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Smallholder agriculture: key to food security/nutrition and sustainable food systems

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BACKGROUND NOTE

1. Context

Sustainable agricultural development is one of the most powerful tools to end extreme poverty and boost shared prosperity. Sustainable, inclusive growth in the agriculture and food sectors creates jobs – on farms and throughout the farm-to-table food production and consumption chain. Seen against the backdrop of an increasing world population that is expected to reach nine billion by 2050, rising food demand is estimated to increase by at least 20% globally over the next 15 years with the largest increases projected in sub-Saharan Africa, South Asia and East Asia.¹

While the economic output of many countries in developing regions is highly agricultural, the health and nutrition indicators for some of these countries are among the poorest in the world; sub-Saharan Africa and South Asia are the regions with the most significant deprivation.² Further, climate change impacts risk seriously compromising food production in countries and regions that are already highly food-insecure.³

Boosting the productivity, profitability and sustainability of agriculture is therefore essential for fighting hunger and poverty, tackling malnutrition and food insecurity and achieving the Sustainable Development Goals (SDGs), adopted by the international community in 2015 and set as targets for 2030. In this context, smallholder producers are key actors of the food chain. Most of the world's 570 million farms are small and family-run.⁴ Eighty per cent of the farmland in sub-Saharan Africa and Asia is managed by smallholders. Recognizing this, SDG target 2.3 aims at 'by 2030, doubling the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers,' pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.'

Smallholders and small family farms are central to an inclusive development process and their contribution is crucial to food security and to sustainable food systems.

2. Potential of smallholder agriculture for sustainable agriculture

Smallholder agriculture is one of the principal economic occupations in the world and is the main source of income and employment for the 70 per cent of the world's poor who live in rural areas. Smallholder households account for 60 per cent of global agriculture and most of the world's food production and investment in agriculture.

¹ [Enabling the business of agriculture](#). World Bank. 2017.

² Poole, N. (2017) *Smallholder Agriculture and Market Participation*, Rugby, UK: Practical Action Publishing. <http://www.fao.org/3/a-i7841e.pdf>

³ United Nations Food and Agriculture Organization (FAO). *State of Food and Agriculture 2016: Climate Change, Agriculture and Food Security*.

⁴ Lowder, Sarah K., Jacob Scoet and Terry Rani (2016), 'The Number, Size and Distribution of Farms, Smallholder Farms and Family Farms Worldwide', *World Development*, Volume 87, November 2016, pp. 16-29.

Smallholders provide up to 80 per cent of the food supply in Asia and sub-Saharan Africa. Their economic viability and contribution to diversified landscape and culture are threatened by competition from large industrialised farms as well as by pressures on resources, environmental degradation, climate change, inappropriate policies, etc.⁵

Many small-scale producers are women with multiple responsibilities besides farming. Most farming households produce a diverse range of farming products – different crops and livestock which fit into the home economy in different ways. They are involved in other economic activities besides farming so that, despite its significance, agriculture is just one of a number of diverse and competing sources of livelihood support.⁶ Women are the quiet drivers of change towards more sustainable production systems and a more varied and healthier diet.⁷ Should women farmers have the same access to productive resources as men, they could increase yields on their farms by 20–30 per cent, lifting 100–150 million people out of hunger.⁸

While the importance of smallholder agriculture is recognised, it is still often characterized by small production volumes of variable quality that reflect limited access to inputs and finance, low levels of investment and limited access to, and knowledge of, improved agricultural technologies and practices. Inadequate infrastructure, high costs of storage and transportation and non-competitive markets also militate against production of a marketable surplus.⁹ Smallholder farmers contribute to agricultural exports of many high-value fruit and vegetable products as well as tea, coffee, and cocoa production.¹⁰

A particular challenge is to absorb new market entrants into agriculture, particularly youth, due to the fact that the sector is not seen as attractive and remunerative enough and too informal. Hence the need to address the problem of ageing farmers and the lack of uptake of new skills required to modernise agriculture and respond to more sophisticated markets, be international or local.

