



Constraints to Smallholder Investments
A consultation by the HLPE to set the track of its study.

Collection of contributions received

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TABLE OF CONTENTS

Introduction to the topic.....	4
Contributions received	5
1. Jacques Loyat, Cirad, France	5
2. Terdoo Fanen, Centre for Water and Environment Development, Nigeria.....	6
3. Shahnawaz Shaon, FAO, Bangladesh	7
4. Ariane Ryan, MEDA, Canada.....	7
5. Theodor Friedrich, FAO, Italy	7
6. Maria Nakiryra, BROSDI, Uganda.....	8
7. Francois Stepman, Platform for African – European Partnership in Agricultural Research for Development, Belgium	8
8. Christian Chileshe, 3C Development Management & Entrepreneurship Experts Limited, Zambia [first contribution].....	9
9. Walter de Oliveira, FAO, Sierra Leone.....	9
10. Christian Chileshe, 3C Development Management & Entrepreneurship Experts Limited, Zambia [second contribution].....	10
11. Kazi Eliza Islam, Heifer International, USA	11
12. Lisa Kitinoja, The Postharvest Education Foundation, USA.....	12
13. John Andrew Siame, JASCO Agricultural Services and Consultancy, Zambia.....	13
14. Berhe Tekola, Animal Production and Health Division (AGA), FAO, Italy.....	14
15. Bhubaneswor Dhakal, Nepal	14
16. Chris Cook, Nordic Enterprise Trust, UK.....	15
17. Joachim Bénébamba Tamalgho, Burkina Faso.....	17
18. Yaogan Amédodji Akpadja, Monde Volontaire pour le Développement, Togo.....	17
19. Muhammad Suleman Hasher, Ghazi Brothers, UAF, Pakistan.....	19
20. Jean Marc Boussard, France	19
21. Ernest L. Molua, PhD (Agricultural Economics), Centre for Independent Development Research, Cameroon.....	19
22. Kanchan Lama, WOCAN, Nepal	20
23. Benjamin K. Addom, USAID, USA.....	21
24. Kien Nguyen Van, Vietnam.....	21
25. Jeroen Dijkman, FAO, Italy	22
26. Robin Willoughby, Concern Worldwide, UK.....	23
27. Sara Delaney, Episcopal Relief and Development, USA.....	24
28. Emile N. Hougbo, University of Abomey-Calavi, Benin.....	24
29. Progress H Nyanga, Department of International Environment and Development Studies, Zimbabwe	27
	2

30. Chenchu Norbu, Department of Agriculture, Bhutan.....	27
31. Moisés Gómez Porchini, Mexico.....	28
32. Per Mogstad, Ministry of Foreign Affairs, Norway.....	29
33. Subash Mehta, Devarao Shivaram Trust, India.....	30
34. Alexandre Ghelew, Swiss Agency for Development and Cooperation, Switzerland	32
35. Bertrand Vincent, UNCCD-Secretariat, Germany.....	33
36. France, received through the Ministry of Foreign and European affairs.....	35
37. Kamal Karunagoda, Department of Agriculture, Sri Lanka	36
38. Ministry of Agriculture of Jordan, received through Omar B. Allahham.....	36
39. Oxfam International.....	38
40. Peter Steele, Italy.....	40
41. Douglas R. Brown, World Vision International and Sheri Arnott, World Vision Canada	41
42. Andrew MacMillan, Italy	44
43. Parviz Koochafkan, Director, Land and Water Division, FAO, Italy.....	44
44. Agnes Luo Laima, Zambia National Marketers Credit Association (ZANAMACA), Zambia..	46
45. Alex Halsema, Centre for World Food Studies (SOW-VU), VU University Amsterdam, the Netherlands	47
Concluding notes by the HLPE Secretariat	48

Introduction to the topic

In October 2011, the UN Committee on World Food Security has requested its High Level Panel of Experts on Food Security and Nutrition (HLPE) to undertake “*a comparative study of constraints to smallholder investment in agriculture in different contexts with policy options for addressing these constraints, taking into consideration the work done on this topic by IFAD, and by FAO in the context of COAG, and the work of other key partners. This should include a comparative assessment of strategies for linking smallholders to food value chains in national and regional markets and what can be learned from different experiences, as well as an assessment of the impacts on smallholders of public private as well as farmer cooperative-private and private-private partnerships*”.

Final findings are to be presented at the CFS Plenary session in October 2013.

The HLPE hereby invites you to provide your views on the proposed scope and building blocks of the [study](#). The feedback received will be used by the Steering Committee to finalize the terms of reference of the HLPE Project Team that will be appointed to prepare the study and policy recommendations.

In particular, **do you think the scope is appropriate?**

Have important elements been omitted?

Should any of the elements, below, be left out?

In your opinion, what would be the main points to emphasize in the report?

Please be as specific as possible.

The HLPE also wishes to mention that a public call for candidatures to the Project Team is currently open until 10 May 2012. Please visit <http://www.fao.org/cfs/cfs-hlpe/call-for-experts-hlpe-project-teams/en/> for more information.

We look forward to your kind response.

Yours sincerely,

Alain de Janvry, HLPE Steering Committee member
On behalf of the Steering Committee of the HLPE

Contributions received

1. Jacques Loyat, Cirad, France

[original contribution in French]

(3) Diagnostic

....

"La question de l'investissement doit être replacée dans une approche plus globale en termes de développement durable.

Le développement durable passe par la prise en compte des capacités des individus mais aussi des sociétés, par exemple en termes d'éducation, de santé, de sécurité alimentaire, d'accès aux ressources, à l'eau potable, de préservation des ressources naturelles, d'organisation sociale.

Les petites exploitations familiales (smallholders) sont les premières concernées par l'insécurité alimentaire. Selon la FAO les trois quarts des pauvres, sous-alimentés, sont des ruraux, parmi lesquels on trouve une très grande majorité de paysans mal équipés. La question de l'investissement est liée à celle des revenus.

Le diagnostic doit alors porter sur les revenus, agricoles et non agricoles. Et pour les revenus agricoles, il faut considérer la production et sa valorisation par l'échange. On ne peut faire l'impasse d'un examen minutieux de l'organisation des marchés et de la structuration des filières en mettant en évidence les effets destructeurs de concurrences inégales (entre le Nord et le Sud, entre petites et grandes exploitations) et de pouvoirs de négociation très inéquitables entre les différents acteurs d'une même filière.

Les capacités des petits agriculteurs passe alors par leur capacité d'organisation afin de proposer et défendre des politiques agricoles appropriées. Ce volet politique doit également faire l'objet du diagnostic."

Bien cordialement

Jacques Loyat

[English translation]

(3) Diagnosis

"The question of investment must be considered in a more global approach in terms of sustainable development.

Sustainable development needs to take into account the individual's but also society's capabilities; for example, in terms of education, health, food security, access to resources, water supply, conservation of natural resources, social organization.

Smallholders are the first victims of food insecurity. According to FAO, three quarters of the poor, under nourished, live in rural areas, among them there is a very large majority of badly equipped peasants. The question of investment is linked to incomes.

Hence diagnosis should consider both agricultural and non-agricultural incomes. In the case of agricultural incomes, it is necessary to consider production and their valuation through trade. It

is crucial to conduct a detailed examination of the market's organization and distribution structure demonstrating the destructive effects of unfair competition (between North and South, between small and big farms) and the very unbalanced bargaining powers between the different actors in one sector.

Small farmers' capabilities depend on their ability to organize themselves in order to suggest and defend appropriate agricultural policies. This political element should also be included in the diagnosis."

2. Terdoo Fanen, Centre for Water and Environment Development, Nigeria

Regionalization of Agriculture: A Comprehensive Approach to Encouraging Investment in Small Holders' Farms in Sub-Saharan Africa.

Investment anywhere it is done, it is not done haphazardly, in fact, it is carefully thought, planned, and executed with view of get the desired results. This is no difference with agriculture especially small holders' farms.

Encouraging investment in small holders' farms still remains a difficult thing to achieve in Sub-Saharan region. The reasons are numerous. I would not mention them here. If I know who is to do the encouragement (government, corporations, international organisations, private individuals, companies, etc.) then, it will be necessary to bring out the reasons. Rather I choose to discuss what we are currently working on.

However, my discussion is based on Nigeria's experience. In this part of the country I think the best approach (for me) to encouraging investment in small holders' farms is what I called **Regionalization of Agriculture**. This may perhaps work in regions with similar characteristics.

Regionalization of Agriculture: what do I mean by this? You will see that the whole country-Nigeria is divided into regions with distinctive ecological and climatic zones which support certain crops and systems and practices of agriculture. For example, Nigeria has regions that produced grains only while some produced tuber crops and still some produced fruits and practices plantation agriculture only. Some regions like the middle belt states have the capability of producing fruits, tuber crops and grains combined. It is very easy to encourage investment along those lines. This is what I meant by regionalisation.

Regionalisation agriculture could boost crop output and encourage farmers to practised intensive and extensive agriculture in those regions. To achieve this, the followings could be put in place:

1. Give importance to farmers and the regions where such important agricultural system is practised. This shall build confidence in the farmers to produce more in the area. This will at the same time create awareness to the business and the public of the availability of such products in the location.
2. Provide the two key infrastructure –**Roads** and **markets** for the marketing of the produce in the particular region. This shall give people accessibility to the produce (investors and buyers) and at the same time provide the farmers with the opportunity to sell their produce.
3. Provide **inputs** and **incentives** to the farmers. This one is very difficult to achieve because of several factors inhibiting it but if properly done it works perfectly.
4. Finally bring in processing companies in those region to process the produce.

Let me give a life example. Nigerian Tobacco Company in some years ago used this approach in my locality- Benue state to be precise. They identify regions suitable for tobacco production in Nigeria which my State was one among and invested in those places. They provided access roads, seedlings, fertilizers, sprayers and herbicides and insecticides, tractors, etc. to the farmers in those areas. The end result was that the farmers always cultivate tobacco. My uncle was given all incentives and appointed to be their village coordinator and it works for them. So I strongly

believe that this approach if adopted shall in no doubt encourage investment in small holders' farms. For no one invests in something he is not sure to get anything out of it. Finally, this approach is comprehensive because it does not address investment issues only but addresses development of both the farmers and regions as well.

Centre for Water and Environment Development is presently working on above titled. We solicit support to complete the study using Nigeria as case study.

3. Shahnawaz Shaon, FAO, Bangladesh

Main constraints to small holder investment in Bangladesh is lack of institutional approach. Inter-agency coordination among the field organization of both government and NGOs are merely visible in Bangladesh. Another reason is limited resources. People's participation and coordination is also lower. Not so innovative and responsive.

4. Ariane Ryan, MEDA, Canada

Hello,

In response to your call for comments on the scope of the study on constraints to smallholder investments:

I believe there should be attention paid in this case to the sources of financing for these smallholders – specifically financial institutions, whether formal or informal. Studying constraints, financial products offering, approaches, risks to the financial institutions as these will increasingly become the source of capital for smallholder investments. This should give a more rounded perspective of the study.

This point is probably in some sense already encompassed in your highlighted “building block 3: diagnostic” but I think there could be benefit in teasing out financial institutions more specifically under that point.

I look forward to the result of the study.

Best,

Ariane

5. Theodor Friedrich, FAO, Italy

Under the FAO SOA (Sustainable Intensification of Crop Production) the term “Save and Grow” has been introduced. Save and Grow describes the actual agricultural interventions and cropping systems which would be leading to the strategic objective of sustainable intensification. This is obviously of particular relevance to small holder farmers. The actual base for both, Save and Grow and Sustainable Intensification, is Conservation Agriculture, which as a concept enables the required paradigm shift. Conservation Agriculture (CA) is right now successfully implemented worldwide at different farm sizes. It has particular impact on the livelihoods of small scale farmers where a direct change in the income and living conditions, including the nutrition of the farming families and schooling of the children can be observed (see case studies at http://www.fao.org/ag/ca/CA-Publications/TANZANIA_LOW_RES.pdf and http://www.fao.org/ag/ca/doc/CA_Paraguay2005.pdf and [this PDF in Spanish](#) showcasing

experiences with smallholders in eastern Paraguay). The introduction of Conservation Agriculture does require a certain level of investment into agriculture, more than anything else into capacity development (knowledge) and social capital (see case study at <http://www.fao.org/docrep/012/i1650e/i1650e00.pdf>, but also in terms of equipment needed to carry out the field operations under CA.

For this reason I would suggest a particular attention given not only to approaches such as Save and Grow, but particularly to the detail level of the underlying principles, which is Conservation Agriculture.

Theodor Friedrich
Senior Officer (Crop Production Systems Intensification)
FAO Plant Production and Protection Division (AGP)
URL: www.fao.org/ag/ca

6. Maria Nakirya, BROSDI, Uganda

The major challenge that small holder farmers have is limited capital to start off. Most of them have big pieces of land but they have no capital to start. When they try to get loans, the interests are so high. As a result, most of them end up losing their land to banks and this discourages them.

Also most of the small scale business people lack skills to run the business.

7. Francois Stepman, Platform for African - European Partnership in Agricultural Research for Development, Belgium

Dear Maria,

You are right to say that small holder farmers have [very] limited capital. In addition they are not considered as credit worth **when operating in isolation**. A just published study Putting heads together: Agricultural Innovation platforms http://www.kitpublishers.nl/net/KIT_Publicaties_output/showfile.aspx?e=1953 makes following interesting remark about a Soybean cluster in Ghana (page 79):

- Thanks to cluster meetings, new modalities through which farming credits could easily be accessed by farmer groups have been explored with the rural banks and co-operative credit unions. (p. 84)
- Financial intermediation is what will hold cluster actors together for a longer time. This may start with support from development projects, but these are not sustainable in the long run. The most sustainable source of financial intermediation in agribusiness clusters are financial institutions. (p. 87)

I have also found following study enlightening (unfortunately it only exists in French) Organisations professionnelles agricoles et institutions financières rurales. Construire une nouvelle alliance au service de l'agriculture familiale. <http://paepard.blogspot.com/2011/03/organisations-professionnelles.html>. The core message of this study is that partnerships along a value chain, increase the trust of rural banks towards smallholders.

