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COMMITTEE ON AGRICULTURE

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POLICIES AND INSTITUTIONS TO SUPPORT SMALLHOLDER AGRICULTURE

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I. Introduction

1. Agriculture lies at the heart of the development process and smallholders are often seen as the driving force of economic growth, poverty reduction and food security. Since the Green Revolution, the focus on small-scale agriculture has dominated development policy thinking. The recent food price surge has strengthened the emphasis on smallholders as food producers. In 2009, at both the l'Aquila G8 Meeting and the FAO World Summit on Food Security, world leaders underlined the importance of small farmers in achieving global food security and called for a new global partnership towards improving their productivity and incomes.

2. The food price surge revealed the vulnerability of smallholders not only to wide price shocks, but also to exploiting market opportunities and adjusting to a new market environment. More and more expert views suggest that the modern economic reality signifies deteriorating prospects for small-scale farmers. Access to markets which are shaped by globalization, the evolution of food supply chains and the emergence of supermarkets, technology adoption and learning, as well as responses to climate change, all promote economies of scale. Such conditions may erode any production efficiency advantages small-scale agriculture enjoys, while at the same time, favour large-scale operations.

3. About two-thirds of the developing world's three billion rural people live in smallholder households. Many of these farmers are poor, food insecure and malnourished with limited access to inputs and markets. FAO member countries recognize the contribution of small-scale agriculture to economic growth and food and nutrition security and the importance of agricultural market systems in shaping the prospects of smallholders. Sustaining smallholder food production growth is a FAO Impact Focus Area. However, there remains a gap between development policy thinking and practical policy options. For FAO member countries, an important challenge is to promote policy design and implementation and institution building to facilitate smallholder market participation and transition to higher development stages.

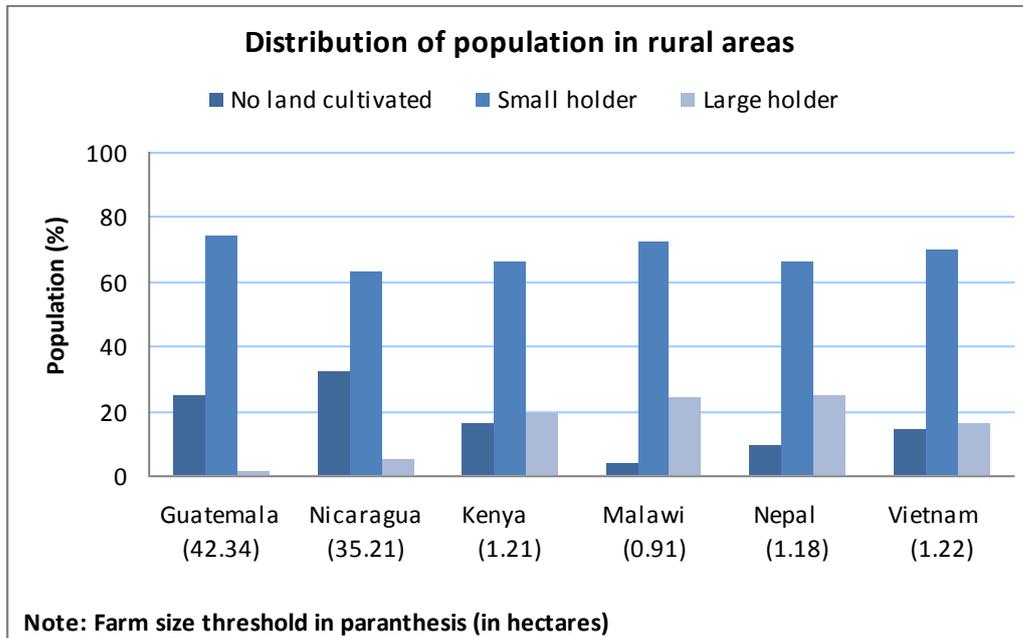
4. This document addresses a number of issues related to the future of smallholders and discusses policy options to facilitate their integration into agricultural market systems. Section II of the paper examines the characteristics and importance of small-scale agriculture in developing country economies, as well as its evolution along development. Section III examines the difficulties smallholders face in integrating into markets that call for improved marketing skills, ability to coordinate and adopt modern technology and other attributes common in larger-scale agriculture. Section IV discusses policy approaches and interventions to facilitate smallholders' participation in market systems, as well as measures which smooth the progress of transition, either to a larger scale or to other sectors of the economy. Section V highlights actions being planned and taken by FAO to enhance smallholder market participation and assess transition patterns and strategies.

II. The State and Evolution of Small-scale Agriculture

5. In the developing world, smallholders form the backbone of the agricultural sector and their importance in rural areas is almost uniform across countries (Figure 1). There is no unique and unambiguous definition of a smallholder. Often scale, measured in terms of the farm size is used to classify producers. For example, households with less than a threshold land size of two hectares may be characterized as smallholders. However, across countries, the distribution of farm sizes depends on a number of agro-ecological and demographic conditions and economic and technological factors.

