesses that plague smallholder agriculture, hamper investment, and require public sector investment.
   2. Market regulation is referred to often but is not presented as a critical function of government in relation to smallholders and in relation to larger corporate interests. The authors note the asymmetries in economic and political power between agribusinesses and smallholders, but they do not delineate the government’s critical role in mediating that relationship with strong and enforceable market regulations.
   3. This includes active government regulation of supply chains, including at the retail level. Such supply chains are often of benefit only to a small number of producers, while they serve to exclude the majority of traditional producers from markets they used to access easily. Beyond ensuring that the maximum number of smallholders benefit from the growth of value chains, the government must ensure that the value chains themselves do not stifle smallholder agriculture and restrict market opportunities. That has been a common experience in Mexico and in other parts of the developing world. Walmart may source some of its produce from smallholders, and the more the better, but if it puts all the other markets out of business the remaining producers have nowhere to sell their goods.
   4. Successful smallholder development experiences are not adequately explored. For example, China’s experience and Vietnam’s offer cases of government-led market development in a context of international market integration, with capital accumulating in the hands of smallholders and benefits both to overall productivity and to food security.
   5. Land reform, and the rights to food producing resources, do not get adequate attention. Given the CFS’s excellent work on the Voluntary Guidelines for Land Tenure, this paper should build on those principles. It should also note the importance of implementing the Law of the Seed to protect access to key food resources.
4. Extension services, in combination with locally adapted research and development, is the most important public investment in smallholder agriculture. This was well-documented in last year’s “Sustainable Agricultural Productivity Growth and Bridging the Gap for Small Family Farms: Interagency Report to the Mexican G20 Presidency” (see full reference below). Extension does not get adequate attention in the V0 draft, and when it does it is for improving smallholder access to value chains, which is not the highest priority. Other priorities for public investment include:
   1. R&D in traditional crops rather than commodity crops, especially traditional food crops.
   2. Irrigation development and water management, including rainwater harvesting and erosion control.
   3. Climate change adaptation.
5. P 21 – data on US farm sizes is incorrect. It uses aggregated USDA data that includes the two-thirds of US farms that are “lifestyle” or “retirement” farms and are not operating as working farms. This dramatically skews the data. See:  
   [**"Understanding the Farm Problem: Six Common Errors in Presenting Farm Statistics,"**](http://www.ase.tufts.edu/gdae/Pubs/wp/05-02TWiseFarmStatistics.pdf) by Timothy A. Wise, GDAE Working Paper No. 05-02, March 2005.
6. Employment and livelihoods are not recognized adequately as a key contribution of smallholder agriculture. (see p 25) In a world of underemployment, the sector remains critical.
7. The issue of “land grabs”, which are often justified as needed agricultural investment, needs to be taken up more explicitly. This is mentioned, but the issue is not treated adequately, noting the threat such investments can represent for smallholders now farming the land.
8. In the recommendations:
   1. Agro-ecology and other sustainable practices need to get more emphasis. Pretty’s work on sustainable intensification, for example.
   2. There is too great an emphasis on expanding access to improved seeds, which is a counterproductive and inappropriate technology for many smallholders. (Only 30% of Mexican maize farmers have adopted hybrid seeds, for example.)
   3. Precision application of inputs, through extension services, is more important and sustainable than simply expanding fertilizer use. (See our Mexico maize study for a good example of the results one can achieve.)
   4. The emphasis on smallholder organization is excellent. Our Mexico maize example, noted above, is an excellent case study of how good extension with appropriate technology with organized smallholders can produce dramatic productivity gains and also improvements in resource management.

Below are some references the authors may find particularly relevant to this paper. I thank the authors for taking on this daunting and important topic and look forward to their further development of the HLPE paper.

Sources from Turrent, Wise, Garvey, [Achieving Mexico’s Maize Potential](http://www.ase.tufts.edu/gdae/policy_research/MexMaize.html):

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