8. Christian Chileshe, 3C Development Management & Entrepreneurship Experts Limited, Zambia [first contribution]

While studies have shown that access to finance is a key constraint to small-holder investments in agriculture, research has not focused enough on root causes of this scenario. Even findings around low levels of financial literacy do not really get to the very root issues, because one may still ask, "why low levels of financial literacy?".

In the work we have been doing, entrepreneurship is emerging as the likely number one root cause. I am not referring to business management skills, but rather to mind-set and cultural aspects that affect how individuals and communities perceive opportunities and how they organise resources to exploit them with the view to enhancing their wellbeing.

Our hypothesis is that there is a direct relationship between entrepreneurship and access to finance. Put simply, the level of entrepreneurship affects

- how a business idea is presented to a prospective provider of finance,
- how finances are managed and credit agreements honoured,
- how wealth is built and linked to further opportunity to access more finance
- etc

Conversely, access to finance can unlock entrepreneurship potential.

Various negative experiences of financiers in small-holder agriculture have often made them retreat. Others have learned from their peers and stayed away. There is also often this general inability to clearly ascertain risk levels. And in such cases, financiers will often assume the worst!

I think that the study should look at how levels of entrepreneurship impact financial access, and what specific aspects of entrepreneurship are key to unlocking financial access and so enhancing small-holder investments.

This may not appear easy (because of the nature of entrepreneurship), but research breakthroughs of the last few years in the areas of psychology and sociology of entrepreneurship makes it one of the next practical step in development practice (i.e applying it to development practice and making things work better for the poor).

The study outcomes will enable actors to appreciate the need to develop clear livelihood interventions around entrepreneurship development that will produce real and enduring impact, and also ascertain how to go about it.

The ILO has probably gone quite far in this direction but has locked the entrepreneurship development process within a business context, thereby 'compartmentalising' livelihoods and in the process, losing significant chance of real impact.

9. Walter de Oliveira, FAO, Sierra Leone

Several researchers have identified in the ability or inability of small and marginal farmers to make a profit from agriculture as a core issue that makes the farmers highly vulnerable to adverse external situations.

Support to small-scale farmers and the rescue of their ability to produce for local markets are complementary and important strategies. In addition to reducing reliance on volatile commodity markets, it generates income and employment in addition to a healthy diet diversification.

In the majority of developing countries, farming is the most important (if not the only) safety net providing employment and income generation, which have direct impact and stimulus in the local economy.

Small-scale farmers "traditionally" have to deal with:

- Limited access to land and particularly irrigated land;
- Limited knowledge of modern production technologies. Extension services are usually only provided through donor funded projects and to a limited number of beneficiaries;
- Lack of access to markets due to small volume produced by individual farmer, distance from market places and lack of transportation means;
- Lack of access to credits due to high cost of borrowing and limited knowledge regarding preparation of business plans;
- Lack of vertical and horizontal integration to increase production and marketing;
- Lack of specific policies (or lack of enforcement of those policies) supporting income generation, in particular related to access to credit, market, land and irrigation.

It is therefore, important to work with all levels of the value chain (e.g. actors, supporters and influencers) in order to facilitate the creation of an enabling environment where small farmers can prosper.

The sustainability of any development agency's (especially FAO) interventions will however depend on policies the Government will put in place to encourage increased small-scale farmer's production and marketing.

Considering the fact that together, smallholders use and manage more than 80 percent of the farmland (and similar proportion of other natural resources) around the world, cropping, harvesting and marketing is what will makes the economy of small farmers function. Lessons from some developing countries (e.g. China, India, Vietnam, Brazil) shows that small-scale agriculture can play a major role in reducing poverty and food insecurity as well as increase rural employment, if they are supported by consistent and appropriate public policies. As mention by the World Bank, "strengthening farmer-to-market linkages is a crucial objective in promoting agriculture". Well-functioning markets are important because farmers need a place to sell their products and need good prices if they are to be able to afford the investments necessary to increase productivity (machinery, irrigation, processing, etc.).

If small-scale farmer is supported by a network of permanent and simultaneous public policies, including credit lines, rural extension services, agricultural insurance, price policies and government direct purchase, etc., they can respond efficiently to fluctuations in food prices, increase food production. The sector can emerge strengthened, diversified and sustainable and able to contribute to the economic development of the whole country.

10. Christian Chileshe, 3C Development Management & Entrepreneurship Experts Limited, Zambia [second contribution]

Hi Walter,

You bring out very good points on the various impediments and paint scenarios of what needs to be.

My complimentary view (as raised in my earlier submission) relates to what needs to happen from the farmer end.

Probably most of the limitations you cite would directly or indirectly be addressed by higher levels of farmer entrepreneurship. Some of the challenges are not just around the farmer, but are with the farmers themselves as individuals and communities.

Without addressing this aspect, changes focusing on the environment have, as has been observed, benefited the more entrepreneurial and non-indigenous people groups that have moved in to seize emerging opportunities. Social tensions sometimes arise as a result.

The study may therefore need to try to understand aspects in the realm of farmer entrepreneurship that affect productivity, integration/linkages, access to factors of production, etc.

This would inform interventions targeting the farmer (whilst others target the environment).

11. Kazi Eliza Islam, Heifer International, USA

Dear Moderator,

My name is Eliza working with Heifer international USA. Our goal is to improve food, and economic security of small holders especially women by enhancing their capacity to achieve maximum benefits from agricultural farming including livestock. Though small holder farmers across the world face diverse context specific challenges many of those challenges are common or more or less similar across countries or geographical regions.

I think due to intensive investment and capacity building initiatives by various organizations, there are some remarkable improvement in crop production (both food and cash crop), crop diversification, and livestock product such as milk and meat. Many of the small holder farmers are now able to grow more food or cash crops. However, the scale (numbers of farmers who are able to achieve these benefits) and overall productivity (profits and benefits generated through increased production) is still very low. Because most of them are still facing several challenges: Following are some of my observations:

(a) Due to high cost of agricultural inputs (quality seeds, fertilizer etc) and services majority of these poor farmers cannot afford these. Distance is another big barrier. In most cases the farmers are to travel district or provincial levels to get those inputs or seek services. Due to lack of adequate or affordable public transportation system, this distance is another barrier for them to avail these services. Though there are provisions for govt agricultural extension or veterinary services in almost all countries, their capacity and accountability is a big issue. In most cases these services are very poor or exist only on paper.

(b) Access to financial capital is another big and common barrier that almost all small holders farmers across the world face. Even though some time they have access to land or have enough knowledge and skills to increase their productivity, they lack financial capital to invest in farming. As a result in many places they seek assistance from highly exploitative financial services such as rural money lenders or some sorts of local groups. In most case these types of loan charges more than 50%, sometimes even 100% interest rate. The interest rate and repayment system is not at all beneficial for the poor farmers to invest in any profitable business or agricultural activities rather these types of exploitative loans are eroding their limited capital.

(c) Access to formal, organized and profitable market is another big challenge for more or less all small holder farmers across the globe. Sometimes even they are able to grow more, they are not getting the benefits from increased production because in most cases they are to rely on local market or middle men to sale those produces at much lower price. Issues around distance,

transportation, market information, linkages with private sectors, storage and processing of crops, vegetables, milk and milk products..... all these are preventing small holder farmers from getting maximum benefits of their hard work and increased production.

(d) Access to water: especially in east and sub-saharan Africa is a major problem. Availability of water for cultivation and even for domestic use is a big challenge. This is adding extra burden on women and children who are usually culturally responsible for fetching water, without addressing water issue achieving any optimum growth in agriculture or livestock sector is very unlikely.

(e) Gender and women empowerment: Though a huge proportion of small holder farmers across the world are women, their contribution to this sector is extremely neglected. Moreover, in general women lower status in society and various discriminatory social or cultural norms and practices, such as lack of ownership of land or other productive assets, decision making power and participation in decision making forum at family or community level, violence, labour division..... all these are major barriers to rural poverty and sustainable development. Any initiative to improve socio-economic empowerment and sustainable development of small holder farmers must have to address proactively gender and women empowerment issues. However there are huge opportunities as well, because these farmers are extremely hard working and rich in indigenous knowledge and practices. There is a huge potential to sustainably reduce global poverty through empowering small holder farmers if they are support with appropriate agricultural, marketing and financial policies and service.

Considering all those issues I think the proposed study should focus on:

- Identify barriers/gaps in policies (agricultural, financial, marketing, climate change, infrastructure, communication and transportation) that directly affect small holder farmers and their productivity and propose action for improvement;
- Explore profitable and viable marketing opportunities, value chains and financial services/credit opportunities, ways to involve private sectors and demonstrate successful models;
- Identify ways to improve governance, responsibility and accountability of government as well as private sector, and civil societies.

Regards

Kazi Eliza Islam

Program Design Manager

Heifer international, Little Rock, USA

12. Lisa Kitinoja, The Postharvest Education Foundation, USA

Many of the forum posts have mentioned increasing production and enhancing productivity, but with the high levels of postharvest food losses that have been documented in developing countries by FAO, USAID, BMGF etc, I believe it is important to include a look at the postharvest constraints which should be given more emphasis when considering smallholder investments in agriculture and horticulture. Farmers grow and harvest foods, but the value chains includes many other actors who then handle, package, transport, store, process and market these food crops. When postharvest functions are neglected and there is a lack of local investments (in proper containers, tools, cooling practices, storage structures, transport vehicles, food processing facilities, etc) then 30 to 50% of the food can be lost before it can reach consumers, the resources used for production are wasted, rural jobs are not created and farmers wind up earning less than they would be able to earn if there was a more functional postharvest and marketing system in place.

Dr. Lisa Kitinoja
The Postharvest Education Foundation
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www.postharvest.org

13. John Andrew Siame, JASCO Agricultural Services and Consultancy, Zambia

Dear Moderator,

I would like to add my thoughts to the debate on challenges of financing small scale farming.

My contributions are focussed on state of infrastructure and availability of loanable finance:

1) **Infrastructure:** Undeveloped infrastructure discourages investors from going out to the rural areas, as taking inputs and delivering produce to the markets becomes extremely expensive and makes it difficult to make profits at parity prices.

Small scale farmers who farm in remote rural areas of the country, where road infrastructure is poorly developed, experience severe difficulties to access quality inputs to use on their farms, in their endeavours to follow recommended agricultural practices for achieving desired plant growth and productivity. These farmers are often very enthusiastic to use quality inputs but are often discouraged to access them by the long distances they have to walk to access them (Siame, 2005). Walking such long distances is discouraging as it is tiring and withdraws labour from productive farm chores. When farmers fail to source quality seed and other inputs they resort to planting re-cycled seeds of the crops that they grow and using sub-standard fertilizers and other inputs that may be available to them. This leads to poor yields, low quality of the produce and the consequent low returns to labour. This lack of appropriate and recommended inputs amongst small scale farmers is common in all remote rural areas of Zambia and it is seen as the largest contributor to low adoption of agricultural technologies [early planting, seed types, fertilizer use, irrigation, integrated pest management, farming systems (conservation agriculture, crop rotations, intercropping, relay cropping, use of mechanical implements, to mention a few)] vis-a-vis other factors (poor product markets, unfair fair product prices, poor road infrastructure, unpredictable weather conditions, lack of family/hired labour, high labour intensity, lack of credit and high poverty levels) (Siame and Mwasi, 2002).

As a result of this eminent lack of inputs and other requisites necessary for sustained engagement in agricultural production by small scale farmers, it has been observed that there has been a limited impact of improved agricultural technologies on the production systems of most small-scale farmers as they have continued to use **traditional crops**, which are typically open pollinated and are commonly re-cycled, limiting their yield capacities; and **farming systems** (including the destructive and environmentally harmful and outlawed slash and burn or *Chitemene* (MAFF, 1991).

2) **Lack of credit:**

The cost of credit is very high. Banks charge very high interest rates on any capital they lend as they avoid taking any risks, themselves, altogether. This inability of banks to share risks with the borrowers is often attributed to limited understanding of agriculture, within banking circles. Collateral requirements are very high, making it difficult to secure enough credit. Farmers report two related issues. First, they believe that banks ask for excessive collateral relative to the sizes of loans that farmers request. It is sad to note that collateral requirements often exceed 100 percent of the loan size and quite often reach as high as 250 percent in some cases. Second, farmers believe that banks often undervalue the assets that the farmers put forward as

collateral, quickly exhausting the farmers' asset base and making it difficult to find assets to offer as collateral.

Only short-term loans are available and repayment terms are often inappropriate.

Given these scenarios, it is difficult for farmers to adopt technologies that would require large capital outlays.

Dr John Andrew Siame, PhD – Agronomy

Consultant - Farming Systems, Food Security and Natural Resources Management and Productivity +SME Development-Southern Africa/Zambia

JASCO Agricultural Services and Consultancy

Private Bag E 891, Post Net 502, Manda Hill, Lusaka, Zambia.

14. Berhe Tekola, Animal Production and Health Division (AGA), FAO, Italy

Dear colleagues,

please find below comments on the above subject from the Animal Production and Health Division of FAO.

This will be an interesting study. I note that the term Agriculture is used throughout. Is Agriculture understood as Crop AND Livestock?

We trust smallholders investment in livestock production will be considered in this study (whether it is only livestock or within crop-livestock integrated systems). Access to markets, competitiveness, the crucial role of women and youth, resilience, the preservation of biodiversity, environmental sustainability are all relevant topics when assessing the future of smallholders involved in livestock production as well as crop production. But they might require a different analysis.

Note that the outcome of this study will be of the highest interest to all those involved in livestock production and health. Let us know if there is a need to discuss livestock related issues.

Regards,

Berhe Tekola

15. Bhubaneswor Dhakal, Nepal

The HLPE indicated that constraints to smallholder investment in agriculture vary with country, community and context. It is true. For example many participants in this forum have given overriding priority on access to credit. However, access to short term credit is not a big problem for smallholder investment in agriculture in Nepal because many saving groups and financial agencies are active in rural areas.

The critical and growing problem is **access to ploughing technology which is beyond the investment capacity of the smallholders**. This problem has got little attention in agricultural policy at both national and international levels.