6. Using the middle-sized farm as a threshold takes into consideration country specific conditions which shape the size of farms¹. For example, the middle-sized farm in Guatemala is 42 hectares, while the middle-sized farm in Viet Nam is 1.2 hectares (Figure 1). Population density and the use of irrigation in Asian countries, as compared with rain-fed agriculture in Latin America, are among the factors that determine these differences in the distribution of farm sizes.

Figure 1



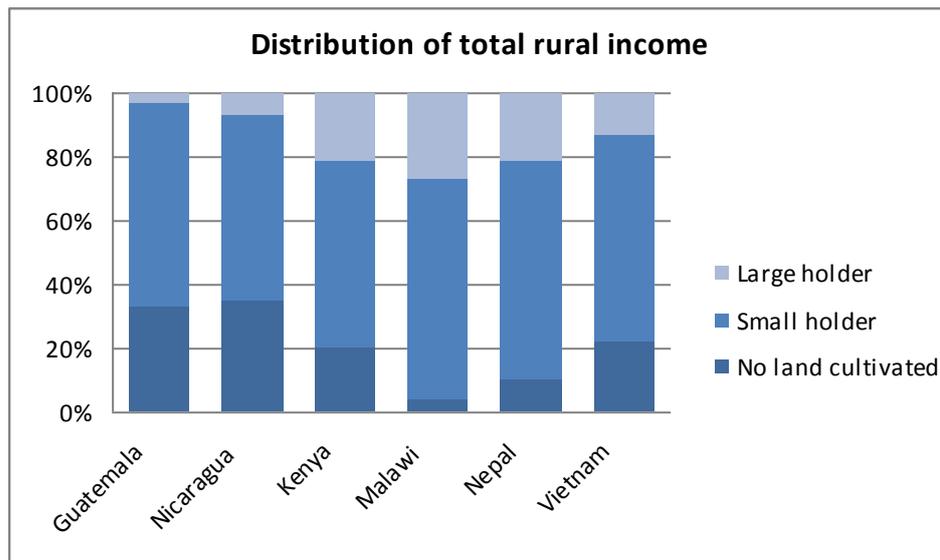
7. Smallholder definitions based on farm size ignore a number of other dimensions of scale. Farmers who produce low quantities and yields, have low capital and education levels, lack the skills to participate in markets, produce primarily for home consumption and rely heavily on family labour can also be defined as smallholders. These attributes underline the wide heterogeneity that characterizes smallholders. In remote areas, farms tend to be small and marginalized, as production for sale generates limited profit because of high transaction costs. Other small farms may be sufficiently sized or sufficiently close to markets for commercial agriculture to be the main livelihood of the household. Policies to support these various types of small farms may be very different, focusing on sustaining the development of different markets and diverse economic activities. Another essential dimension is gender. Women's productive and economic potential is hindered by deeply-rooted discriminations which affect access to resources and assets such as land, technology, education and information. However, in terms of welfare, the flows of income and resources that women control wield disproportionately positive impacts on household health and nutrition. Reducing gender bias in the agricultural sector is imperative to improving smallholder capacity.

8. The contribution of smallholders to the rural economy can be significant. On average, across developing countries smallholder farms generate approximately between 40 and 60 percent of total rural income through participating in both farm and non-farm activities (Figure 2). This underlines the importance of small-scale agriculture in the rural economy and its potential role as a driving engine of growth. In general, agriculture shares strong consumption linkages with the

¹ See for example Key N., and M. Roberts (2007). *Measures of Trends in Farm Size Tell Differing Stories*. In order to produce the figures for this document, the hectare weighted median was employed as a threshold to classify smallholders and large farmers. The hectare weighted median is calculated by ordering farms from smallest to largest and choosing the farm size at the middle hectare. A country's hectare weighted median is supposed to better reflect the operations where most production actually occurs.

rest of the economy. Incremental increases in smallholder income can lead to increased demand for non-agricultural consumption goods, thus stimulating production across economic sectors.

Figure 2



9. Across and within developing countries, small farmers have different patterns of market participation. They may sell only part of their produce and consume the rest themselves. They also may find seasonal employment on larger farms. Although there are differences between countries, on average these farm activities generate less than half of total rural income (Figure 3). In most countries, smallholders derive a relatively low proportion of their farm income from marketing their produce (Figure 4). Often, in smallholder households the value of the food produced for on-farm consumption together with the wages earned from working in larger farms make up the larger share of their income. Limited access to markets and various other constraints significantly limit the benefits that may arise from commercialization. However, the data suggest that the significance of income generated from crop sales is not uniform and can vary from one country to another.

