

## INPUTS CHAIR'S PROPOSAL ON CONNECTING SMALLHOLDERS TO MARKETS

### IFAD

Thank you for this opportunity to provide suggestions on a very good Chair's proposal attached to the mail below. Please find below some suggestions that we believe would further strengthen the text. The parts of the text that are in italics represent changed or new language, but for completeness we have reported full paragraphs (words not in italics are unchanged from the current text).

a) Current text: In order to meet the estimated 60 percent increase needed in food production to feed the projected population of over 9 billion in 2050, smallholders have an essential role to play.

Proposed text: *Smallholders play an essential role in ensuring food security and nutrition today, and they also have an essential role to play in feeding a growing world population in the next decades.*

Reason for the proposed change: the 60 percent is related to FAO estimates about growing demand, there is no reason to assume that the supply response should come from PRODUCTION – it may come at least in part from reducing losses and waste, from different consumption patterns or different diets, different rates of use of agricultural production for biofuels or feed vs. human consumption, etc.

b) Current text: Local food systems and markets: Globally more than 80% of smallholders operate in local and domestic food markets, with the majority trading through informal means. These markets operate within territorial spaces that can range from local to transboundary to regional and may be located in rural, peri-urban or urban contexts. They can take place in structured arrangements or in more ad-hoc or informal ways which provide greater flexibility for smallholders and fewer barriers to entry. They perform multiple functions beyond commodity exchange, acting as space for social interaction and exchange of knowledge. Despite their importance, informal markets are often overlooked in data collection systems which impacts negatively on the evidence base for informing public policies. 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.

Proposed text: Local food systems and markets: *Globally a large majority of smallholders operate in markets that can be defined "local" in the sense that both producers and consumers belong to the same community or the same sub-national, national, or in some cases transboundary economies. These markets may be located in rural, peri-urban or urban contexts or span these contexts. Transactions in these markets take place in structured arrangements or in ad-hoc or informal ways, the latter of which may provide greater flexibility for smallholders and often also present fewer barriers to entry particularly for poor farmers. Local markets may*

perform multiple functions beyond commodity exchange, *for instance* acting as space for social interaction and exchange of knowledge, *by virtue of their integration into specific communities or economies*. Despite their importance, informal markets *in particular* are often overlooked in data collection systems, which impacts negatively on the evidence base for informing public policies. 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. *Gaps in data and in analysis also exist concerning urban markets and how their relationship with rural economies and rural markets is evolving.*

Reason for the proposed change: the text as given may not help achieve clarity or consensus around the concepts of local and territorial markets, which have generated some discussion in earlier meetings. The proposed text tries to address conceptual issues related to the scope of this particular paragraph and thereby to contribute to furthering consensus among CFS members and participants. It is also important to underline the issue of data and analytical gaps concerning urban (BOTH formal and informal) markets.

c) Para 3 refers to the specific opportunities that come from engagement with corporate buyers in export markets. We would note that similar opportunities may also come from such engagement in domestic markets, where corporate buyers are also present.

d) Recommendation vi, current text: Encouraging partnerships that empower smallholders along the entire value chain, and provide an equitable role in their negotiation, design and implementation.

Proposed text: *Establishing policy and institutional arrangements related to value chain functioning and the relationship among smallholders and other value chain actors that ensure an equitable role for smallholders and their organizations in the negotiation, design, and implementation of specific value chain arrangements.*

Reason for proposed change: Partnerships are one specific modality of interaction and collaboration among value chain actors. In most cases, what is needed is to have policy and institutional arrangements that ensure that business relations and contracts within the chain are designed and concretely implemented to be both fair for and inclusive of smallholders and their organizations, whether or not these relations take the form of “partnership” proper (which is rarely the case).