I would like to share the problem in the forum.

Almost all Nepali hill farmers are smallholders in term of holding size, scale of production and production objective. The hill farming is based on draft animal and manual labour power except for a few foothill farms close to urban localities.

Now, the small farmers are facing critical shortage of animal and manual power due to reduction fodder supplies, restriction of grazing in community lands and migration of labour. As a result abandonment of farming land is increasing. Increasing price of fertilizer and reducing production of farm manure, however, is also contributing on the abandonment.

The agricultural development experts of international organizations might have better understood that the small farmers find difficult to farm without cooperation of neighbours.

Farmers require cooperation of neighbour to finish farming activities in time and reduce incidences of pests in the marginal landholding. Due to this relationship, the abandonment of one farm creates socioeconomic and biotic pressures on other farmers to abandon their land, and a positive feedback loop (reinforcing) accelerates the land abandonment process. This has a big impact on food security and mountain socioeconomies. The farmers have marginal size of landholding which require a consolidation to use in low labour demanding economic activities. The lands are less likely to be converted on other low labour demanding uses due to political complexity for introducing new land reform policy. The mountain lands are going to be economically wastage. To break the vicious circle and adapt to new socioeconomic condition the hill farmers require access to efficient mechanical ploughing technology.

In terms of technology development and adoption trends the mountain farmers are adopters of spill over technologies. It means the technologies were developed by targeting users in other countries and the mountain communities are secondary users. Mechanical ploughing technology which can be suitable to the rugged terrains of the mountains, have not been developed in other countries. The consumers of the ploughing technologies are smaller in size and hence not very attractive for business holders to invest in. Small farmers cannot invest to develop such technology which is also proven in other countries in the world. In this case the primary problem is not constraint of smallholder investment but availability to invest.

The technology should be developed specifically for the area which requires a substantial investment and commitment of the government or international aid agencies. This interest is hardly seen from the government and from so called development support organizations or agencies working in the region. Critics often argue that bilateral agencies have ignored the problem due to potential benefit for their agriculture products.

Fundamentalist environmentalists, as shown in past, might have been happy with the failure of the hill farming systems, thinking to use the lands for their interest and benefits. This type of problems can be prevailing in other areas and countries. If the HLPE report gives adequate importance to the development of such technologies it would benefit the desperate small farmers and make substantial contribution on food security and nutritionally benefit the world. It would also benefit most women who are physically suffering from the burden of farm work and mentally from the overseas migration (for work) of soul mates.

Thank you very much for reading my opinions.

Best Wishes.
Bhubaneswor Dhakal

16. Chris Cook, Nordic Enterprise Trust, UK

Hi,

Some interesting contributions.

I work with the Nordic Enterprise Trust in Scotland, where with a little seed financing from Innovation Norway we developed some simple but radical thinking in relation to legal and financial structures and direct 'Peer to Peer' credit (not debt); and 'Peer to Asset' investment.

I was appointed last year as a Senior Research Fellow at University College London's Institute for Security and Resilience Studies <http://www.ucl.ac.uk/isrs/about/fellows/ChrisCook>

Our approach to a networked, decentralised and dis-intermediated (and hence resilient) economy concerns agreements, rather than organisations, and tools with which individuals and organisations of all types may link to mutual advantage.

These agreements are inherently co-operative, so smallholders may link up to share the use of facilities (as with Machinery Rings in Scotland, but using updated structures) which I am sure is relevant in the context of Nepal:

http://www.ringleader.co.uk/about_us/index.php

Central to our approach is the idea that an agreement may essentially enable what we call a 'Nondominium' - that is to say a neutral agreement within which stakeholders may come together with none of them dominant. This post was written in the context of a 'macro' issue, rather than a 'micro' issue as here, but may give an idea:

<https://blogs.ucl.ac.uk/resilience/2011/10/04/nondominium-establishing-consensus-and-collaboration-for-the-caspian-nations/>

The Nondominium agreement enables the usufruct of the land to be shared equitably between those who manage it, and those who invest in it.

The key is the tool we use for investment - ie 'Stock'.

<https://blogs.ucl.ac.uk/resilience/2012/01/09/a-stock-answer/>

Stock in its original form is not new: it has simply been forgotten. It pre-dates the banking system, limited companies, and debt funding, and is the simple concept of an undated credit returnable in payment for value.

Using this approach there need be no interest, in terms of money paid for the use of money. Simply by selling future production (if any!) at an agreed discount reflecting equitable risk and reward, investors (including consumers 'paying forward') may obtain a 'rate of return' on their investment which is literally the rate at which 'stock' can be returned to the issuer in exchange for value.

This recent presentation is relevant

<http://www.slideshare.net/ChrisJCook/ethical-is-optimal>

Also this earlier one re community partnerships

<http://www.slideshare.net/ChrisJCook/keith-community-partnership>

This presentation predates the use of relatively recent 'Nondominium' and 'Stock' terminology but should give an idea.

Using this approach, it is possible to 'monetise' value such as energy value in a completely non-toxic way.

eg the 'Wood Pool' concept we are developing in Scotland for direct investment in the energy value of embedded carbon (which is inherently valuable), rather than the flawed idea of administratively monetising CO2 which is worthless.

Hopefully Forum members will find these concepts - which require no change in law to introduce - useful.

17. Joachim Bénébamba Tamalgho, Burkina Faso

[Original contribution in French]

Dans les pays en développement, plus de 70% de la population sont des petits producteurs. De plus beaucoup d'entre eux sont malheureusement analphabètes, en outre ils n'ont pas assez d'information concernant le circuit de crédit. Cela cause un problème important au niveau du financement de ces petits producteurs.

Au cours d'une étude que nous avons participé, on a constaté que beaucoup de petits producteurs ayant bénéficié de la subvention n'arrivent pas à faire prospérer leur activité dans le long terme. Cela est dû au manque de formation dans l'activité qu'ils mènent ou au manque de suivi. Ces constats font que l'Etat et les partenaires sont souvent réticents envers les petits producteurs.

Ainsi pour qu'un investissement soit rentable au niveau des petits producteurs il serait judicieux d'alphabétiser le monde rural qui compose la majeure partie des petits producteurs ensuite leur inculquer certains rudiments de l'activité qu'il mènent; cela leur permettrait d'améliorer la production. En outre les partenaires et l'Etat doivent lever toutes les contraintes inhérentes à l'obtention des crédits au monde rural. De plus les petits producteurs devront être accompagnés par des services techniques compétents qui maîtrisent les cycles de production des spéculations.

[English translation]

In the developing countries, more than 70% of the population is smallholders. Furthermore, many of them are unfortunately illiterate, and additionally they do not have enough information about sources of credit. This causes a serious difficulty in terms of financing such smallholders. In a study in which we participated, we ascertained that many smallholders, who receive grants, cannot make their business prosper in the long term. This is due to a lack of training in the activity they pursue or to a lack of follow-up. These facts mean that the State and its partners are often reluctant concerning smallholders.

Thus, for an investment to be profitable at the level of smallholders, it would be sensible to teach the rural population, which includes the majority of smallholders, to read and write, and then instruct them in the rudiments of the activities pursued; that would enable them to improve their production. Furthermore, the State and partners must lift all the restrictions imposed to the access to credit for the rural sector. Also, the smallholders should be supported by competent technical services which understand the cycles of speculative market production.

TAMALGHO Bénébamba Joachim
Adjoint Technique de la Statistique
au Ministère de l'agriculture et de l'hydraulique

18. Yaogan Amédodji Akpadja, Monde Volontaire pour le Développement, Togo

[Original contribution in French]

« Quelles sont les contraintes qui limitent ces investissements et que peut être fait pour encourager les investissements dans l'agriculture paysanne? »

S'il y a une erreur que nous avons fait dans notre éducation scolaire, au Togo par exemple d'où je suis originaire, c'est bien d'inculquer aux élèves dès le bas âge, que travailler la terre est une punition.

En effet, lorsqu'à l'école un élève commet une faute, on lui renvoi directement à la houe, à un travail forcé dans un champ. Chose qui a été peu à peu avec le temps perçue comme répugnant. Alors notre génération, actuelle à grandit avec cette façon de penser un peu fausse de l'agriculture. Or, nos parents sont arrivé à des âges avancés et ne peuvent plus faire le travail de la terre. Résultat: baisse de la production agricole, par manque de main d'œuvre propre et qualifiée dans le secteur.

S'il y a une contrainte qui selon moi limite les investissements dans le secteur agricole, c'est bien, la manque de volonté de nous jeunes d'investir dans ce secteur. En plus, il se fait que tout le monde veut, après des études d'agronomie, travailler dans des bureaux climatisés au lieu d'être sur le terrain. En plus d'une faible force de nos paysans, il y a comme l'a souligné un intervenant sur la toile, le peu d'adaptation de nos paysans aux nouvelles techniques, leur analphabétisme. Une autre contrainte non des moindre a souligner, est la mauvaise répartition des investissements, et une corruption interne au sein de nos pays sur la gestion des fonds. Il y a près de 3 ans que je recherche un financement pour relancer la ferme agricole de mon père après de brillantes études en climatologie et en commerce international, mais que je n'y arrive pas. Les investisseurs font plutôt confiance à de grandes structures qui en réalité n'arrivent pas à faire un suivie des travaux sur le terrains. Ces structures qui ne sont autres que des gros cabinets de rédaction de projets ont des atouts pour décrocher des fonds que nous, jeunes n'avons pas. C'est là que réside le plus grand problème.

Pour encourager les investissements dans l'agriculture paysanne, il faut une approche vers la base. Traiter directement avec les paysans, les jeunes, les groupements de producteurs, et les collectivités locales. C'est le seul moyen pour avoir des bons résultats.

Merci.

Cordialement.

[English translation]

If there is an error in our school education, in Togo for example where I come from, it is indeed to instill into children from an early age that working in the fields is a punishment.

Indeed, when at school a child makes a mistake we send him straight to hoe, to forced labor in the fields. A situation that little by little in the course of time has been perceived as repugnant. Thus our current generation has grown up with this somewhat distorted view of agriculture. Meanwhile, our parents have reached old age and cannot work the land any more. As a result there is a decrease in agricultural production due to lack of dedicated and experienced labor in this sector.

The major constraint that limits investments in the agricultural sector is, in my view, the lack of interest of young people like ourselves to invest in this sector. Besides, after studying agriculture, everyone wants to work in an air-conditioned office instead of being in the field. In addition to the insufficient work force of our farmers, there is a problem, as was emphasized by a panelist on the website, of lack of adaptation of our farm workers to new techniques and their illiteracy.

Another constraint, not least important to highlight, is the unfair sharing of investments, and an internal corruption at national level regarding the management of funds. I have spent almost three years trying to find financing to relaunch my father's farm, after outstanding studies on climatology and international commerce, but I have still not succeeded. The investors have more confidence in big set ups, which in practice do not follow-up on the work in the fields. These organizations, which are really just big project development companies, have the attributes needed to get funds released that we, young people, do not have. That is the biggest problem.

In order to encourage investments in small scale agriculture it is necessary to go to the roots and to deal directly with the farm workers, the young people, the producers associations and the local communities. It is the only way to get good results.

Yaogan Amédodji AKPADJA
ONG Monde Volontaire pour le Développement

19. Muhammad Suleman Hasher, Ghazi Brothers, UAF, Pakistan

There are number of constraints, presently encountered by the Rural people. Firstly, they have limited access to the credit, in order to get the inputs for timely cultivation of crops. Usually, the procedure for obtainment of credit from any financial institution is quite hectic and thus the credit obtained is very expensive in terms of repayment. High mark up rates, make it very difficult for the farmers to pay it back well in time. So, the investments usually meet with failures in terms of returns. Secondly due to lack of market knowledge, the people are unable to market their produce on appropriate time, with appropriate prices.

20. Jean Marc Boussard, France

The main (and, indeed the only) obstacle to investments (and production increases) by smallholders in Africa and other developing countries simply lies in the difficulty to be sure of being able to purchase inputs in due time and sell products at a reasonable price. Think of the problem of a woman having to walk 15 km with a 20kg load of millet over her head to sell it on the next market, hoping 20 \$, but not sure not to get only 2. Who would take such a risk ? Which bank would lend only 10\$ for such a risky venture ? Indeed, the only rational attitude in such a context is simply to stay at home, and produce just the quantity needed for the household. Each time this kind of obstacle has been circumvented, large increases in demand for credit and in production have been noticed, as shown, among many others, by the (unfortunately, outmoded) "MADIA" study for the World Bank (LELE, U.: Agricultural growth, domestic policies, the external environment, and assistance to Africa : lessons of a quarter of century, Madia discussion paper, World Bank , Washington, 1989).

Of course, overcoming this obstacle would imply some sort of public intervention. It is not a fashionable recommendation nowadays. Yet, between the blind confidence in markets (which are rarely functioning as they are supposed to do in basic economic textbooks) and the Sovietic Gosplan, there exist possibilities for private entrepreneurs and public institutions working together hand to hand. Public institutions should provide "hard" infrastructures (such as roads), but also (and this is fundamental) some sort of "soft" infrastructure under the form of a safe environments for investors. This can be done through price stabilisation, and guaranties to borrowers, even if the old precept "the State should never touch products" still holds. Private entrepreneurs would then have interest in seizing the opportunity to make money from secured investments....

That's the way European agricultures emerged from the ruins of World War II. Why should African agricultures be submitted to different rules ?

21. Ernest L. Molua, PhD (Agricultural Economics), Centre for Independent Development Research, Cameroon

The challenge to ensure that smallholder farming and agricultural investments are ecologically friendly - preserve biodiversity and achieve environmental sustainability, is the Achilles heel of agricultural policy making in tropical agriculture, especially in the Congo Basin of the Central

Africa sub-region - vital for its contribution to climate change mitigation and biodiversity preservation. There is need for increased public investment on effective communication, awareness raising and capacity building of farmers in ecologically-smart yet economically profitable agricultural practices/systems. And also important is the institutional and financial support to enable smallholders to make the transition to this kind of agriculture on a large-scale or increase its intensity within the frame of land accessibility.