Figure 3

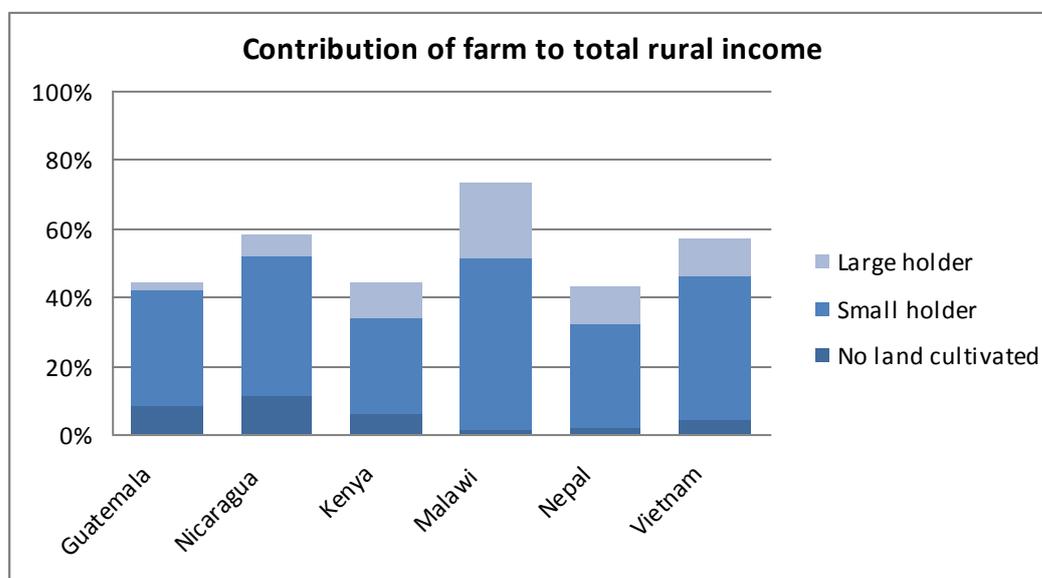
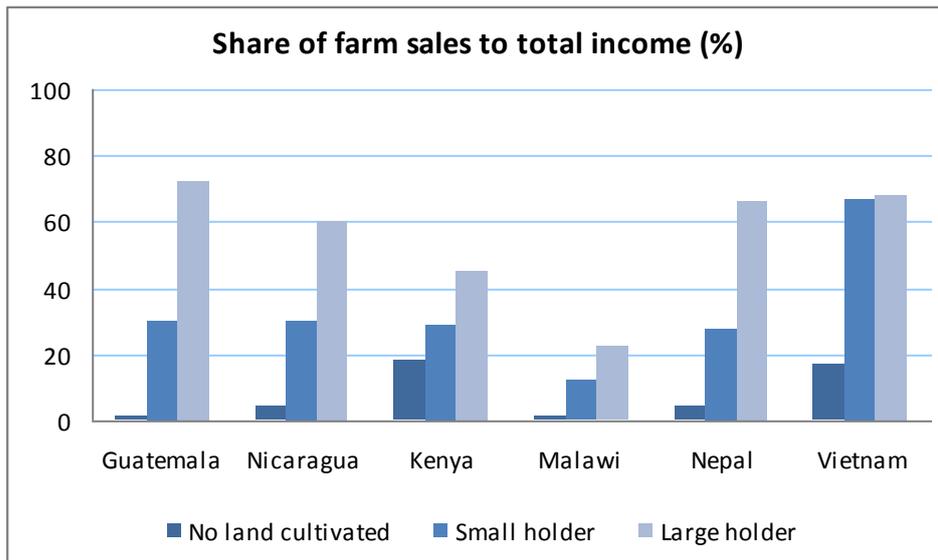
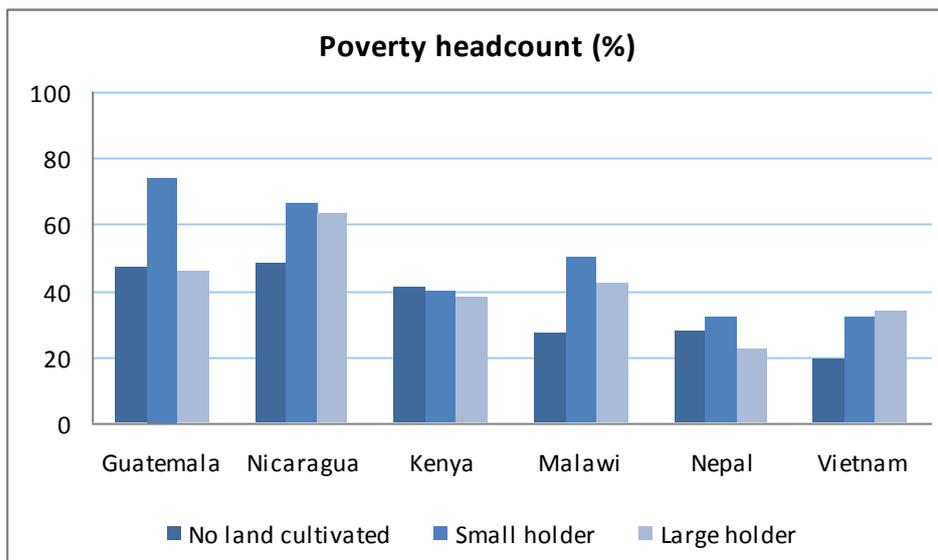


