



Comments on the Zero Draft of the HLPE Study

“Investing in smallholder agriculture for food security and nutrition”

30 January 2013

We thank you for the opportunity to feed into the development of this important report of the High Level Panel of Experts (HLPE) appointed by the Committee on World Food Security (CFS). The draft provides a concise and multidimensional overview to the often simplified issue of small scale food producer`s investment realities. Clearly the issue of agricultural investments is a matter of high priority for the CFS this year and this report will bring valuable insights, in particular into the process of the development of *rai* (*responsible agricultural investment*) principles. The report confirms the vital importance of smallholders and their production systems to food security, as well as employment, poverty reduction and stewardship of natural resources. Given the multiplier effect that small holder investment can have to the social, economic and ecological spheres, adequate support to their production systems should be a key message of the report.

In way of a general comment we would urge the HLPE to highlight the mandate of the reformed CFS towards the progressive **realization of the right to food** and frame the report in that light. For instance, when mentioning the rights of smallholders (e.g. at p.58), the draft should make clear that governments have the obligation to protect, respect and fulfill certain rights, such as the right to food, which are non-negotiable¹. We also stress the need for the report to highlight the importance of **policy coherence** and their cross-sectoral implications on the right to food. Thereby further encouraging governments to align their trade, energy, investment and environmental policies to meet this end.

Besides our overall positive assessment of the Zero-Draft, there are several aspects we would like to highlight as **particularly important** contributions:

- The draft deals with the challenge of feeding a growing world population by 2050 exactly in the right way: It differentiates between development paths, agricultural realities and challenges among different regions, it underlines at several points that smallholder agriculture will have to play a central role in required increases in overall production. It points out one of the key insights of agricultural economics, the fact of the inverse farm size – productivity relationship, which is often ignored at policy fora. On a related note, the report stands to gain from reminding readers that production alone is not the panacea for the challenge of feeding a growing global population and that there are 4

¹ As laid down in key documents such as the international Covenant on economic, social and cultural rights (ICESCR) or the FAO Voluntary Guidelines on the Right to Food.

pillars to food security, among them access which is a major issue not addressed by increases in consumption alone.

- The draft takes into account **power asymmetries within value chains** and within markets. It points out the multidimensional market dependence of smallholders and identifies key areas of public support and intervention for traditional wholesale markets. At the same time it could explore further the realities of smallholders as price takers and the implications that has for their investment options. Furthermore, there is little on middlemen and their role in favoring and hindering smallholders' position in value chains. Under what conditions can these favor smallholder investments or not?
- The draft correctly puts **farmer's rights, recognition and voice** at the center of the debate. In this context, we consider important that the Study of the Human Rights Council Advisory Committee on the Advancement of the Rights of Peasants and Other People Working in Rural Areas² be cited (p.44).
- We appreciate the recognition of the importance of **farmer's organizations**². These, whether formal or informal, are the backbone of food security in many countries. Recognizing the importance of these organizations as economic actors in their own right and valuing and strengthening these will certainly facilitate better investments and increased food security.

1. Definition and significance of Smallholder agriculture: is the approach in the report adequate?

Generally yes. In fact providing definitions with which to base the debate is one of the major contributions of the report. For instance, the draft gains a lot from using a broad concept of "investment", which we consider as key for an appropriate understanding of small scale food producers realities and contributions (p.38). The report stands to gain from providing early on its definition for investment and productivity.

Even though the document contain a reference to the resilient aspect of the smallholder agriculture and to its multidimensionality (including environmental implications such as biodiversity, climate change mitigation, water conservation etc.) little is said about the model which supports these characteristic, most notably, agroecology and low external input sustainable agriculture technologies (LEISA)³ The profitability and efficiency of agro-ecological and LEISA technologies has proven to provide the best solution for "weakly" endowed farmers in many regions of the world. A general exploration of the constraints to undertaking these proven approaches could be useful, as well as, some reference to investments which could be detrimental. These should then be integrated into the recommendations section to ensure they are avoided.

As far as significance, it would be useful for the report to outline the importance of small holder innovation and knowledge, what conditions support innovation and favor technology adaptation by small holders. There are numerous examples of how smallholders have been adapting and innovating in their production models. For instance, the case of the Zai technique in the Sahel or seed saving and selection, which through thousands of years has been invaluable in ensuring food security. This priceless human heritage is now at risk of loss (GMOs for instance) and the

² Here we also include small holder collectives in general whether farmer, pastoralists, fisherfolk or harvesters.

³ These models have been referenced time and again in various other works, such as the IAATD report, but also CFS documentation, such as the GSF.

right investments are not being made to protect it. Also, on section 2.3 barter economies are completely omitted and these often have an important function for the poorest.

Finally, smallholders waste and pollute less and contribute to closing cycles in the production process. They contribute to positive externalities such as stewardship of the natural resources and the management of the commons. These factors should be noted in the significance section.

2. Framework for Smallholder agriculture and related investments: is the typology useful, adequate and accessible for the problem at hand?