I also agree with John on the issue of Credit. The approach has been to allow for markets cater for farmers' access to credit, and micro-finance was thought to be a panacea. This has over the years shown not to be possible.

There is need to conceive new approaches through which finance could be made possible for small-scale agricultural investments.

The concept of farmers bank or agricultural bank must be revived for countries that this no longer exists. and the protocol for such banks to value farmers assets must be revised; and it is a fact that the state must support such financial institutions for their effective take off, viability and sustainability; even in rich developed countries the wellbeing of the agricultural sector 'was' and 'is' still being 'assured' by the state.

Ernest L. Molua, PhD (Agricultural Economics)
Centre for Independent Development Research [CIDR]
P.O. Box 58 Buea
Southwest Region
Republic of Cameroon

22. Kanchan Lama, WOCAN, Nepal

Dear FSN forum members,

Please find my views on the actual questions

Scope:

I think the scope of the proposed study is appropriate and timely , because rural women in developing countries have been facing quite difficult time and conditions to feed their families, their constraints need to be explored and verified. The study can establish the facts about the socio-economic, physical and policy wise constraints faced by the small holder farmers, specifically the women farmers, to manage food security. The context demands such a study, to explore the constraints related to absence of youth labor at home due to migration has compelled the women farmers to leave land fallow as they cannot hire labor; lack of or inefficient extension services and expensive agricultural inputs, e.g., seeds, fertilizer, pesticide, including training and information about breeds etc. Lack fo credit facilities, except a limited number of self managed small scale saving and credit groups and local cooperatives, lack of right to land by women farmers for accessing formal credit, smaller land size of the smallholders as well as low capacity to buy and own land for cultivation, etc. that are stumbling blocks for the small holder farmers' investment.

Elements

Gender dimension in smallholders' investment related to land ownership, credit accessibility, and related decision making constraint faced by women of the small holder farmers families as well as traditional pattern of credit given by landlord making the smallholders slave to the

landlord that discourage smallholders to grow more, shared farming by smallholder farmers, etc could be included in the study proposal

Main points

- land right of smallholder farmers
- credit management at local level by self help groups through local cooperatives
- land use pattern of the smallholders
- collective farming by smallholder farmers
- marketing access/strategy for smallholder farmers
- smallholder farmers position in Farmers' Federation

Thanks,

Kanchan Lama
WOCAN Associate

23. Benjamin K. Addom, USAID, USA

Interesting responses to this topic even though I'm unable to read through all. But I wonder if the issue is with investment or rather the optimization/maximization of the investments.

From my few years of experience working directly with smallholder farmers and as a smallholder farmer myself, I know that they put in so much investments as possible to ensure food security within their localities. This is mainly in the form of human resources, time, and other material resources. But the outcome is far below the investments leading to food insecurity.

Also my few years with the external community shows the enormous investments going into agriculture in financial and technical assistance areas. But how are these being used to reduce the food insecurity? How are these external investment matched with the internal investments by the smallholder farmers? Who takes time to understand and match these investments for increased food security?

So we may also want to think about how to improve these investments. That is what I think is the main problem.

Benjamin K. Addom, PhD
Research Associate
USAID's Global Broadband and Innovations Program
Washington DC

24. Kien Nguyen Van, Vietnam

Dear Sir/ Madam,

In my opinion, we first should deliver a definition of smallholders. To my knowledge, the term smallholder usually refers to those farmers working in small scales, adopting appropriate technologies, making small investment, employing few people, using simple management procedures, serving narrow ranges (self-sufficiency, community, inner-region) and finally creating agricultural products in low quantities.

Constraints to smallholders investment should be considered under aspects of purpose of investment such as

1. food and nutrient security or
2. competitive agriculture products and profits.

If the purpose of investment is the first, there are no constraints as it reflect the nature of smallholders

If the purpose of investment is the second there will be a big problem.

Agriculture products of smallholders will be considered as a kind of agriculture commodities and must meet to all the standards and regulations of the market. This requires smallholders to have capitals, technologies, management skills as well as information on markets and policies. In this case capital and technologies will be the two keys.

25. Jeroen Dijkman, FAO, Italy

The following observations on the scope and building blocks of the study :

- The underlying reason for the study appears to be ‘the survival of this form [i.e. smallholder] of production’. It thus seems to suggest that the initiators of the study regard smallholder production as an end point of development, rather than a starting point;
- It would be useful to state more explicitly, in that respect, what the actual objectives of the study are? The document states that it ‘expects to identify many under-exploited opportunities to help increase and improve smallholder investment in agriculture’ – but these are to be viewed from the perspective of maintaining smallholder production systems only? Or are other opportunities and results that contribute to food production, poverty reduction and gender empowerment equally considered?;
- If this is not the case – as seems to be implied-, wouldn’t this inherently lead to a lack of recognition/consideration of other developmental scenarios and agricultural sector transition paths that may have far greater potential but that would require different or additional investment paths both within and without the sector?;
- In the building blocks of the study, it is mentioned under (5) that the study will identify ‘cases of successful investment in agriculture’. It would be helpful to indicate what criteria the study will use to label something ‘successful’ (one assumes again that this would be linked to the ‘maintenance of smallholder production systems’ only), and, in addition, to also include cases that have ‘failed’ in such an analysis;
- The review of ‘theory’, ‘diagnostic’ etc. seem to take a rather forced and restricted analytical framework – again based on the assumption that investment in the maintenance of smallholder production systems is the sole available and appropriate solution to food production, poverty reduction among others. Couched from this sole perspectives, it will be no surprise that the study will be able to construct a ‘theory’ to support this starting point. To ensure, however, that the study contributes to a broader understanding that the investment in smallholder agriculture could make to poverty reduction etc. under different scenarios, the perspective of the study will have to be broadened, and be situated -and deal appropriately- within the current sector development context – and not start with one single solution;
- The rest of the description of the elements of the study appear to be equally narrowly focused on confirming that the ‘solution’ selected by the study can be confirmed and further promoted. Again, in specific contexts it may well be that investment strategies in smallholder production may indeed be part of / contribute significantly to food security and poverty reduction – but the study design and perspective taken will not be able to objectively confirm this as, given its current design, it appears to ignore alternatives and contemporary development contexts.

Kind regards,
Jeroen Dijkman

26. Robin Willoughby, Concern Worldwide, UK

Dear Moderator,

Many thanks for the opportunity to input into this discussion. My key points on the documents are below.

Overall points

I think that the document needs to be clearer on the how the method and building blocks will contribute to meeting the objective. The text clearly states that the study has two clear objectives: to identify constraints to smallholder investment in agriculture and to explore strategies pursued by smallholders and others to overcome these constraints. The method should clearly reflect this and should be narrowed as I think that it is trying to do too much.

Scope

To narrow the scope, the following questions should be considered. We can assume that you are not talking about small-scale family farms in more advanced economies, but this is not explicit in the text. Clearly defining smallholders and then discussing the context would help to narrow this study.

- What is the definition of smallholders?
- Are you considering a particularly context, or group of countries, or vulnerability as this is not clearly explored here?
- Are you including agro-pastoralists? Pastoralists? Or fisher-folk?

Key emphasis points

In our experience (at Concern Worldwide) key constraints for smallholders include:

Physical constraints

- Small landholdings mean that not every farmer will be able to produce a surplus, in some areas landholding sizes are declining rapidly due to sub-division and population pressure on land
- Insufficient and erratic rainfall, exacerbated by a lack of irrigation
- Poor soil quality and a loss of soil due to environmental degradation
- Remoteness, many rural areas in low-income countries lack infrastructure meaning that inputs and services are difficult to come by
- Ill-health in the household can cause labour constraints and cause difficulties for women who have to undertake a multiple role as farmer, carer and income provider

Socio-economic constraints

- Many national governments fail to allocate a large percentage of their budget to agriculture, and the money that is invested often goes to more commercially orientated farmers
- Poor rural services in some countries mean a difficulty in accessing inputs, credit services, extension services
- Decentralisation may have caused a void in the provision of services in local areas in a large number of countries

Moving towards solutions

Policy solutions to support smallholder farmers should be structured around the aims of increasing productivity for smallholders in an environmentally manner, improving access to markets, and providing a voice for this group in policymaking.

When the project team finalise the terms of reference for the study, we would be very happy to share our experience in this area.

Kind regards,

Robin Willoughby (Concern Worldwide)

27. Sara Delaney, Episcopal Relief and Development, USA

The post from Benjamin Addom [*previous contributor, Ed.*] from USAID inspired me to post something here.

I agree completely with the range of specific issues brought up by other contributors, but I thought that Benjamin touched on something important - the gap between the relatively high level of investment that is not coming in for international food security and agricultural development programs, and the lack of understanding by some of those at higher levels making the investments of how this money can really best be used.

Benjamin is also right in that a huge amount of personal investment is being made by smallholder farmers around the world, whether they are participating in funded development project aimed at improving their production, or not. The will and the desire is there on the ground, they just need the right type of support.

After having worked both hands-on with these farmers in the field in a number of countries, and participating in higher-level funding and advocacy forums, I feel that while the bigger issues are now widely recognized and mentioned (importance of working across the value chain and linking to markets, of infrastructure, or including women effectively, of incorporating low-input techniques such as conservation agriculture...) - the question remains, who should the money be going to, and how can these programs be best designed to really help farmers?

It is an issue I am trying to tackle in my current position, and I hope that one of the policy instruments recommended might involve more face to face dialogue between the NGOs, CBOs and others implementing programs, and those making funding decisions, so that the high level ideas can be matched with realistic opinions on what works and what does not.

28. Emile N. Hougbo, University of Abomey-Calavi, Benin

[French version]

Les contraintes à l'investissement des petits exploitants dans l'agriculture pourrait être rattachées à la théorie du cercle vicieux de la pauvreté de Ragnar Nurkse(1907 - 1959), Economiste américain d'origine estonienne, considéré comme l'un des pionniers de l'économie du développement. Sur le plan pratique, ces contraintes sont liées aux stratégies déployées par les exploitants et aux modes d'intervention extérieure qui ne sont finalement pas favorables au relèvement de leur niveau de vie. Il importe donc d'expliquer un peu comment le phénomène se manifeste et quelles en sont les causes.

Les manifestations

La théorie du cercle vicieux de la pauvreté de Nurkse permet de relever ces manifestations. En effet, la pauvreté des petits exploitants agricoles est due au faible revenu dont ils sont l'objet. Ce faible revenu ne leur permet pas d'épargner ou leur permet d'épargner peu. L'accumulation du capital qui en résulte est donc faible ; ce qui ne leur permet pas d'investir suffisamment afin d'accroître la productivité de leurs facteurs de production. Il ne leur est donc pas possible de profiter d'une bonne part du marché. Les systèmes de production développés par ces exploitants sont peu compétitifs, de sorte qu'il leur est difficile, voire impossible, de réaliser des économies d'échelle. Nurkse préconise dans un tel cas, pour rompre le cercle vicieux de pauvreté, une intervention extérieure. Cette intervention pourrait, dans le cas d'espèces, provenir de l'Etat, du secteur privé ou des organisations non gouvernementales intervenants dans l'appui au secteur agricole. Il s'agit d'appuis sous forme de crédit, d'appui matériel, de formation et d'appui technique.

Les causes

- Du point de vue des systèmes de production

Les petits exploitants agricoles développent en général des systèmes de production agricole dans lesquels dominent les spéculations qui ne sont pas promues par l'Etat notamment ; des spéculations relevant de filières non organisées, donc peu connues. Il s'agit essentiellement des produits vivriers tels le maïs, le niébé, la patate douce, l'igname, la tomate et la mangue. Puisque ces filières ne sont pas organisées, les petits exploitants ne bénéficient pas d'un accompagnement en intrants. L'accès à l'encadrement est faible, de sorte que les activités développées sont peu compétitives. Des pertes importantes s'observent en cas de surproduction ; ce qui signifie qu'ils doivent faire face, seuls, à tous les risques liés à la production agricole, surtout en Afrique où l'agriculture demeure essentiellement pluviale. Toutes ces conditions font que les exploitants en question réalisent un faible niveau de revenu. Leur capacité d'épargne est conséquemment faible ; qui entraîne un faible investissement dans l'agriculture et dans les pratiques agricoles de conservation des terres. Ce faible investissement dans les pratiques agricoles de conservation des terres engendre une faible productivité, une faible compétitivité et finalement un faible niveau de revenu. Le cercle vicieux est bouclé.

- Des appuis extérieurs inadaptés

Les rares interventions, notamment de l'Etat, sur les petits exploitants sont souvent inappropriées. La confusion est souvent faite de croire que l'on peut comparer in extenso l'activité agricole des petits exploitants africains à ceux des pays développés. La dimension duale de cette activité n'a souvent pas été bien saisie. En effet, l'agriculture a d'abord été un mode de vie pour les petits producteurs, avant d'être une activité de production. Or, c'est ce dernier aspect qui a été souvent perçu. Cette situation engendre des biais d'intervention dont résulte la contre-performance de l'activité du petit producteur. Cette contre-performance est à la base du faible investissement dans l'activité agricole.

En somme, les contraintes des petits exploitants à investir dans l'agriculture sont structurelles. Pour les lever, il faut repenser l'activité agricole pratiquée par ces derniers.

Emile N. HOUNGBO, PhD
Agricultural Economist & Sustainable Development Specialist,
Senior Lecturer,
University of Abomey-Calavi (UAC),
National Higher School of Agriculture, Ketou (ENSTA-Ketou),

[English version]

Constraints to smallholder investments in agriculture could be linked to the theory of the vicious circle of poverty of Ragnar Nurkse (1907 - 1959), an Estonian-born American Economist, considered as one of the pioneers of development economics. As far as agricultural practice is concerned, these constraints are related to the strategies used by the farmers and the modes of external intervention that are not efficient for their well-being improvement. It is therefore important to explain how the phenomenon manifests and what causes it.