Figure 4



10. Non-farm activities are quite important for smallholders across countries. Self-employment outside agriculture, commercial activities and remittances are major sources of smallholder income. However, in spite of the relatively high share of non-farm income, many small farmers are poor (Figure 5). This high poverty incidence suggests that non-farm activities most likely reflect income diversification strategies to cope with risk, rather than the availability of remunerative non-farm employment. The experience from the Green Revolution in Asia supports this line of reasoning. Although Asian smallholders diversified their income sources, poverty in the region was reduced only by agricultural productivity increases brought about by policies that encouraged farmers to adopt modern technologies.

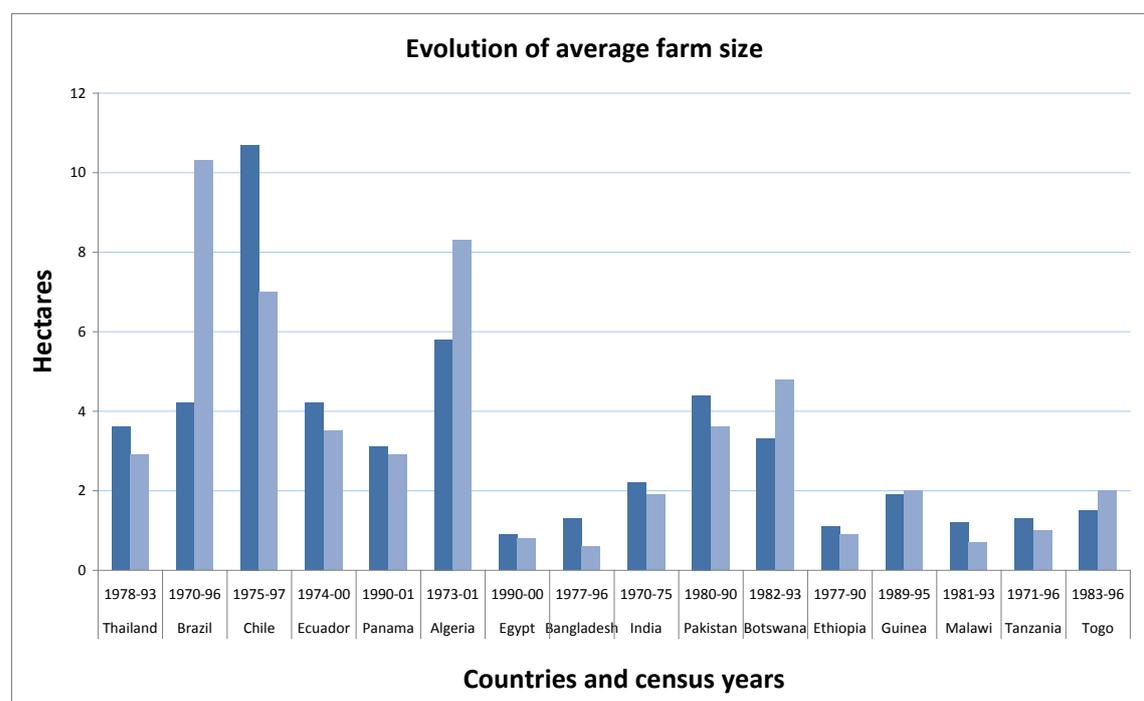
Figure 5



11. Farm size has to be viewed within a dynamic context. Development is characterized by structural changes in the economy and a decline in rural populations, together with decreases in the share of agricultural output in total gross domestic product (GDP). The development process is also associated with a broad positive relationship between average farm size and GDP per capita, as more smallholders exit agriculture to seek employment in the non-farm sectors. During this process, farms become progressively more commercialized. Nevertheless, the path towards

larger farms is not uniform across countries (Figure 6). While in some countries farms become larger with economic growth, other countries have experienced declines in the average farm size.