There is a need to improve regulatory conditions and financial infrastructure to strengthen smallholder access to a full range of financial services adapted to their needs. Relevant financial services include safe deposits, monetary transactions and remittances, mobile financial services, sustainable micro, short and long-term credit, public insurance schemes (including indexed insurance), commodity exchange and warehouse receipt systems.¹¹

Reducing financial risks, lowering transaction costs and facilitating long-term investments, equipment, food processing and other value-adding activities on smallholder farms will improve significantly the livelihoods and incomes of smallholders.

Promoting public investment and encouraging private investment are key to support access to alternative sources of income, thereby further consolidating the farming economy and contributing to improved food security and nutrition. This encompasses investment in capacity building and entrepreneurship development.

Smallholder farmers are one of the most vulnerable groups to climate change. In many cases, smallholders have also developed effective mitigation strategies. There is an urgent need for governments, donors and practitioners to ramp up efforts to help smallholder farmers cope with existing climate impacts and build resiliency to future changes. Tailoring climate adaptation policies and programs to the diverse socioeconomic conditions, biophysical contexts, and climatic stresses that smallholder farmers face is a priority.

⁵ [The State of Food Insecurity in the World](#). FAO. 2012.

⁶ Poole, N. (2017) *Smallholder Agriculture and Market Participation*, Rugby, UK: Practical Action Publishing. <http://www.fao.org/3/a-i7841e.pdf>

⁷ [The State of Food Insecurity in the World](#). FAO. 2012.

⁸ [The State of Food Insecurity in the World](#). FAO. 2012.

⁹ Arias, P., Hallam, D., Krivonos, E. and Morrison, J. (2013). [Smallholder Integration in Changing Food Markets](#). Rome, Food and Agriculture Organization of the United Nations.

¹⁰ Poole, N. (2017) *Smallholder Agriculture and Market Participation*, Rugby, UK: Practical Action Publishing.

¹¹ Recommendations on Investing in Smallholder Agriculture for Food Security and Nutrition endorsed by the Committee on World Food Security (CFS), 40th Session 2013.

3. Connecting smallholders to markets

Smallholders are responsible for most of the food consumed in the world and most of the investments made in agriculture¹². Their contribution to reducing poverty and hunger in low-income countries depends on sustainable access to markets. However, there are many constraints that limit their market participation from supply-side to demand-side and marketing institutions that are not well linked to serve farmers, especially in rural areas.¹³

Various factors condition smallholder market access such as farm and farmer characteristics, the level of education and resource endowments, the level of technology, land size, and quality, and the stock of other productive assets. External factors such as the physical and institutional infrastructure (roads, electricity, communications, market, and rules of law) drive price incentives and the decision to invest in technology and generate surpluses. At macro level, sectoral policies affect market access through their impact on prices and trade incentives.¹⁴ High costs due to geographic barriers, limited productive asset holdings, access to credit, insurance, and technical information through extension services.¹⁵ Many local food markets are volatile because of the low volumes transacted and their limited integration with regional or international markets.

Rural areas in many African countries are undergoing manifest transformation processes fuelled by dynamics such as a population growth, urbanisation and increasing mobility. The relationship between rural and urban areas is changing and the rural-urban divide is fading, with increasing flows of people, goods and services between the two and the emergence of new migratory and livelihoods patterns. Next to the growth of capital and major cities, much of the urbanization witnessed in African countries has taken place in the continuum of rural areas with villages, towns and smaller cities below 500,000 inhabitants, fuelled in part by better infrastructure and digital connectivity as well as the search for economic opportunity. Rural towns and smaller cities have the potential to invigorate rural areas in their function as market hubs and basic service provision. Yet fulfilling such functions requires considerable investment and local institutional capacity as well as clear political commitment. Strengthening rural-urban linkages in terms of infrastructure, transport, market access and exchange of information, ideas and innovation can catalyse economic development in rural areas and provide future perspectives for rural population and especially youth. Rural development strategies should therefore consider new income-generating opportunities in food systems as a result of changing urban consumption patterns; investing in towns and intermediary cities as hubs for economic growth and service delivery for rural areas; boosting agricultural productivity and attracting youth to farming and supporting job creation in the rural non-farm economy enabling diversified and local livelihood strategies¹⁶