The manifestations

The theory of the vicious circle of poverty of Nurkse could help explain the manifestations of the phenomenon. In fact, the poverty of small farmers is due to the low income they are subject to. This low income does not allow them saving or allow them saving weakly. The capital accumulation realized is also low, what does not allow them investing enough in order to increase the productivity of their factors of production (Land, Labor, and Capital). It is not possible for them to have a good market share. The farming systems developed by these smallholders are not very competitive, so it is difficult or impossible to achieve economies of scale. Nurkse advocated in such a case, in order to break the vicious cycle of poverty, foreign intervention. This operation could, in the case of species, come from the State, the private sector or the NGOs interested in the support to the agricultural sector. This could be a credit support, a material support, a technical support, and the training.

The causes

- The causes related to the farming systems

Small farmers usually develop the farming systems in which dominate the speculations that are not promoted by the State; some speculations within unorganized sectors, so, little known. This is mainly food crops such as maize, cowpea, sweet potato, yam, tomato and mango. Since these sectors are not organized, small farmers do not benefit from support in inputs (fertilizers, pesticides, etc.). Access to coaching is low, so that the activities developed are not very competitive. Significant losses occur in case of overproduction, which means they have to face, alone, all the risks associated with agricultural production, especially in Africa where agriculture is still rainfed.

All these conditions justify why the smallholders realize a low income. Their saving capacity is consequently low; leading to low investment in agriculture and agricultural practices of land conservation. This low investment in land conservation techniques leads to low productivity, low competitiveness and ultimately a low income. The vicious circle is completed.

- The causes related to the inappropriateness of external interventions

The few interventions, including that of the State, on the small farmers are often inappropriate. Confusion is often made to believe that one can compare *in extenso* the African smallholders' agricultural activity to that of the developed countries. The dual dimension of this activity in Africa has often not been fully understood. In fact, agriculture is first a way of life for the smallholders before being a productive activity. However, it is this latter aspect that was often considered. This situation involves inefficiency of the external intervention on this activity of the smallholders. The inefficiency is the basis of low investment in agricultural activity.

In short, the constraints to smallholder investments in agriculture are structural. To lift them, we must rethink the smallholder agricultural activity, especially in Africa.

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29. Progress H Nyanga, Department of International Environment and Development Studies, Zimbabwe

Gender relations in agriculture

Any development intervention among smallholder farmers must have pragmatic measures to promote equity and reduce inequalities between women and men in smallholder farming households and communities. Several projects claim to address gender but a few have evidence of success beyond project life. By reducing gender gaps, food insecurity can reduce by 20-30% at global level.

It is against this background that the proposed study could address the following questions

1. How and what kind of investment in agriculture can lead to reduction of gender gaps?
 2. What are the strengths and weakness of current approaches in reducing gender gaps in agriculture?
 3. What kind of changes should be done to enable translating gender aspects in policies and development projects from pronouncements to implementations for sustainable outcomes?
- In addition to the role of “smart” transfers and social protection, the study could also consider the potential role of information in transforming gender relations towards pro-gender sensitive attitudes thus reducing gender gaps.

At the end of the study, options for reducing gender gaps in agriculture in access and control over resources, access to improved technologies, markets etc. could be documented in this study.

Progress H Nyanga
Department of International Environment and Development Studies (NORAGRIC)
<http://www.umb.no/noragric>

30. Chenchu Norbu, Department of Agriculture, Bhutan

Small farmers tend to specialize in a specific commodity when there is access to markets and inputs (like improved seeds) while those farmers that are far away from road heads still continue to practice subsistent mixed farming. Accordingly we must adopt different approaches to improve the livelihood of these communities (with access and without access). Because the land holding for these farmers is small, the volume of produced is not attractive for private partners to invest. A government support is required to form groups and cooperatives to increase volume, and to establish storage facilities to reduce losses. Another important element is passing on timely good market and weather information to the small growers so that farming is an attractive investment.

Food and Nutrition security should be a priority for those farmers living on unproductive land and difficult environment than income generation activities. One option for the government is to look for resettlements instead of providing social services. This may require some changes in policies, for example moving the communities to forested areas. In addition to nutrition, another priority area is paying attention to sanitation and hygiene so that the small farmers are healthy and strong to participate in small agri-business.

best wishes,
Chencho Norbu,
Bhutan

31. Moisés Gómez Porchini, Mexico

Spanish original

Estimados tod@s:

Por la manera en que están planteando el tema, me da la impresión de que el fondo del asunto para resolver los problemas que llevan a la pobreza a los pequeños productores lo representa las dificultades para invertir. Al analizar la situación desde esta perspectiva es claro que la falta de acceso al crédito, la falta de tecnología adecuada, las deficiencias en el conocimiento, etc, son elementos clave para explicar el atraso y la pobreza que encontramos como común denominador entre los pequeños productores de tan diversas partes del mundo. Sin embargo, estas condiciones son consecuencia de un sistema estructural deficiente, no causa del mismo. Desde el inicio del tema, Jaques Loyat planteó lo que es la esencia del problema, señalando que la inversión debe considerarse desde un enfoque general, formando parte de un todo que nos da como resultado el desarrollo sostenible.

El problema de fondo, en mi opinión, es que vemos a la agricultura y a la alimentación como simples actividades mercantiles, olvidando que la alimentación es un derecho humano y que si constreñimos la agricultura a una simple cuestión de rendimientos sobre la inversión, forzosamente dejaremos de lado todas aquellas cuestiones que no nos producen una utilidad monetaria tangible en el corto plazo, lo cual nos da como resultado que se presenten la pobreza, la deforestación, la desnutrición y todas las demás manifestaciones de la inequidad. Recordemos que la agricultura fue el logro de la sociedad, no del individuo; y el haber logrado desarrollarla fue lo que permitió el florecimiento de todo el resto de las actividades humanas. Hoy, sin embargo, esperamos que individuos sumidos en la pobreza y en la ignorancia sean capaces de competir con corporaciones gigantescas que establecen las reglas del juego. Darle acceso al crédito a un pequeño productor, dotarlo de insumos e inclusive proporcionarle una asesoría eficiente pueden ayudarlo, pero no corrigen la esencia del problema: la competencia es totalmente desigual, pues las grandes corporaciones son las que toman las decisiones y manejan los mercados, ahora a nivel global, dejando solo espacios marginales a los pequeños productores.

Si queremos lograr que existan en forma generalizada inversiones fructíferas para la agricultura familiar, debemos de empezar a discutir cómo podemos lograr que exista una estructura justa, en donde la alimentación no sea un simple negocio y se tomen en cuenta realmente todos los aspectos que conforman la vida y el entorno de los pequeños productores. Vista simplemente como actividad financiera, la agricultura se convierte en una actividad altamente lesiva, tanto para el medio ambiente como para las sociedades humanas, pues en aras de la productividad se deforesta y se contamina, al tiempo que se rompen las culturas y se desplaza a la gente, con todo lo que ello implica.

Esperar que sean los mismos pequeños productores quienes encuentren la manera de lograr inversiones exitosas es tan ingenuo como esperar que sean las corporaciones quienes decidan poner fin a las prácticas comerciales que dan como resultado la pobreza.

En conclusión, considero que las herramientas planteadas son correctas, pero infructuosas, a menos que la discusión se centre en cómo formar una estructura que permita y garantice su utilización por los pequeños productores en todo el mundo. Hacerlo solo en casos específicos nos permitirá, como hasta ahora, atender el árbol mientras perdemos el bosque.

Saludos cordiales desde México
Moisés Gómez Porchini

English translation

Dear all:

Considering how the topic is being addressed, I believe that the root of the problems leading small farmers to poverty is the difficulty for investments. By analyzing the situation from this perspective it is clear that the lack of access to credit and appropriate technology, the poor knowledge, etc, are key elements to explain the backwardness and poverty shared by small farmers around the world. However, these conditions are the consequence, and not the cause, of a poor structural system.

From the beginning, Jaques Loyat addressed the root of the problem, noting that investment must be considered with a general approach, as part of a whole that leads to sustainable development.

In my opinion, the underlying problem is that we consider food and agriculture as mere commercial activities, forgetting that food is a human right and that if we constrain agriculture to a mere investment return, we will inevitably neglect all those aspects that do not have a tangible economic value in the short term. As a result, this leads to poverty, deforestation, malnutrition and all the other manifestations of inequality.

We must remember that agriculture was society's achievement and not an individual success; its development enabled the emergence of all the other human activities. However, today we expect ignorant and poor individuals to compete with giant corporations that set the rules of the game. Giving access to credit to small producers, providing them with inputs and efficient advice can help, but does not solve the root of the problem: the competition is completely unequal, as huge corporations take the decisions and manage the markets, now at global level, leaving only marginal niches for small producers.

If we want to widely achieve fruitful investments for family farmers, we must begin to discuss on how we can create a fair structure, where food is not just a business and all the aspects that constitute the life and environment of small producers are considered. Conceived only as a financial activity, agriculture becomes highly detrimental for both the environment and human societies, as productivity leads to deforestation and pollution, whilst cultures are lost and the population displaced with all the corresponding consequences.

Expecting that small producers themselves find ways to achieve successful investments, is as naive as expecting that corporations will end trading practices that lead to poverty.

In conclusion, I consider that the proposed tools are correct but fruitless, unless the discussion focuses on how to create a structure that enables and guarantees its use by small farmers around the world. Limiting it to specific cases will lead us, -as it's the case so far- to lose the forest for the trees. .

Best regards from Mexico,
Moisés Gómez Porchini

32. Per Mogstad, Ministry of Foreign Affairs, Norway

At this stage we have asked for comments from technical advisers on the scope and building blocks of the study. Please find their comments below.

Regards
Per Mogstad, Ministry of Foreign Affairs

The “Proposed Scope” is already reasonably coherent and the five building blocks of the study are expedient and serve the purpose of the study well. Recognized constraints to smallholder investment are also, generally speaking, well covered in the text.

A question arises with respect to building block (4), which is described as “a normative analysis of policy and program options” including identification of “alternative long-term national visions for the future of smallholder farming...” It is not clear why this analysis should be normative, since this seems to imply that the project team is charged with the task of ranking different visions and associated policy options in order of preference according to unstated criteria. It would seem more expedient to analyse visions from a more neutral (“positive”) perspective, recognizing that different countries and rural contexts may demand or justify different visions, and to limit prescriptive conclusions to building block (5) where policy instruments are analysed in context. If so, then national visions (or goals) can be seen as higher-order constraints on smallholder investment and would seem to fit more naturally into the Proposed Scope as building block (3), swapping places with the diagnostic building block.

A further question relates to building block (5) on policy support: how desirable is it to direct the attention of the team to the five specific groups of instruments? I believe it would be preferable to leave the focus on prescriptions more open to the project team, depending on what its analysis generates. The description of building block (5) should, in this view, relate more directly to issues raised in (1) and (3) and to the typology developed in (2) but leave the question of specific instruments open.

The role of land tenure seems to be underplayed in the text, mentioned only in connection with access to finance when property rights are incomplete. Yet property rights link into a number of the other issues raised in the Proposed Scope, including constraints and opportunities for women and youth, access to land in increasingly global markets, and collective action and insurance at the community level.

Finally, issues related to biodiversity preservation and environmental sustainability are flagged as important in the second paragraph of the Proposed Scope (under Rationale for the study and objectives), yet these issues do not return in the subsequent description of building blocks. My recommendation would be to omit them also from the Rationale since they seem tangential rather than central to the purpose of this study. If they are regarded as central, however, this should be reflected also in the building blocks.

33. Subash Mehta, Devarao Shivaram Trust, India

Investment in smallholder agriculture – constraints

‘UNCTAD asserts that such interventions/ transformation should be based on sustainable agriculture, which focuses on ecological and not chemical intensification of agricultural production’. The policy brief highlights research by the UN and numerous other bodies, which demonstrates that sustainable agriculture improves food supply, nutrition and livelihoods in Developing Countries and provides recommendations for policy makers. The film and policy brief are available at:

<http://www.unctad.org/Templates/Page.asp?intItemID=5957>

What are the present constraints to the **right** investment in small holder agriculture?

Governments have and continue to thrust conventional farming methods and now BT/ GM technologies, dependent on high cost external inputs, on the smallholder farmer producers and this has been and continues to be the cause for the grave agrarian crisis in developing countries.

Government policy and programmes, covering the smallholder producers, are not written for conversion to the successful integrated farming systems as applicable to the local soil and agro climatic conditions. These are low cost and risk, sustainable in the long term as they increase the producers purchasing power and net incomes.

The high cost external input based conventional agriculture, is dependent on credit extended by input suppliers/ money lenders (interest 18 to 100%) and this cost is the cause of agrarian crisis in developing countries. The proposed revolution in agriculture is based on inexpensive, low cost mostly on farm produced inputs, replicating the local successful integrated agriculture, requires the following out of the box investments to meet the smallholder agriculture research for development (AR4D) needs:

- Farmer/ producers in rural areas to set up their producer orgs (PC), but staffed by professionals, to minimise risks, responsibilities and vulnerabilities
- Training unemployed educated youth to become general practitioners in agriculture (GPAs)/ professionals, with a good working knowledge of local integrated agriculture extension needs, accounts/ finance, farm management, value addition, marketing, logistics, etc., to staff PCs and take over all risks and responsibilities from smallholder producer members, other than on farm activities
- Farmers' Jury to ensure a 'bottom up decision making process,
- Infrastructure for rainwater harvesting and recharging of tube/ bore wells, ponds, wells, tanks, etc. - Responses to Climate Change Challenges Mitigate hunger, mal nutrition, poverty, suicides and climate change,
- Ensure Food, Nutrition and Health Security
- Document and validate the local successful integrated agriculture in each area and contract these farmer producers for scaling up and wide replication in their area
- Primary and secondary value addition locally, facilitated by the PC, to increase value and shelf life of farm produce to mitigate post harvest losses
- Plan, budget and manage farm outputs to primarily meet the nutritious food, thus health needs of the producers and their community and at farm gate prices to increase purchasing power, surplus if any, supplied against orders on hand and or stored in a central PC facility and released when prices peak
- Logistics and Marketing

Seed Capital, Working Capital, etc., requirements of the farmer producers, negotiated on their behalf by their PC. These investments should ensure a fundamental transformation, leading to the 21st century revolution in agriculture for the long term sustainability of the poor smallholder farmer producers and their rural communities.