Figure 6



12. Technological advances and population growth, as well as policies, among other factors, shape this process. Successful adoption of land-augmenting technologies can result in declining farm sizes in spite of fast economic growth. For example, the adoption of high-yielding varieties, fertilizers and irrigation techniques in Asia during the Green Revolution has shaped smaller, but increasingly commercialized farms. On the other hand, the experience in Brazil seems to suggest that policies that facilitated the transition to large scale farming led to a successful commercialization of the Brazilian agricultural sector through new technologies, finance and integration in international supply chains².

13. These patterns suggest that there are multiple paths to commercialization and the transition to agricultural development can be driven by either smallholders or large-scale farmers. Yet, in many developing countries, agriculture is dominated by small-scale farms and productivity is static. Without having the appropriate policy measures in place, the rapid evolution of food market systems and the related demands for greater volumes, quality and consistency can marginalize small-scale agriculture from the development process. Pro-poor policies and strategies that integrate smallholders into markets or, where such integration is not possible, strengthen rural off-farm employment are essential to include small-scale farmers in the development process.

III. Food Market Systems and Smallholder Participation

14. Within developing countries, changes in the agricultural and food marketing, processing and retail sectors have been significant³. Trade liberalization in conjunction with urbanization have resulted in increased private investments, both domestic and foreign, in developing countries' agrifood industries. Procurement methods for agricultural products have also changed and markets have generally become more competitive. Modern procurement systems, especially

² FAO and the World Bank (2009). *Awaking Africa's Sleeping Giant*.

³ McCullough, E., P. Pingali and K. Stamoulis (2008). *The Transformation of Agri-Food Systems*. FAO.

for exported fresh products, are characterized by a shift from traditional wholesale markets towards vertically coordinated supply chains. Such chains may involve explicit contracts between farmers and traders, often linking the procurement of products with the provision of inputs.

15. In line with this shift, transactions are increasingly based on complex private standards. Domestic markets are also undergoing modernization and, in some countries, are beginning to mirror export markets in terms of standards and supply chain requirements. Nevertheless, across countries, the transformation of marketing is not uniform and depends on the development stage of the agrifood sector, the commodities procured and the supporting infrastructure.

16. Smallholders must overcome considerable constraints to compete in modern markets. The approach of firms when sourcing from smallholders depends on the characteristics of the commodity and on the nature of the final market. In turn, these procurement systems can affect small farmers in different ways. Perishable bulk commodities such as tea, oil palm and sugar require almost immediate processing after harvest, usually on a large scale. For these, there are normally well-developed contractual arrangements between the buyer and the farmer often involving the provision of inputs and extension services. Benefits to farmers in terms of higher incomes may, however, be partly offset by the risks involved with “asset specificity”, particularly when tree crops are involved and when there is only one processor. Less-perishable commodities, such as coffee and cocoa, involve less risk as there are usually multiple buyers. At the same time, farmers need access to credit to make extensive investments in tree crops whose returns are in the longer term. Least risky are staple grain crops; not only are there multiple buyers but the crops are not usually perishable and do not require specific investments.

17. Sales through more sophisticated channels, such as supermarkets, require greater managerial and logistics skills from farmers and an ability to provide continuity of supply and to meet demanding food safety and quality requirements, with the risk that without these the market will be lost. It is thus very difficult for individual small farmers to supply supermarkets. In some cases, farmers work in groups to do this; in others, specialized intermediaries are emerging. Farmers wishing to sell perishable products to export markets have to meet complex logistics as well as stringent food safety certification requirements. Such modern marketing systems present a new range of conditions and challenges for smallholders. Quantity, quality and food safety requirements and timing conditions favour large-scale farms, which are generally more able to accommodate these requirements.

18. Smallholders in remote areas have limited opportunities to participate in markets due to high transport costs. The private sector either does not source from them or requires high margins to cover its costs. Dispersed and inconsistent supply leads to high transaction costs for the procuring firm, unless farmers aggregate their output by means of cooperatives or informal groups. This increases the scale of operations and reduces the costs of activities that relate to transport and marketing and also to input purchases.

19. Capital assets or access to credit to fund investments are also important. Irrigation infrastructure can be necessary to meet quality and consistency requirements. Storage and packing or processing facilities are also essential to exploit modern market opportunities. Large farms enjoy significant advantages over smallholders in accessing credit due to their ability to offer collateral, provide necessary information to banks and accumulate reputation through their commercial and institutional activities. Smaller farms face considerable difficulties in accessing credit, as financial institutions are often reluctant to lend due to poor collateral and lack of information. Small women farmers face even greater disadvantages than their male counterparts as they typically have lesser access to financial and social capital, market information and productive resources such as land.

20. Reasonable education and learning skills are crucial not only in complying with stringent requirements such as meeting standards, obtaining certification and organizing traceability, but also in adopting modern technologies to improve quantity, quality and food safety and to reduce

post-harvest losses. Empirical evidence suggests that technology adoption does not depend on scale. However, in the past, technologies were developed and extended by the public sector, while nowadays agricultural research and extension are becoming increasingly private and globalized, with technologies being developed for larger, commercial farms. The adoption of such technologies requires management skills and effective learning, which could limit small farms' access to innovative inputs.