Supporting low-income producers and consumers in both rural and urban areas is likely to be much more effective if it is grounded in the understanding of local economies and the role of smaller urban centres which in a sense reflect the 'bottom-up' urbanisation of rural regions that combine a diversified economic base with access and links to wider markets. However, rural areas need to become attractive beyond immediate income opportunities. This can only be guaranteed by a minimal amount of government steering through policies directed at strengthening service delivery in rural areas in farm and non-farm sectors. The Committee on World Food Security (CFS) recommendations highlight the need for public policies to support market arrangements that are coherent with the multi-actor and multifaceted nature of

¹² Committee on World Food Security. "[Investing in Smallholder Agriculture](#)" Report 2013/40.

¹³ Wiggins, S. and Keats, S. (2013). [Leaping and Learning: Linking smallholders to markets in Africa](#). London, Agriculture for Impact, Imperial College and Overseas Development Institute.

¹⁴ Amrouk, E.M., Poole, N.D., Mudungwe, N. and Muzvondiwa, E. (2013). The Impact of Commodity Development Projects on Smallholders' Market Access in Developing Countries: Case studies of FAO/CFC Projects. Rome, FAO. <http://www.fao.org/docrep/017/aq290e/aq290e.pdf>

¹⁵ Arias, P., Hallam, D., Krivonos, E. and Morrison, J. (2013). [Smallholder Integration in Changing Food Markets](#). Rome, Food and Agriculture Organization of the United Nations.

¹⁶ The Brussels Development Briefing no. 48 on "[Strengthening rural livelihoods in the face of rapid urbanisation in Africa](#)".

smallholder family farming (i.e. price formation has to cover production costs and ensure adequate revenues for producers and family farms and service delivery be beneficial for them).

4. Policy frameworks and initiatives supporting smallholder agriculture

The significance of smallholders for food security and nutrition was rediscovered after the food price crisis of 2007-2008. Initially the answer for smallholders, according to the High Level Task Force on Global Food Security established by the UN Secretary-General in 2008, lay in social protection systems to assist economically unviable units until they transitioned out of agriculture along with measures to enhance smallholder production although 'the majority of agricultural production will continue to come from larger farms'.¹⁷ Only progressively was this reductive vision corrected by assembling broader evidence and deepening the technical and political debate on issues related to the contributions of smallholders to food security, the attainment of the right to food, and sustainable agriculture.

4.1. UN Forums

A key forum in which this revision has taken place has been the UN Committee on World Food Security, reformed in 2009 to include organizations representing smallholders themselves, along with other actors, and hence facilitating consideration of their evidence and proposals. The past ten years has seen the emergence of a smallholder-centered paradigm, built through the progressive elaboration and adoption of a range of policy recommendations including on land tenure, investment in smallholder agriculture, connecting smallholders to markets, and the role of livestock and pastoralism in sustainable agriculture.¹⁸ The policy recommendations and the use that has been made of them since their adoption will be reviewed during the upcoming 46th Plenary Session of the CFS (14-18 October 2019).

Understandably, the CFS has dedicated most attention to smallholders, but it is far from being the only UN forum to do so. Building on the success of the International Year of Family Farming and on the improved knowledge about the multiple contribution of family farmers to sustainable rural life, the UN General Assembly proclaimed 2019-2028 as the Decade of Family Farming (UNDF). The Global Action Plan launched on 29 March 2019 is articulated in 7 pillars: an enabling policy environment; special attention to young people and women; strengthening family farming organizations' capacities to represent farmers and to provide them with services in the rural-urban continuum; improving the well-being of rural households and communities; promoting the sustainability of family farming for climate-resilient food systems, and strengthening the multidimensionality of family farming to promote social innovations. It is expected that the global plan will be translated into concrete, context-specific national plans through the agency of multi-actor committees. This can provide a significant opportunity for recognizing and supporting smallholder agriculture, in synergy with the CFS recommendation regarding the development of national visions for smallholder agriculture.