Subhash Mehta, Trustee,
Devarao Shivaram Trust,
NGO Association for Agricultural Research Asia Pacific (NAARAP),
Hegenahalli PO,
Devanahalli Taluka,
Bangalore Rural North,
India

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34. Alexandre Ghelew, Swiss Agency for Development and Cooperation, Switzerland

We are pleased to send you hereafter SDC's comments to HLPE Constraints to smallholder investments (e-consultation on the draft scope of the report):

General comments:

The proposed outline covers the most salient issues pertaining to the analysis of the constraints (and opportunities) to investments in smallholder agriculture.

The document is however not fully convincing in explaining the rationale for adopting jointly "livelihood" approach and "competitiveness" approach. Similarly, the advantage of considering the issues at household and at systemic levels is somehow unexplained.

Specific comments:

Chapter 2 Building blocks, (2) Typology: we advise the research team to use existing typologies instead of embarking on a rather complex and resource-intensive process.

Chapter 2 Building blocks, (3) Diagnosis: we note that a distinction could be made between smallholder-specific on the one hand and smallholder-sensitive investments on the other hand. The latter can be defined as enabling environment for smallholder investments in upstream and downstream sectors (research and advisory services, infrastructure, education, health, etc.).

Chapter 2 Building blocks, (4) Vision: The identification of "alternative long term national visions for the future of smallholder farming" does not go fully in line with the 2nd main objective of the report ("to explore strategies pursued by smallholders and by others to overcome (these)

constraints”). Deep understanding of the political economy of specific contexts would be needed in this regard.

Chapter 2 Building blocks, (5) Policy support to smallholder investment in agriculture: In our view, the list of 5 policy instruments presented should not be closed, since there might be additional types of public policies and programmes.

Alexandre Ghélew

Département fédéral des affaires étrangères DFAE
Direction du développement et de la coopération DDC
Programme global Sécurité alimentaire

35. Bertrand Vincent, UNCCD-Secretariat, Germany

Remarques d'ordre général.

Le champ d'application de l'étude proposé repose un certain nombre d'hypothèses qui sont présentées comme acquises et non discutées. Or, je crois que c'est là au mieux, une grave erreur, au pire un déni intellectuellement contestable.

« Le premier est le rôle de l'accès au marché, soit en tant que vendeurs nets, soit en tant qu'acheteurs nets de denrées alimentaires. »

Dans nombre de pays, l'objectif primordial de l'agriculture reste encore malheureusement de subvenir à ses propres besoins. L'accès au marché ne vient qu'après. La nécessité vivrière de l'agriculture de petite échelle en situation de risque ne peut être éludée. Le point de basculement entre une situation contrainte par la nécessité du vivrier et une situation s'ouvrant sur la possibilité de l'accès au marché peut-être abordé.

« L'étude se penchera également sur l'investissement des petits exploitants dans les cultures commerciales, car la compétitivité dans ce domaine peut être une façon efficace de réduire la pauvreté rurale et d'améliorer la sécurité alimentaire »

Tant que le souci premier est de satisfaire sa sécurité alimentaire, alors le développement de cultures commerciales a toujours été une mauvaise stratégie, sauf en cas de protection tarifaire du marché intérieur. En outre, la compétitivité ne peut pas être au cœur d'une stratégie de renforcement de la résilience des petits producteurs essentiellement pauvres et ce pour des raisons évidentes : la résilience d'un ménage agricole repose sur la diversité des revenus, donc sur la diversité des productions pour amortir des chocs de différentes natures, or la compétitivité repose quant à elle sur la productivité du travail, donc les économies d'échelle et donc sur la spécialisation agricole. Un exploitant de PED est en moyenne 200 fois moins productif qu'un exploitant US (sans parler des subventions)...

Cette étude se doit de questionner des paradigmes économiques dont la mise en œuvre à marche forcée a généré des situations catastrophiques.

Théorie

La théorisation du comportement des ménages ruraux est généralement basée sur la théorie de l'utilité espérée (prise de décision en environnement risqué) dont les limites sont discutées depuis longtemps. Une revue impartiale de la littérature est ici une nécessité et les alternatives à la théorie de l'utilité espérée doivent être présentées.

En outre, concernant les contraintes liées à la propriété du foncier, les travaux d'Elinor Ostrom, récente prix nobel d'économie, mériteraient d'éclairer en contre point la trop fameuse « tragédie des communs » qui a conduit à systématiser la privatisation des terres sans considération des modes de gestion traditionnels ou coutumiers en vigueur. L'effet est alors contre productif : l'actif qui était sécurisé par le control social est insécurisé par une démarche de privation.

Enfin, il est également important de faire état des discussions autour de l'approche théorique des trappes à pauvreté. Existe-t-il ou non un investissement minimum (big push) permettant de sortir d'une spirale descendante garantissant une résilience suffisante pour faire à de possibles futurs chocs ?

Typologie

Si une typologie des exploitations est importante, une typologie des risques l'est probablement autant sinon plus. En effet, la nature du risque encouru, sa probabilité d'occurrence et le terme de son impact (court, moyen, long) vont nécessairement conditionner la nature et la portée des solutions proposées : sécheresse au Sahel, tornades au Honduras, inondations en Inde... Aux risques climatiques s'ajoutent les risques d'instabilité politique (Cf. situation au Mali) et/ou institutionnel.

Dés lors, une approche géoclimatique serait pertinente, où seraient identifiés des « hot spots » particulièrement vulnérables. Ainsi, d'un point de vue climatique, les zones sèches (drylands) sont structurellement fragiles et chroniquement soumises à d'intenses sécheresses. L'agriculture de petite échelle, dans ses orientations actuelles, ne permet pas d'y faire face.

En outre, la typologie des ménages ruraux des PED résulte en partie de politiques d'ajustement structurel imposées pendant 30 ans par les institutions financières internationales. Si la géographie doit être prise en compte l'histoire et le cheminement des transformations des économies agricoles doivent être pris en compte dans la construction et l'analyse de cette typologie.

Diagnostic

Le diagnostic doit faire un état des lieux des projets, programmes et politiques de développement agricoles à destination des petits exploitants depuis les années 60, de « l'état inefficace » au « marché inefficace ». La Banque Mondiale a fait son Mea Culpa sans remettre en cause les paradigmes. Cette étude doit avoir l'audace de la faire. Ce diagnostic ne peut être tiré par l'unique approche de la compétitivité des petits exploitants.

En outre, une approche des investissements par type d'acteurs est tout autant nécessaire. Ainsi, des questions telles que « comment garantir la durabilité d'une politique publique d'investissement agricole ? » et « comment favoriser l'investissement privé en évitant le land grabbing ? » doivent trouver des pistes de réponses.

Vision

Ok pour l'approche normative (l'approche positive se trouvant dans le diagnostic). Cependant, la contextualisation de cette approche est indispensable, la réalité agricole étant spécifique d'une politique nationale et d'une géographie locale, les politiques de gestion du risque agricole et donc de l'investissement devront être spécifiques et contextualisées.

Politiques

L'« élimination de la concurrence déloyale » est un vœu pieu, pas une recommandation politique ! Les Etats Unis et l'Europe ne sont pas prêts d'abandonner leurs politiques agricoles et la protection de leurs agriculteurs, surtout face à la montée en puissance du Brésil. Des démarches politiques comme la protection du marché intérieur agricole et la garantie de prix rémunérateurs peuvent-elles être questionnées de façon objective dans cette étude ? L'une des pistes de gestion du risque agricole est la diversité des cultures, l'intensification écologique et la diminution de la dépendance aux intrants : irrigation, énergie, semences, fertilisants...

notamment via la gestion durable des terres, l'agroécologie et l'agroforesterie. J'attire en outre l'attention sur le danger d'une approche normative combinée à un fort pouvoir prescripteur, ce qui est le cas de la FAO. L'encadrement de prescription de programmes ou de politiques agricoles par la Société civile est nécessaire.

Bertrand VINCENT
Programme Officer

36. France, received through the Ministry of Foreign and European affairs

La feuille de route proposée constitue une bonne base de travail. Elle appelle les remarques suivantes de la France:

- L'objet de l'analyse du HLPE est de mettre en évidence les contraintes auxquelles doivent faire face les petits producteurs lorsqu'ils souhaitent investir pour développer leur activité et proposer des recommandations pour les lever.
- Un des objectifs doit être de permettre aux petits exploitants de s'insérer dans les filières et d'être pleinement acteurs sur les marchés tout particulièrement aux niveaux local, national et sous-régional.
- Ce travail doit prendre en compte la durabilité économique, sociale et environnementale des exploitations.
- Le premier enjeu est de qualifier la notion de « petit producteur »: échelle de l'exploitation, nature (familiale ou pas), capital, etc. La partie (2) du rapport sur la typologie est à ce titre déterminante. Elle pourrait être la première partie du document et être fusionnée avec la partie (1).
- La partie (3) « diagnostic » doit plus clairement mettre en évidence :
 - les contraintes qui freinent les investissements : forte vulnérabilité & gestion du risque (risque climatique, risque prix, risque de décapitalisation en cas de chocs) ; rentabilité des investissements /échelle exploitation ; difficulté d'accès au foncier, aux intrants, aux semences améliorées, au crédit ; aux savoirs techniques et économiques ; au conseil à l'exploitation familiale ; aux garanties ; au marché...
 - les défis et menaces qui concernent particulièrement ces exploitations (changement climatique, volatilité des prix, évolution démographique, urbanisation, compétition avec les autres types d'agriculture...)
 - les stratégies développées dans différents contextes. La proposition de se baser sur des études de cas nous semble pertinente.
- Le thème traité dans la partie 4 est important mais ne devrait pas faire l'objet d'une partie en tant que telle. Il pourrait par contre être évoqué dans le cadre des parties 3 et 5.
- La partie (5) « politiques de soutien à l'investissement des petits producteurs dans l'agriculture », doit permettre de dégager des recommandations claires pour les décideurs :
 - Telle que formulée, la cinquième puce constitue une recommandation et non un cadre d'analyse.
 - Un point pourrait aussi aborder le rôle des différentes institutions et les cadres réglementaires nécessaires pour assurer un environnement favorable à l'inclusion des petits agriculteurs dans les chaînes de valeurs agricoles et agroalimentaires.

- Il conviendrait de mener une analyse comparative des différents types de partenariats, conformément aux attentes du CSA. Cette analyse devrait permettre d'identifier des effets leviers pour les petits producteurs, en particulier les relations entre organisations de producteurs et Etat, ainsi qu'avec le secteur privé.

37. Kamal Karunagoda, Department of Agriculture, Sri Lanka

In Sri Lanka, the majority of farmers are small holders with less than 1 ha of land. The need for investments are very high in the areas soil fertility improvements, soil conservation, sustainable cropping practices, reduction of postharvest losses, community level institutional development to support input supply, production and marketing, processing and storage facilities. The major constraints for small holders' investments are lack of credit facilities with reasonable terms of repayment, lack of property rights, unsuitable land tenure arrangements, poor extension services (very low effective extension worker: farmer ratios), low income associated with seasonality of production, lack of institutional arrangement for supply management and market extension, ineffective institutional arrangements, low non-farm employment opportunities, decreasing terms of trade, frequent changes in policies and inadequate investments infrastructure maintenance.

The definition of small holders is widely varied between countries. Therefore, it may be difficult to generalize the constraints for investments.

Kamal Karunagoda
Economist
Socio-economics and Planning Center
Department of Agriculture
Sri Lanka

38. Ministry of Agriculture of Jordan, received through Omar B. Allahham

Arabic original

الملاحظات حول الدراسة :

- الدراسة قد شملت المواضيع التي يمكن ان تؤثر على عملية الإستثمار لأصحاب الحيازات الصغيرة في الزراعة بالإضافة الى دراسة كيفية توجيه الدعم للمزارعين أصحاب الحيازات الصغيرة .
- يمكن الإستفادة من الدراسة و تطبيقها في المملكة بما يتوافق مع الأوضاع الإجتماعية و السياسية و المالية للمملكة و للأسباب التالية :
- اساس الدراسة و أهدافها يتمحور حول تحديد العوائق التي تعترض الإستثمار لأصحاب الحيازات الصغيرة في الزراعة و استكشاف الإستراتيجيات المتعلقة بهذا المجال و التغلب على هذه المعوقات.
- القت الدراسة الضوء على عدد من المواضيع المتعلقة بإستثمارات أصحاب الحيازات الصغيرة في الزراعة.
- المتوقع من الدراسة هو إستكشاف الفرص للمساعدة على زيادة و تحسين فرص الإستثمار لأصحاب الحيازات الصغيرة في الزراعة و ما له من آثار على تحسين الأمن الغذائي و الحد من الفقر و تمكين المرأة .
- منهجية الدراسة مناسبة للتطبيق في المملكة حيث أستمدت الدراسة معلوماتها من خلال دراسة سلوك الأسرة المعيشية في المناطق الريفية , الوضع الحالي للإستثمار و قيود الإستثمار و أنماط صغار

المزارعين , رؤية البلدان المختلفة لمستقبل الإستثمار للحيازات الصغيرة في الزراعة , الإستفادة من التجارب الناجحة في الإستثمار للحيازات الصغيرة في الزراعة و الدعم في مجال السياسات .

- تهتم الدراسة بإعادة النظر في الدوافع و المزايا و العوامل التي تحد من الإستثمار لصغار المزارعين , مع التشخيص الكمي و النوعي للحالة الراهنة و القيود للإستثمار لصغار المزارعين مع التحليل المعياري لخيارات السياسات العامة للمساعدة في زيادة الإستثمار في الزراعة من أصحاب الحيازات الصغيرة .
- تهتم الدراسة في جانب دعم سياسات الإستثمار في الحيازات الصغيرة في الزراعة , حيث تم الأخذ بعين الإعتبار سهولة الوصول الى الأسواق المحلية و البنية التحتية و الإرشاد , النقل و استخدام التكنولوجيا الحديثة للإنتاج و سهولة الوصول اليها , التمويل و التنمية الريفية , الحماية الإجتماعية , و دراسة دعم المنظمات لأصحاب الحيازات الصغيرة مع التركيز على القضاء على المنافسة غير المشروعة و سياسات التحيز.