21. The livelihoods of smallholders are strongly dependent on production systems and the ecosystems underpinning them. Degradation of natural resources and climate change are increasingly altering productivity, the areas suitable for agriculture, the length of growing seasons and the yield potential of many crops. Increased likelihood of crop failure and livestock diseases are also significant threats. Adjustment to climate change requires new production patterns, adopting inputs with increased resistance to heat shocks and drought and making wider use of intensive agro-ecology techniques (e.g. conservation agriculture). Smallholders may be unable to adjust to these environmental threats due to the lack of sufficient human, social, financial resources and information.

22. In comparison with large-scale farmers, smallholders can have significant advantages especially in terms of efficiency in the production of staple foods. There is a rich empirical literature suggesting that the output per unit area in small farms is higher as compared with larger farms⁴. This results from greater intensity in the use of inputs, especially of family labour, and has positive consequences for food security. In general, the use of family labour at times when it is required offers flexibility denied to larger farms that depend on wage labour. Smallholder production is also more suitable for labour-intensive products, such as vegetables, that require transplanting, multiple harvests by hand and for other products that require attention to detail.

23. Issues of seasonal gluts of food in local markets, the high levels of post-harvest losses and the low capacities for food processing are serious challenges. Rural food processing enterprises can process seasonal surpluses for markets provided there is demand for the processed product. Food processing of primary agricultural products also offers livelihood opportunities for rural people. Market avenues will need to be developed for indigenous food commodities, which are often what small farmers grow.

24. The above overview suggests that scale effects are important in today's market environment. The implication is that smallholders face significant challenges in seizing opportunities to participate in growing markets, as their staple food production efficiency may be outweighed by diseconomies of scale in marketing, technology adoption and other activities. This underlines the need for policies and institutions to support both production and processing activities and enhance smallholder market participation. In addition, special attention must be provided to gender and equity considerations.

IV. Policy Approaches and Interventions

25. The public sector plays a critical role in helping smallholders overcome constraints to increase productivity, participate in agricultural markets and generate incomes to achieve food security. Traditional policy prescriptions have tended to assume that price and trade policies can be used to meet food security and development objectives by providing appropriate incentives to producers. However, even in situations where local markets are well integrated with international markets, such policies tend to favour larger farms which are able to generate significant marketable surpluses.

26. Greater market integration among smallholders can be facilitated by the provision of the "enabling environment". Better rural infrastructure, such as roads, physical markets, storage

⁴ Fan S., and C. Chan-Kang, (2005). *Is Small Beautiful? Farm size, Productivity, and Poverty in Asian Agriculture*. *Agricultural Economics*, 32:135.

facilities and communication services, will reduce transaction costs and enable farmers to reach markets. Interventions to ensure land tenure and property right security will encourage smallholders to invest in land improvements. Provision of education in rural areas is essential if smallholders are to participate in markets, as small farmers cannot trade on sophisticated chains if they are neither literate nor numerate and/or lack the ability to organize supplies and the confidence to partner with buyers. It is also imperative that policies redress gender and other inequalities regarding access to assets and resources in order to bring long-term benefits for women and their families.

27. Shaping the right environment for smallholders is an essential but fairly passive approach to development. A more active role for the public sector entails the development of mechanisms to leverage greater private sector participation in value chain development to the benefit of smallholders. Such mechanisms can promote the development of business activities by smallholders, reduce transaction costs and build trust between smallholders, traders and processors. Interventions have to differ significantly in order to reflect the characteristics of different product chains, their level of development, the heterogeneity of smallholders and the constraints they face, as well as the capacity of the private sector to overcome these constraints.

28. Value chain development often implies identifying specific chains to support on the basis of the likely benefits in terms of productivity and marketable surplus increases, cash earning, diversification, and improved labour market conditions. It is important to pay attention to developing smallholder capacity in domestic markets, as often the costs of compliance with standards for export outweigh the benefits. For example, the introduction of the “Origine Sénégal” export brand, with strict standard requirements, led to a decline of 72 percent in the number of smallholder farmers supplying produce for export between 2000 and 2005⁵. In Kenya, for farmers with less than 0.6 hectare, first year implementation costs for GLOBALGAP certification were equivalent to 160 percent of the farmers’ gross revenue⁶.