Indeed the typology is very useful and provides evidence as to the importance of integrated and coherent policies. However, the National Smallholder Vision and Strategic Framework doesn't outline clear enough its objective. We urge the HLPE to clearly state that the aim of such politics is the realization of the right to food for the population of a particular country (national level). This is important because different countries have different realities and will need to tailor their responses accordingly.

The Framework, as well as the Code of Investment, should clearly exclude any type of investment that could offset or compete with this aim or have negative impacts on the smallholders investment conditions which would disadvantage their access to resources. This is especially important for countries facing severe hunger problems. The report should thus recall that the promotion of certain investments can undermine the capabilities of small scale farmers to invest in their own exploitation. Outlining these would be a great contribution to the debate.

3. Constraints to smallholder investment: are all main constraints presented in the draft? Have important constraints been omitted?

Generally yes but the importance of access to the means of production, particularly secure land tenure could be further strengthened in the report.

Also, we urge the HLPE to explore beyond the problem of access to markets when discussing the (so-called) "modern" retail markets or globalized markets. Concentration and competition between corporate actors and smallholders represent a strong constraint. There's no recommendation (nor analysis) on the need to address the failure of the market in allowing cohabitation and development of different viable agricultural systems and model. In this regard, dumping, market concentration, deregulation and unfair prices could be seen as good examples. Mechanisms to bypass these should be explored, as well as the need for policy coherence at the different political levels.

Another constraint could be the general lack of understanding by policy makers about the role, value and constraints faced by smallholders. Also, the lack of coherence in policies and regulations, at local, national, regional and international level is a severe constraint to investment in smallholder agriculture. The varieties of political arenas where agriculture is being discussed (and where decisions are taken) represent a severe constraint to governance, implementation, and financing of strong coherent policies. In the field, this translates into the non-alignment of actions by various stakeholders such as philanthropic organizations, international donors, international and local NGOs and the State.

4. Are the main areas for recommendations and the priority domains for action adequate? Does the draft include sufficient information at the adequate level to support the policy messages?

The recommendations section could be improved. Contract farming should be discussed more in detail. Sometimes this can be done successfully, as noted “*there is plenty of evidence that smallholders that participate in contract agriculture gain different types of benefits*”. But sometimes this is not the case and there is also plenty of evidence on how this can go wrong and result in the abuse of workers and misuse of local resources. It is important for the report to reflect the different sides of this kind of investment. See, for example, the work of the Special Rapporteur on the Right to food, on this specific topic, stating that contract farming “rarely encourages farmers to climb up the value chain and move into the packaging, processing or marketing of their produce”^[1]. Moreover, to be in line with the “resilient” and multidimensional aspect of the smallholder models, such investment/contract, must respect certain guidelines. Therefore, we feel contract farming should not be presented as a top priority in the recommendations.

At several places within the text, as well as within the recommendations, a reference to price volatility as major constraint to investment by smallholders is made. But neither regulatory stocks nor regulation of finance, as part of the solutions, are cited. This “gap” should be filled. For example, the recommendation 10.b, page 9 should include an explicit reference to those means of reducing price volatility.

We are concerned about the absence of discussion of the burden of debt among the recommendations on “innovative” financing. The trend of farmer suicide as a result of increasing debt has unfortunately become a common phenomenon, especially in countries like India which have pursued a green revolution “high external input” model. This is extremely serious and in no way should the discussion of investments in the CFS lead to further indebtedness of smallholders. The question of smallholder financing should be a subject of further study by the CFS.

Finally, the recommendations section could be further strengthened by providing more best practices from certain countries.

What is missing from the report?

Additionally we offer the following points for your consideration:

- Although we appreciate the point in section 2.2 on emancipation the report does not elaborate more on this. Here, the concept of Food Sovereignty can provide some important insights. This concept is most appropriate when trying to gain an understanding for small-scale food producers’ needs and objectives. CSOs have time and again put forward this concept in the CFS and it is high time that this gets its due attention.
- The report lacks an analysis of the climate change / peak oil implications on small holder investment. In light of these what would support or hinder small holder investment?

[1] http://www.srfood.org/images/stories/pdf/officialreports/srrtf_contractfarming_a-66-262.pdf

- The importance of knowledge sharing and of participatory research is so far largely missing in the draft. As is the significance intergenerational knowledge to smallholder production systems.
- An analysis of what is blocking states from pursuing more favorable policies towards smallholders and investments in their production systems is generally lacking. This could be an important contribution to the debate.
- The draft is generally weak on gender and the constraints specifically faced by women farmers.
- The wording of “access to rights” (p.58) is confusing, rights either exist or not, and can be violated or fulfilled, but not accessed.
- Surprising there is nothing on the role of animals as investments. For many smallholders a goat or a cow can be a huge asset with investment implications.
- The draft could provide more detail when it comes to domestic forms of trading and food processing (p.27 / 67). On the one hand, impressive success stories are presented on sugar, palm oil and cassava processing by farmers themselves. What however, about other subsectors? And between traditional wholesale, contract and “modern retail”: what about other domestic forms of processing by domestic SMEs? Are these markets relevant?
- There is a general lack of consideration for young farmers and some of the constraints that are facing them. Whilst we understand that the report cannot get into details on this issue, we believe that given the importance of this group to the future of food security, their current absence from the debate is worrying.



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