ومن خلال ما تم ذكره سابقاً أوصي بما يلي :

1. إعتداد الدراسة المعدة من فريق الخبراء في لجنة الأمن الغذائي لمنظمة الفاو كأساس لعمل دراسة بما يتطابق مع الوضع الحالي للمملكة لتشجيع الإستثمار في الحيازات الصغيرة في الزراعة .
2. تحديث البيانات بما يخص المملكة و ما يتلائم مع وضع الإستثمار للحيازات الصغيرة في الزراعة في المملكة .
3. تطبيق توصيات الدراسة بما يتعلق بموضوع تذييل عوائق الإستثمار و دعم سياسات تشجيع الإستثمار للحيازات الصغيرة في القطاع الزراعي الأردني مع ذكر التجارب للمشاريع الرائدة و الناجحة في هذا المجال.
4. أرجو ان يتم الحصول على الدراسة كاملا وتعميمها على المؤسسات و المديرية المعنية.

للتلطف بالإطلاع .
وتفضلوا بقبول فائق الإحترام

رئيس قسم السياسات

م. عم. ر. بشير

اللحم

English translation

Observations on the study:

- The study tackled the topics that might have an impact of the smallholder investment in agriculture in addition to the examination of how to direct subsidy towards smallholder farmers.
- The study can be used and implemented in the Kingdom in way that suits the social, political and financial conditions in the Kingdom for the following reasons:
 - The core of the study and its objectives focused on defining the obstacles facing smallholder investment in the field of agriculture and exploring strategies related to this field and how to overcome such obstacles.
 - The study shed light on a number of topics related to the investment of small holders in the field of agriculture.
 - It is expected that the study shall probe the possibilities of increase and improvement of smallholder investment in the field of agriculture and the impact of this on improving food security, alleviating poverty and empowering women.
 - The methodology of the study is suitable for application in the Kingdom as it derived its data from studying the living behaviour of families living in the rural areas, the current situation of investments, investment

constraints, smallholding farmers patterns, the vision of different countries related to the future of smallholder investment in the field of agriculture, making the best use of successful experiences in the field of smallholder investment in the field of agriculture and supportive policies.

- The study reconsidered the motives, advantages, factors that curb investment of smallholding farmers while having a quantitative and qualitative diagnosis of the current situation and the obstacles facing investment of smallholding farmers and a making a standard analysis of the general policies options to help in increasing the investment of smallholding farmers in the field of agriculture.
- The study focused on boosting the policies related to smallholder investment in the field of agriculture. The following has been taken into consideration: access to local markets, infrastructure, guidance, transportation and use of modern technology in production, access to technology, financing, rural development, social protection, the study of the organizational support for smallholders while focusing on eradicating illegal competition and biased polices.

Due to the abovementioned, the following recommendations were made:

- 1- Approval of the study developed by a team of experts in the Food Security Committee, FAO, to be the basis of preparing a study on the current situation in the Kingdom to encourage smallholder investment in the field of agriculture.
- 2- Updating the data related to the Kingdom in a way that suits the smallholder investment in the field of agriculture in the Kingdom.
- 3- Implementation of the recommendations of the study related to removing obstacles facing investment, boosting policies encouraging smallholder investment in the Jordanian agricultural sector and citing the pioneering and successful projects in this field
- 4- You are kindly requested to obtain the whole study and send copies to all concerned organizations and directorates for information.

I avail myself of this opportunity to renew to you my highest considerations

**Chief of Policies Department
Engineer Omar Bashir Al-Laham**

39. Oxfam International

1. Overall Framework of the study

- The starting point of this study – recognition of the importance of smallholder’s own investment in agriculture for food security and rural development - is an important one which is often overlooked in discussions of investment in agriculture. Building on this, Oxfam would place the rights and agency of small scale farmers at the centre of any analysis.
- The category ‘smallholder’ has some limitations. Many rural poor people – and in particular rural women or youth - have limited rights over land holdings – while they form a very significant and growing part of the rural labour force. Incentives and investment to increase rural labour productivity are also important.

- Increasing investment, yields and productivity are key to improving livelihoods. However it is important to distinguish between investments designed to integrate small scale farmers into existing production systems and markets and investments to create a food system that works for small scale farmers.
- Governments, civil society, donors and the private sector all have a part to play to create a sustainable, resilient, and equitable food system where small farmers, particularly women, are empowered to access opportunities, manage risks and participate in decision-making. Measures of success must go beyond farm yields and incomes, focusing on environmental sustainability, smallholder empowerment and gender equality.
- The household livelihood perspective may need to be nuanced by a gendered understanding of both household dynamics and farming systems.
- Equally, investment should be considered not only or primarily in terms of individual or household levels, but also through the lens of building social capital, collective investments and public goods.

2. Key themes and issues to address

Small farmer or producer rights over natural resources:

In the context of the current trend towards large scale land acquisitions in many countries, and the weakness and/or complexity of governance systems for natural resources, it is crucial that the study examine the relationship between small farmer rights over natural resources (in particular land, water..) and the capacity and incentives of different categories of small farmers to invest in developing agricultural production. This issue has important gender dimensions.

Market systems and power in markets (vs access to markets):

- In addressing the issue of small scale farmers' engagement in markets, it is critical to understand these as dynamic systems incorporating power relations.
- A relatively small proportion of small farmers are in fact 'market ready' - i.e. having the capacity to engage effectively in markets. For those that are not, there is a remaining massive need for public investment in particular more widespread systems of social protection.
- For those who do have the capacity to engage in markets, the role of producer organisations and trading intermediaries is key to redressing power imbalances, as is the availability of both working and investment capital for such entities to expand their reach.

Gender equity and empowerment of women small farmers:

- Women are often not recognised as 'productive' farmers, and do not receive recognition for their unpaid farm work or care work. Women bear a disproportionate burden of care and reproductive roles within the family and community, and are disproportionately impacted by poverty and hunger. It is critical that this study highlights the 'gender-based' challenges in capacity and incentives to invest in farming.
- Gender discrimination is institutionalised in access to natural resources, extension services, information, markets, and finance in most countries. For example, women account for only 10–

20 per cent of land owners¹. Women's lack of control over the income from sales of marketed produce is a key disincentive to increased productivity and investment. The benefits of women's collective action to overcome such barriers need to be given greater emphasis.

- Empowering women includes ensuring that more women benefit from access to productive resources– for example, promoting equal property rights, and increasing the participation and leadership of women in both women led and mixed producer organisations.

Sustainability of smallholder farming systems:

- The study should address the huge potential for investment in expanding low-input, agroecological farming techniques (such as soil and water conservation or agroforestry) to raise yields, improve soil fertility, conserve natural resources, and reduce smallholder dependence on expensive inputs.
- Further, growing a greater diversity of crops (including 'orphan crops', which are highly valued in communities, help retain biodiversity, and often show higher productivity on marginal lands²) can bolster resilience.
- Several expert agencies and studies – the UN Special Rapporteur on the Right to Food, UNEP, UNCTAD, FAO and the IAASTD - have reviewed the evidence base and are advocating these approaches. For example, studies across eight countries on the System of Rice Intensification (developed to help smallholders boost productivity and reduce reliance on inputs) found average yield increases of 47% and average reductions in water use of 40% through this technique.

3. Oxfam publications and evidence relevant to this issue:

Sumberg, J. (2006) 'Long Row to Hoe: Family Farming and Rural Poverty in Developing Countries', London: The New Economics Foundation

Penrose Buckley C. (2007), Rural producer organisations, Oxfam GB, Oxford, UK

Harvey C., Wilson D. and Wilson K. (eds) (2011), Small Farmers Big Change, Practical Action Publishing, UK

Oxfam International (2011), Who Will Feed The World ?,

<http://www.oxfam.org/sites/www.oxfam.org/files/who-will-feed-the-world-rr-260411-en.pdf>

Sahan E. and Fischer-Mackay J. (2011), Making Markets Empower The Poor: Programme Perspectives On Using Markets To Empower Men And Women In Poverty, Oxfam,

Baden S. and Pionetti C. (2011), Researching Women's collective action : Synthesis paper, October, Oxfam, UK

40. Peter Steele, Italy

Importance of smallholders working in organized/supported groups - smallholder authorities

1. Oxfam (2011) 'Growing a Better Future: Food justice in a resource-constrained world', p.33, <http://www.oxfam.org/en/grow/reports>

2 Oxfam International. 2009. Investing in small farmers pays: Rethinking how to invest in agriculture.

Mine has been one of following from a distance - the many varied contributions from a host of experienced people and agencies. No issue, smallholders provide the basis for food and agro-industrial crops production worldwide - dominating production in the majority countries and providing food and materials for home consumption. Ultimately, it is bouyant markets that provide for a reliable income and it is people and their aspirations that determine whether they will continue to remain smallholder producers or shift to an alternative (and usually a more satisfying) lifestyle. Smallholders are typically captive to the work that they do - and, in poverty, few want their children to follow them into the same modus operandi of lifestyle, livelihoods and rural way-of-life. The attractions of an education that will enable their children to escape the land are obvious.

Smallholders in the majority countries overcome constraints of poverty and/or production by attracting investments that enable them to adopt/adapt technologies, acquire more assets/land, assimilate information (crucial to the well-being of their respective farming enterprises, but also to their ability to focus, attract funds, political interest and more) and exploit markets. By so doing they eventually cease to be smallholders and shift into commercial practice; people leave the land and those that remain become larger-scale producers.

Socio-economic developments of this kind can be speeded up by encouraging people to work in groups - whether as cooperatives, associations, out-growers to larger-scale producers, contractors or, and this is the basis for my brief contribution, by encouraging them to form '*Smallholder Authorities*'. This kind of quazi-commercial and quazi-public sector supported group works particularly well with agro-industrial crops that require a measure of specialized processing such as tobacco, tea, sugar and coffee.

More years ago than I care to remember, I was part of a team that helped establish an authority based upon the assets of a number of defunct and/or poorly managed cooperative societies, extension workers seconded from the MinAgric and the specialist processing/marketing department of the quazi-government agro-marketing/development corporation of the day. It helped that the focus was an agro-industrial crop that could not easily be processed/consumed in the home (in the quantities produced), and that the external markets for their crop products were good at the time.

For those of you unfamiliar with the concept, performance and/or opportunity of considering the role/opportunity of the smallholder authority a useful summary of recent experience in Malawi, for example, has been provided by DFID at: http://www.dfid.gov.uk/r4d/PDF/Outputs/Futureagriculture/Reforming_Smallholder_Coffee_Malawi_2007.pdf. Note the comparisons between tea, sugar and coffee, for example in the conclusions. Note the shift to privatization and note the resilience of this particular form of smallholder production.

41. Douglas R. Brown, World Vision International and Sheri Arnott, World Vision Canada

Dear Alain and other members of the HLPE Steering Committee,

First of all I'd like to express our appreciation for the opportunity to comment on the Proposed Scope for this study of a very important topic. In response, I'd like to share the following comments and suggestions:

1. Let me begin by saying that we appreciate the systematic and logical approach taken by the authors of the draft document. Beginning with an understanding of the relevant theory is important since it helps frame our thinking and guide our analysis.

2. In looking at the smallholder farm, it is important to clearly recognize the close linkages between household production and consumption decisions (in household modelling terms, they are nonseparable) and the impact this has on choices. Given that “the study will start with a review of theory about the motivations, advantages, and constraints of smallholder farmers in investing in agriculture”, I think it is important to clearly state in the Scope document that the theoretical perspective adopted will not assume separability of decision-making, but that it will take a nonseparable approach – recognizing the importance of constraints to decision-making and the important connections between production and consumption decisions.
3. Constraints and other factors to include, in addition to those mentioned in the draft document, also include:
 - a. Intrahousehold dynamics and decision-making
 - b. Gender inequity
 - c. For smallholder farmers, who often operate in agriculturally marginal environments, the particular agroecological constraints also play an important part in the decision making process, the closely-coupled nature of these systems needs to be recognized
 - d. Transactions costs and the functioning of markets
 - e. Institutions (formal and informal) and their impact on the choice set and its feasibility³
4. The writers note that “the study is motivated by the fact that some 75% of world poverty is rural, largely directly or indirectly associated with smallholder farming.” While it may only be a language issue, this statement almost makes it sound like smallholder farming is responsible for poverty, whereas we know that underinvestment in rural development and poor public policy is also responsible for the low returns to farmers and hence, their poverty.
5. As I am sure the authors are aware, it is more than simply access to markets. One needs to go beyond the simple presence/absence of markets but to consider whether or not they are functioning well. There is also a need to look at how/whether one should invest in making local markets work better for smallholder farmers. It is not just a matter of funding, but also of the sort of public policy/institutional changes that are needed in many countries. . When considering marketing of agricultural production, value chains and transactions costs, it is also important to consider market power. In many cases smallholder farmers are selling into markets that can only be characterized as a monopsony or oligopsony. On the input side, they often face a monopoly or an oligopoly.
6. While there are certainly some crops that are really only cash crops, there are few that are only subsistence crops. For this reason, the notion of subsistence vs. cash crops is not really helpful. Similarly, while there might be some purely cash crop farmers, there are really no pure subsistence farmers – at most they are semi-subsistence. Even the poorest farmers produce crops/livestock to meet household food and cash needs – selling some of their production at certain times of the year – even when they are net buyers of food over all. There are no clear lines between buyers and sellers, since most if not all are doing some of both.

³ On a number of occasions, for example, people have made it very clear to me that the adoption of improved agricultural practices such as Conservation Agriculture is limited/constrained as much by non-supportive local formal and informal institutions around management of land and livestock than by lack of technical knowledge or financial resources.