29. Many innovative mechanisms aimed at alleviating the high transaction costs of market participation focus on the organization of smallholders into formal and informal groupings. However, despite considerable donor support, cooperatives and farmer associations have struggled to play a significant role in linking their farmers to markets, although there are many examples of positive experiences. Part of the problem has been that such bodies have had to play multiple roles identified by social, political and economic objectives, and have usually been unable to concentrate on providing business services to their members. A new approach that stresses the need for professionally managed business organizations to serve farmers may redress past weaknesses. Another role for the public sector is to reduce risks to private sector investment by building trust. Deliberative fora, in which the public sector acts as a facilitator, can be used to bring stakeholders into joint action. Examples include stakeholder workshops, value chain roundtables and commodity inter-professional associations.

30. Governments have an important role to play in identifying appropriate measures to address the key binding constraints to smallholders’ participation in both output and input markets. This can entail improved delivery of public goods and services that are not adequately provided by the private sector, such as research and development, extension, market intelligence and technology adoption. The characteristics of most of these services mean that although they can be delivered by the private sector, their provision will need to be continuously financed by the public sector to ensure that they are made accessible to smallholders.

31. Governments can provide significant support to smallholder development by, for example, ensuring high-quality agricultural research clearly targeted at smallholder and consumer

⁵ Maertens, M. and J. Swinnen (2007). *Trade Standards and Poverty: Evidence from Senegal*. Catholic University of Leuven.

⁶ Asfaw, S., D. Mithofer, and H. Waibel (2007). *What Impact Are EU Supermarket Standards Having on Developing Countries Export of High-Value Agricultural Products? Evidence from Kenya*. Leibniz University of Hannover.

needs, where possible in partnership with the private sector. Government extension services have tended to concentrate on providing advice on production issues, while the subjects of marketing, food safety, linking more closely with agrifood industries and related issues have received relatively low priority. However, ministries of agriculture are now recognizing the need to support smallholders in adopting a more market-oriented approach. This will require training of extension staff and development of resource materials for farmers. The promotion of commercial extension services that could gradually take over from government departments could also be considered.

32. Smallholder agricultural practices that promote climate change adaptation should also be supported. The challenge is to design financing mechanisms to encourage good environmental stewardship among smallholders through the remuneration of environmental services in general and mitigation services in particular. These financing mechanisms need to offer incentives for providing and safeguarding ecosystem services such as watershed protection, carbon sequestration and the protection of biodiversity.

33. Farmers need timely and reliable information about markets. In addition to the provision of information on prices, a whole range of business-related information is essential, such as who the buyers are and what their terms and conditions for doing business are. Market information services have often suffered from problems, in particular related to the timeliness of the information provided. Newly developed technologies offer the opportunity to overcome this constraint. In particular, the rapid expansion of cell phone usage in most developing countries means that information can be shared with even very small farmers.

34. A further role for governments involves addressing constraints to market participation such as low productive capital base and low adoption of improved production technologies. In the last two decades, there has been a decline in the provision of agricultural finance for smallholders by governments in many parts of the world. In some cases this gap has been replaced by credit cooperatives, microfinance institutions, occasionally by commercial banks and, sometimes, as a result of finance through the value chain by contract farming arrangements. Nevertheless, access to financial services by smallholders remains very limited.

35. Tax breaks for financial institutions, such as reductions in the rates of business taxes, have sometimes proved effective in increasing the supply of financial services to smallholders. Close collaboration between the banking sector and governments is also crucial in designing innovative credit instruments that can have a positive impact on investments among rural households. Straightforward application procedures, scheduling of repayments in line with the income stream of the borrower and novel methods of using savings as collateral, or using membership in a farmer group as a guarantee, can improve access to credit.

36. Where access to inputs is constrained by lack of information or risk perceptions, measures to facilitate technology adoption can contribute to increased output, food security and commercialization. Input starter-packs or well-targeted input subsidy programmes can facilitate technology adoption by smallholders without distorting markets. Although the latter are seen as having multiple objectives, they ought to primarily assist in the diffusion of technology and its adoption by smallholders, thus increasing input use in the long run and addressing an important barrier to market participation. Appropriate modalities for smallholders to 'graduate' from such targeted subsidy programmes, in line with enhanced extension services and increased access to credit, can reduce risks to finding economically efficient and sustainable solutions to technology adoption constraints.

37. Finally, it is inevitable that some smallholders, especially those who lack productive assets and skills, may not be able to participate effectively in markets even with appropriate support. Increases in smallholder market participation by some categories of small farmers will be associated with the migration out of agriculture of other categories. The process of exit to other economic sectors can contribute to economic growth. First, it can result in increases in the average farm size, allowing farmers to exploit economies of scale and to compete more effectively.

