Investing in smallholder agriculture for food and nutrition security

V0 DRAFT

A zero-draft consultation paper

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The first draft of the HLPE report lets transpire the profound differences of opinion about smallholder farming that exist in the group of experts without explicitly spelling them out.

The report is thus full of contradictory statements about the role of markets, credit, contracts, modern retail systems (value chain) for improving the situation of small holder farmers. Also there does not seem to be an agreement what a smallholder actually is and who should be included in the study (only farms of less than two ha, family farms of upto 50 ha?, farms earning less than 1000 U$ a year, a different income limit and a different size for different countries)

Thus for a statement concerning Brazil: “The smallholders units only dispose of 24.3% of the total area, whilst the large corporations control 75.7% of all land. Nonetheless, smallholders produce 38% of the total value of production.” It remains unclear what a small holder unit is in Brazil.

Farming model and energy use:

While the report acknowledges that

p. 32“smallholder agriculture of the ‘peasant type’ generates for each calorie consumed, 4 to 10 calories of food. For smallholder agriculture of the ‘Green Revolution type’ this is 2-5 calories of food produced per calorie of energy consumed. Large-scale corporate agriculture of the high-tech type only produces 1/10th to 1/20th calorie per calorie consumed”

and that smallholder energy efficient agriculture that uses more man power per hectare is an alternative that has to be seriously considered in a world with finite fossil resources

this insight is brushed away stating that industrialized countries do not need to increase the number of people employed in agriculture
p. 28 “In industrialized countries and in countries in successful transition towards industrialization there is less need to enlarge rural employment.

contracts:

The report acknowledges that smallholder producers generally do not profit from contracts; And if they are concerned by contracts then indirectly

p 30 “contractualization is not occurring at the producer-level segment of the value chain; rather, it is downstream, between the wholesaler or cooperative and the processing firm or procurement service.

but then the report states suddenly:

p; 68 “Contract agriculture offers important opportunities for a growing number of smallholders in dozens of developing countries, without specifying what they are…”

Public Procurement

Hope for smallholder farmers is set in public procurement schemes (p. 31 new collective procurement schemes could emerge,) without mentioning the limits put on public procurements through a number of bilateral and multilateral free trade and investment agreements

Investment:

While the report emphasizes the need for investments it also acknowledges that investments don’t have necessarily positive consequences for smallholder farmers without specifying this statement in contradiction with most of the rest. Quote:

p. 38 There is a widespread mythology that investment is good and the more investment the better.

p. 40 Role of corporations:

The reports equates uncritically the role of corporations with the role of state extension services

“Corporations can provide access to technology just as extension services did and still can - but they differentiate in a sense that they combine information with access to means of production under varying conditions according to contexts [loans, direct payment, credit based on harvest].”

What the report does not see is that the objective of the corporations differs from a public extension service. it is not to serve the farmer but to extract surplus from him.

However the report wants to “focus our discussion on those cases where the presence of corporations is needed and wanted as a matter of policy.” And then continues to enumerate the public investments needed so that the corporations become willing to interact with smallholder farmers because it becomes profitable for them.

Investment in Public Goods:

absence of critical evaluation of the impact of central electricity grids (versus solar panels), roads and land appropriation (see for instance Murray LI), the very problematic nature of many irrigation schemes in arid regions

p. 45 Rural Producer Organisations
extremely problematic to transform political rural producer organisations that defend on the political level the interests of farmers in land reform, access to seed, credit etc. into service providers for undefined others (are they corporations?) parallel to the problematic nature of eco-system services

p. 48 Natural and technical risks

The report states:

« Policies and tools are needed to monitor, prevent and manage technical risks (climatic, plant pests and animal diseases). »

Technical risks seem to be different from the not the risk of the technology itself (agrochemicals, GMOs) which are not at all mentioned although they are very real in the investment programs involving GMOs in Africa

Credit:

p. 65

Very ambivalent and contradictory statements about credit

First the report states that farmers could be easily pushed out of farming by credits. Quote: “If they (farmers) could luckily have loans, high interest rate and heavy repayment can push them to get out of farming.”

“Too small loan size and prohibitively high interest rate are also imposed as barriers against smallholders’ investment”

And then it suggests that the solution would be the anticipated sale of the crop, so that at harvest time the smallholder farmers will already have to sell anymore, which supposedly improves food security

Quote: “Usually credit is guaranteed by the anticipated sale of the crop in the future. Value-chain approach which are well adopted for export crops and linked with governmental development banks, can be oriented to local food staples to improve food security conditions.”

Recommendation: there is an ideological controversies going on inside the HLPE report:

between a position advocating global free market, corporations as providers of appropriate technology (p.40), smallholder organisations as service providers and not as political representations of smallholder interests (p. 45), contracts between smallholders and corporations

versus public procurement schemes (without recognizing however that these are currently endangered by bilateral and multilateral trade and investment agreements), local and regional markets, energy efficiency of low input smallholder farming, resilience of diverse smallholder farming models

I don't think it makes sense to harmonize these contraries into common recommendations. It would indeed be much more useful to elaborate the arguments of the contrary positions.

It would be important to make the dissenting voices in the report visible and allow for dissenting recommendations clearly attributable to different experts,

In that way you could have recommendations that all experts agree on.

and then dissenting sets of recommendations that different groups of experts make. The reader of the report can then link back the type of recommendations made and the background of the authors of the recommendations.
There should be a clear distinction between expert opinions and stakeholder consultations. Experts should not act as stakeholders. Their role is to provide material for the stakeholders with the help of which they can make up their opinion.