7. The authors of the scope document note that “the resilience of traditional food production systems to natural and market shocks, the preservation of biodiversity in smallholder farming systems, achieving environmental sustainability, and the role of producer organizations and community relations in contributing to investment and the survival of this form of production” are other themes of importance. We would agree and suggest that the paper looks at these kinds of systems, where they work AND don’t work, how current agricultural research and development approaches and public policy can be designed to actually enhance traditional systems, etc.. In other words, a marrying of indigenous knowledge approaches and conventional scientific approaches, with farmers’ needs and perspectives at the lead.
8. When looking at the state of agricultural ecosystems (many of which are highly degraded due to lack of investment in good soil and water conservation practices, for example) it is important not to assume that these are irreversible. Degraded ecosystems can be restored with some very simple, low-cost techniques such as Farmer-Managed Natural Regeneration and other forms of Evergreen Agriculture.
9. In the discussion of typologies and how they will likely differ across major geographical regions and at different levels of structural transformation of agrarian economies, it would probably be advisable to consider differences across genders and across ages.
10. The study should also look at the productivity and efficiency of different scales and approaches to farming. It is not simply a distinction between smallholder and larger scale farmers that I have in mind. There is also a difference (regardless of scale) between LEISA4 and HEIA5 approaches. They will differ not only in short-term productivity and efficiency of land, labour and capital use, but also in terms of longer-term productivity, sustainability and resilience.
11. There is a close linkage between agro-ecosystem health and agricultural investments. Investments of financial capital can support the development of physical and natural capital in agricultural systems. Where the focus is on short-run productivity gains at the expense of investing in the natural capital (i.e., the use of good soil and water conservation practices to maintain, improve and/or reverse degradation in soil quality one is also investing in agriculture) the long term result will be neither resilient to shocks nor productive enough to provide a net benefit to farmers. This needs to be taken into account. It is important to recognize that it is not just any sort of investment in agriculture that is needed. It is investment that builds up all the capitals – human, social, natural, physical and financial – and where some are in an especially poor state (such as soil resources) then emphasizing them. Support to smallholders in the area of agricultural investments needs to recognize the multiple dimensions of ‘agriculture’ for smallholder farmers (cf the IAASTD), where it is recognized that agriculture is a provider of ecosystem services, household livelihoods, nutrition, etc. Appropriate investment should facilitate the adoption of resilient, sustainable and productive systems and recognize the potential for win-win situations in multiple dimensions: food, livelihood and nutrition security, resilience, CC adaptation, CC mitigation, biodiversity, etc.
12. Index-based insurance and its potential to facilitate or mitigate risks to investments in smallholder agriculture should be considered.
13. Finally, though not the least by any means, the language gives the impression that the focus is only on crops, whereas livestock production in its various forms (especially and including pastoral and agropastoral systems), is of great importance too.

4 Low External Input Sustainable Agriculture

5 High External Input Agriculture

Finally, to conclude, I am grateful for the opportunity to comment on this draft document. I trust that these comments will assist in its revision.

All the best,

Douglas R. Brown, PhD
Director, Agriculture and Food Security
World Vision International

Sheri Arnott
Senior Policy Advisor, Food Security and Nutrition
World Vision Canada

42. Andrew MacMillan, Italy

I do not wish to comment on the overall scope of the study.

I would simply suggest that it should give some attention should be given in the study particularly to the opportunities for improving the performance, especially in terms of nutrition and food security outcomes, of the very large number of very small-scale farmers who produce mainly for subsistence purposes. Their main investment opportunity is to convert their labour into productive assets that can raise food output or improve its nutritional impact – especially through land improvement (e.g. stone clearing, terracing, levelling,, deepening of rooting zones, small scale irrigation, drainage etc), tree planting, inter-cropping, creating housing for livestock using local materials etc. As land-holdings get smaller, family labour available per unit area increases and the opportunities for such sweat equity investment grow. Much can be done with quite modest investments in services – but usually isn't – to stimulate such investment and improve outcomes, by promoting sharing of experiences between farmers and offering simple nutritional education (especially through farmer field schools or learning groups).

To the extent that monetary investment might be needed to improve subsistence consumption, credit is not an option as long as incremental output will be consumed rather than sold. If social protection programmes, involving predictable cash transfers, are put in place experience shows that these can have an immediate impact on nutrition and health and that, in rural communities, part of the proceeds will be applied for such investments.

Andrew

43. Parviz Koohafkan, Director, Land and Water Division, FAO, Italy

- The need to start sooner and devote means to the point 4, on the vision on futures of smallholders, as it is a first conditions upon which investment can then be done, and which is often missing or not properly elaborated, with information based and proper dialogue giving room to the said smallholders. It would be good indeed to investigate further the actual vision defended and whether it is really informed by realities and inclusive dialogue incorporating stakeholders 'views
- As the TORS stand, the present scope of the study appears overly comprehensive, with a risk of resulting generalization (in a 1-time report), abstract character and limited usefulness at national levels.
- Therefore, it would be appreciated to avoid too much generalization of recommendations but have context and type specific orientations, based on a good typology, able to distinguish an heterogeneity within smallholders which may have different transition paths ahead, different contributions to sustainable development and

different policies need; The typology is indeed important and need to consider both context and types of small holders

- In terms of recommendations, it is important to also include tools and suggestions on how to better inform these investments, based on an informed dialogue on possible futures, taking into account the different types of holdings, their evolutions and different contributions to sustainable development, within their specific contexts. Different approach are possible and some ongoing reflections and approaches in the land and water division of FAO are highlighted below
- For instance, to identify constraints to investments in smallholder agriculture (i.e. a specific type of agricultural holding) it would be appropriate to undertake comparative analyses of the 5 'livelihood' capital assets, production strategies and, importantly, eventual outcomes (social-economic-environmental) associated with all types of holdings (e.g. smallholder to large agri-business - each characterized with different levels of market integration) within the farming system context; Insights on what motivates investments in different settings – as well as needed policy support -- will derive from differences in social, economic and environmental outcomes. It is important also to characterize specific constraints and opportunities which are context specific and may have different effects on each type.
- A good and comprehensive work was also done under the FAO state of land and water report and could be of use. Work undergoing in FAO to better target water interventions for smallholders could be of use. It uses a livelihood mapping approach, i.e. understanding and mapping of the different biophysical and livelihood contexts where different smallholders typologies live, including their main constraints, vulnerability/resilience aspects and linkages with natural resources, markets and institutions. This is the basis to identify suitable investment solutions and areas for investments to have the maximum impact and reach the highest number of beneficiaries. Also of interest is the territorial approach (DPTN) which proposes to feed and support dialogue and negotiation among different stakeholders and could support the building of a common vision
- The characterization of agricultural holdings and their changing diversity (for stakeholder empowerment to influence outcomes) is precisely the objective of the World Agriculture Watch initiative that could contribute to this important topic along its field testing and pilot phase which shall involve the characterization of transformations (among different types of agricultural holdings) for major farming systems throughout the world (some work initiated by CIRAD is already on-going). This would be one way of adding location-specific evidence to the debate. It would build on previous work and information systems --- allowing global overviews as well as country specific information).

Parviz Koohafkan
Director, Land and Water Division
FAO, Rome, Italy

44. Agnes Luo Laima, Zambia National Marketers Credit Association (ZANAMACA), Zambia

Factors influencing farmer's investments and food security

- The Public Sector
- Private Sector
- Producer Originations
- Philanthropic Organizations

These are some of the investment that influence agricultures

The public sector is one component which adds to the adverse effects of food security they come as business people with money to buy agricultural produces from framers at a much reduced price. Since farmers are desperate for money, may end up selling their produces at low cost prices. With this trend the farmers may not be able to realize maximized profit from their labour. The other component is government delay to purchase agricultural produce on time, which forces farmers to sell their crops to scrupulous business men.

In partnership with the private sector, farmers will grow crops which will largely benefit those who buy from them. The lending schemes will also share the cost investment. Not only that, the farmer may also pay back with interest charged at higher rate. The producer organizations have got many challenges they may formulate cooperatives which help farmers to get farming inputs and there are faced with a problem of transportation of inputs to the farmer's depot. When selling these merchandise, the traders will not over look the incurred cost such as transport costs. The merchandise is in form of fertilizers, seeds, chemicals and machinery or agricultural equipment.

Philanthropic organizations have policies that affect farmers by their lending policies. Farmers get loans but the cost of paying back is not calculated in accordance with the farmers input costs, as a result farmers end up paying back more to their lending institutions.

In the Sub-Saharan countries which include Central Africa, West Africa and Southern Africa and developing countries are equally facing similar challenges as stated above.

High cost of fertilizer, chemicals and seeds are also challenges affecting the farming industry, as a result they cannot compete in the agriculture industry adequately or engage in meaningful agriculture unless there are incorporated in small scale farmer's empowerment schemes. The growth of the small scale farmers has to start by first providing necessary incentives to kick start their development.

To producer organization, there is also this aspect of monopoly especially to producers of chemicals like fertilizers, animal feed, and agro-equipment. If there can be diversification of in the manufacturing of fertilizer and other agro-farming input, it will mean that the farming inputs will be in abundance hence the cost of farm input will be at a reasonable cost where farmers will be able to access it at affordable price.

Private sector

Private sector looks at a farmer's needs in the following areas:

Transport aids from farms to selling points

Access to acquiring of big machinery like tractors which is only accessible by commercial farmers

This is disadvantaging small scale farmers because the rate of production will be limited to the equipment they are limited to us.

If a tractor can be given a corporate group of small scale farmers who are in a group of ten to fifteen members and to such a group should be loaned with one tractor per group.

- These groups will be headed by a cooperative coordinator who has to manage the equipment in providing services to these farmers.
- The coordinator has to strictly monitor each individual farmer. He also has to maintain servicing of the equipment.
- Educate farmers in looking after their crops and animals
- Also provide vaccination programs for livestock animals
- Constant monitoring of diseases control of animals
- Provide clean water and sanitation
- Train farmers in modern agricultural methods
- Provide transport facility to rural based farmers
- Improve road networks to make transportation easy by building small bridges
- Provide energy in form of solar generator and solar panel

Farmers who are located in remote areas have 70% percent of their crops go to waste because of lack of quick processing plants. To this effect, there is need to extend energy direct to farmers so that they can easily process food produce into finished processed foodstuffs. This will reduce waste of crops and transport cost to farmers.

Mostly farmers face problem such as disease outbreak which the agricultural officer may not be able to cater for all the livestock farmers in providing control measures to their animals, as a result, animals die in masses. Therefore the private sector should come on board such as NGOs to supplement short full of disease control and other facilities needed for farmers.

Governments of African countries are ready to work with private partnerships to alleviate poverty and increase food productivity by ensuring that farmers are able to access information and agricultural facilities.

These factors if provided to the farmers, food security will be improved at a greater percentages, also the living standard of farmers will greatly improve which is an objective realized.

Agnes Luo Laima
Zambia National Marketers Credit Association (ZANAMACA)
Lusaka – Zambia

45. Alex Halsema, Centre for World Food Studies (SOW-VU), VU University Amsterdam, the Netherlands

The intended study aims at identifying constraints to smallholder investments and to explore strategies to overcome these constraints. The HLPE steering committee has made the ToR of this study object of a forum discussion, specifically asking feedback on the scope and the building blocks of the study.

Scope

The current scope is broad and leaves enough room for the report to provide inputs for the public debate on constraints to smallholders' investments. Yet, the study would benefit from stronger focus on the controversies associated to smallholder investments– both in the scientific debate as well as in the political debate.

Building blocks

[Building block 0: Introduction]

Instead of a separate building block on visions we would opt for an introduction that includes a vision on smallholders and the controversies related to increasing agricultural output, including:

- Can bank loans and savings be used to finance the investment needs or should other types of capital (FDI, domestic risk bearing capital or financing through the chain) be made available as well?
- Is there a role for GMO's in increasing output and/or improving the nutritional value as well as preserving nature or should we refrain from them?
- Can biodiversity be preserved and animal welfare be ensured under substantial output increases?
- Are cooperatives a necessary form of organization to achieve returns to scale and solve coordination issues, or can other modes of cooperation, avoiding well known disadvantages of cooperative, be defined?

Building block 1: Review of theory

The vision sketched in the introduction provides guidance for a theoretical review of controversies, constraints and possible technological solutions. Furthermore, discussion of policy support measures, now grouped under 5, would naturally fit here as well.

Building block 2: Typology

Given the heterogeneity of smallholders they are likely to face different constraints and have different roles in the aforementioned controversies. Hence, in obtaining a balanced view it would be particularly useful to focus on characteristics that relate to these constraints and controversies in defining the typologies. Possible distinctive characteristics include availability of collateral, access to banks, vulnerability to climate change or fragility of local biodiversity. Ideally this section would provide a limited number of generic types to focus the review of empirical studies in building block 3 and the policy recommendations in block 4.

Building block 3: Empirics

As mentioned, the typology from building block 2 may focus the review of empirical (case) studies. Regarding the proposed content, the comments made on block 1 apply here as well.

Building block 4: Synthesis and policy recommendations

Blocks 4 and 5 currently deal with visions and policy support. As indicated, this could be included in sections zero and one leaving room to synthesize previous sections, relate this to previous HLPE reports and provide policy recommendations.

Concluding notes by the HLPE Secretariat

The HLPE thanks all the participants who took time to comment and give feedback, on a personal or institutional basis, on the proposed scope and building blocks of the HLPE Study.

Again, the HLPE would like to thank the FSN forum team for having channelled and moderated these consultations for the HLPE, in an open and neutral way.

As you know, open online consultations, accessible to all, are key steps in the HLPE report elaboration process, for its openness and inclusiveness to a wide range of knowledge-holders, to bring together available evidence from various sources, including experiences from the ground. We believe that this type of exchange enriches the sharing and understanding of knowledge and, ultimately, strengthens the quality and relevance of HLPE reports to nourish policy discussions in the Committee on World Food Security.

The Steering Committee of the HLPE will now carefully review all comments received through the consultation and, following the open call for candidatures, it will select a Project Team to prepare the draft report, of which an advanced draft will also be proposed to electronic consultation by end 2012-early 2013.

The final report is expected to be available during spring 2013. It will feed the CFS discussions on responsible investments in agriculture.

The HLPE now invites you to join its upcoming "setting the track" consultation on the scope of its study on **Biofuels and food security**. This consultation will also be channelled by the FSN forum from **8 to 28 May 2012**.

The call of candidatures for experts on the two studies (smallholder investments; biofuels and food security) is open until 14 May 2012: for the latest information, please do not hesitate to consult the HLPE website www.fao.org/cfs/cfs-hlpe

Best regards

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