Second, if enhanced commercialization by some smallholders results in increased employment opportunities for others, it can prevent the income gap between urban and rural areas from widening. A recent FAO study indicates that significant sustainable off-farm rural employment can be generated by the small-scale dairy sector⁷. Smoothing the exit from agriculture therefore forms an important part of the challenge for governments in their rural development policy. Policies that improve the nutrition, health and education levels in rural areas can further enhance employment opportunities in sectors other than agriculture where demand for semi-skilled labour strengthens. In this manner, farm and non-farm labour markets could become more competitive, thus allowing workers to move between the two, with improvements in wages in one market also being reflected in the other.

38. A number of additional measures can smooth the migration process for those smallholders who remain uncompetitive. Given the importance of land within informal rural insurance mechanisms, appropriate policies that ensure land rights and strengthen land markets will facilitate migration to urban areas. Well-defined land rights render migration to sectors other than agriculture less risky, while at the same time contributing towards farm consolidation and investment. Strengthening urban safety nets can also smooth migration by providing support to smallholders who lack sufficient productive assets to seek employment in non-farm sectors. As migration out of agriculture may alter the structural characteristics of the rural population, policy interventions need to be adapted to the changing demographic and socio-economic profile of small-scale agriculture.

39. Facilitating smallholder participation in markets is a priority in FAO's work. The Organization has worked closely with several countries to develop market-oriented extension training materials, has organized regional workshops to discuss market linkage issues and has developed a collection of case studies⁸. In the coming two biennia, a series of sub-regional and regional workshops is planned to further discuss the concept of market-oriented extension and develop additional national training projects. FAO has been contributing towards greater smallholder participation through contract farming, a specific type of farm-to-market linkage. Following the Bulletin '*Contract Farming - Partnerships for Growth*', which was first published in 2001 and has attracted considerable attention, FAO recently developed the internet Contract Farming Resource Centre⁹, which provides publications, information on contracts and answers to Frequently Asked Questions. A workshop on contract farming in Africa was held in Johannesburg in 2009. A further detailed publication on the topic, to provide practical advice on setting up such programmes, is planned, as are several shorter guides. Emphasis will be on supporting linkages that are inclusive of poorer smallholders.

40. Particular attention is being paid to the role that farmers' associations and cooperatives can play in linking their members to markets¹⁰. A range of support materials is under development, including publications related to specific marketing channels, such as for organics and Geographical Indication products. Emphasis is also placed on developing close relationships with the private sector in developing countries, and on strengthening stakeholders' capacities to develop and implement sustainable commodity strategies through the promotion of value chain associations. A number of regional workshops for policy formulation and institutional development have been organized within the activities of the All ACP Agricultural Commodities Programme, funded by the European Union. These workshops have aimed at identifying practical initiatives to foster the development of stakeholder linkages capable of providing market and institutional support to value chain participants.

⁷ <http://www.fao.org/docrep/007/y4860e/y4860e00.htm>

⁸ <http://www.fao.org/ag/ags/subjects/en/agmarket/linkages/index.html>

⁹ <http://www.fao.org/ag/ags/contract-farming/index-cf/en/>

¹⁰ FAO's Interdepartmental Working Group on Institution Building is finalizing a publication in 2010 on "How to empower small-scale producers and achieve food security. Learning from good practices in building agricultural and rural development institutions".

41. FAO is also undertaking analytical and policy assessment to develop approaches for smallholder integration in market organizational structures, as well as for facilitating their transition to a higher development stage. A series of specific value chain studies on the constraints to smallholder market participation are currently being undertaken. The development of policy options will be based on a comprehensive approach designed to increase understanding of the dynamics between farm size and development, the conditions and constraints that shape smallholder behaviour, as well as their transition and contribution to food and nutrition security and wider economic growth. The project also aims to assess the strengths and weaknesses of smallholders within the context of agricultural market systems in order to make policy recommendations on value chain development and transition strategies. Additional objectives include strengthening the capacity of stakeholders to implement policies for small-scale agriculture in order to promote sustainable growth, improve rural livelihoods, diversify food supplies, facilitate smallholder transition and reduce their vulnerability.

V. Committee Guidance

42. COAG is invited to take note of, and comment on, actions being taken by the Secretariat to promote market-oriented agricultural production by smallholders. Related to the planned activities of FAO and the analytical and policy assessment project mentioned in paragraph 41, the Committee may wish to provide guidance on future work to:

- analyse the relationship between smallholders' evolution, growth and food and nutrition security;
- assess the strengths and weaknesses of small-scale agriculture and propose policy options in terms of value chain development and transition strategies;
- collaborate with ministries of agriculture to develop their capacity to support improved market access by smallholders, including capacity to comply with sanitary and phytosanitary standards;
- support business-oriented activities by farmers' organizations, including cooperatives, and promote development of value chains that are inclusive of smallholders; and,
- develop close relationships with the private sector in order to develop partnerships to best serve the needs of smallholders.

In addition, the Committee may propose that the results of the analytical and policy assessment project be presented to the Committee on World Food Security (CFS) plenary session in 2011.