Other UN forums which have recently paid particular attention to aspects of smallholder agriculture include the Convention on the Elimination of All Forms of Discrimination against Women's General Recommendation 34 on the Rights of Rural Women, adopted in 2016, the 62th session of the Committee on the Status of Women in 2018 on empowering rural women and girls and the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas, formulated in the UN Committee on Human Rights and adopted by the UN General Assembly in 2018. Above all, the SDGs provide interlocking indications pointing the way towards promoting sustainable smallholder agriculture as a key contribution to a more equitable and sustainable world.

¹⁷ UN High Level Task Force on Global Food Security (2008). *Comprehensive Framework for Action*.

¹⁸ IPES-Food. 2016. From uniformity to diversity: a paradigm shift from industrial agriculture to diversified agroecological systems. International Panel of Experts on Sustainable Food systems.

4.2. EU and ACP support to smallholders

The *European Consensus on Development* is a shared vision and framework for action for development cooperation for the European Union (EU) and its Member States. It is a blueprint which aligns the Union's development policy with the 2030 Agenda for Sustainable Development.¹⁹ The *2010 EU policy framework on food security* establishes food security, nutrition and sustainable agriculture firmly among the EU's key priorities for development cooperation in the years ahead. It prioritises support to those countries that have the biggest difficulties in meeting MDG 1.

In addition of being a major contributor to the CFS and to UN agencies programmes on agriculture and rural development²⁰, the European Commission, together with the Secretariat of Africa, Caribbean and Pacific States (ACP), has several initiatives and funds which support smallholders in optimizing agricultural production and gaining better value in global and regional value chains. Those range from global programmes to local projects on specific value chains. Recent examples include the *Farmers' Africa Programme* which includes the *Support to Farmers' Organisations in Africa Programme (SFOAP)* and *Farmers Fighting Poverty (FFP/AFRICA)*²¹ which aim at (i) Building up the institutional and organisational capacities of Farmers Organisations (FOs); (ii) Enabling FOs at different levels to influence policies on priority subjects; (iii) Improving the entrepreneurial capacities of FOs and their participation in value chains; (iv) Strengthening the capacity of the Pan-African Farmers' Organization (PAFO) to participate in and influence policy processes on agriculture and rural development at continental and international levels. The recently launched FO4ACP programme aims at strengthening the capacities of FOs at local, regional and continental levels.

The ACP Group adopted *A new Approach to ACP Group support for the development of agricultural value chains* which supports family farming and better access to finance by smallholders.²²

Another critical area is mobilising substantial financial means which benefit smallholders. A recent example is the ABC Fund, a major blending operation for agricultural investments which provides small-scale loans for small and medium-sized enterprises, farmers' organisations and 'agripreneurs', along with indirect investment in local financial institutions for subsequent on-lending.²³

5. Way forward

There has never been a more opportune moment to seize the opportunities for smallholders and address the challenges they face. However, in order to address the challenges of productivity, profitability, equity and sustainability of smallholder agriculture, more needs to be done. Local, national and international institutions, both governmental and non-governmental, need to play a much greater role in shaping the enabling environment for a profound adaptation of our food systems.²⁴

Addressing the needs for a generational renewal in agriculture should become a priority in rural policies. The rural communities should have better access to public services, health care, quality education and connectivity to be able to retain and attract farmers and entrepreneurs.

¹⁹ https://ec.europa.eu/europeaid/policies/european-development-policy/european-consensus-development_en

²⁰ UN FAO source. November 2018. <http://www.fao.org/news/story/en/item/1171495/icode/>

²¹ [EU support to increase farmer's voices: the Farmer's Africa Programme](#)

²² [A new Approach to ACP Group support for the development of agricultural value chains](#). ACP Secretariat. April 2017.

²³ [EU provides €45 million in support of smallholder agribusiness in rural Africa](#). 15/02/2019.

²⁴ [P KTHORNTON, P KRISTJANSON, W FÖRCH, C BARAHONA, L CRAMER, S PRADHAN, IS AGRICULTURAL ADAPTATION TO GLOBAL CHANGE IN LOWER-INCOME COUNTRIES ON TRACK TO MEET THE FUTURE FOOD PRODUCTION CHALLENGE?](#)