

## **EXECUTIVE SUMMARY**

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# **Support Family Farming as Part of the Renewed Support for Agricultural Development**

## **Family Farming's Advantages in Meeting Developing Countries' Food Security and Development Challenges**

Previous work<sup>2</sup> by Coordination SUD's Agriculture and Food Commission has highlighted the advantages of family farming in meeting the challenges facing developing countries. These challenges are:

- ▷ responding to tense food situations and sustained population growth;
- ▷ fighting poverty and inequalities;
- ▷ occupying a large labor force, notably in rural areas; and
- ▷ preserving natural resources.

The existing structural link between economic activities and the family structure explains small farmers' ability to employ a large labor force to exploit the other available production factors (land and capital) in an optimal manner. Family farming's local anchorage is crucial to the economic animation of rural areas; it results in a strong concern for preserving soil fertility and natural resources and in better management of agrobiodiversity.

These various aspects show that, in the framework of agricultural development assistance, supporting family farming cannot be ignored. The resiliency of family farming is, among other things, a major advantage over capitalist agriculture (or agribusiness). Agribusiness is very sensitive to price variations and may abandon food production, even farming, if they are not profitable enough. Conversely, family farms diversify their crops to lessen their exposure to price risk. The ability of family farming to meet developing countries' challenges can, however, only express itself if agricultural policies are elaborated and implemented taking into account farmers' interests and local contexts.

## **The Return of Agriculture as an Issue and the Interest in Agricultural Policies**

During the Agriculture G8 meeting in April 2009, the central role that agriculture must hold in the international agenda was restated. The agriculture ministers insisted on the "importance of solid agricultural policies" in developing countries in order to meet the challenges of food security and poverty alleviation. This position reveals the return of agriculture as a central

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<sup>2</sup> Coordination SUD, "In defence of family farms: Which ones and why?", 2008. Position Paper / What Public Policies for Family Farming in Developing Countries?

development issue since 2007 and the publication of the World Bank's development report. The food crisis in 2008 intensified this realization.

In this context, we call on the G8 governments to foster public policies suited to the specific situations surrounding family farming in developing countries. In our view, these policies must pursue three objectives that are indispensable to the development of family farming:

- ▷ increase incomes;
- ▷ guarantee equitable access to natural resources; and
- ▷ invest massively to support family farming dynamics.

Pursuing these objectives necessitates both systematically involving family farm representatives in the agricultural policy elaboration process and allowing states sufficient latitude to apply these policies.

## Increase Income from Family Farming via Remunerative and Stable Prices

### **Farmers Are the Hardest Hit by Poverty; One Must Act on Their Incomes**

Several stakes justify income support for farmers: food security, rural employment, poverty alleviation, sustainable territory management. In order to respond to these concerns, the government authorities in many countries have set up varied income support systems in function of their budgetary and administrative capacities and the characteristics of their agricultural systems. The aim is, for example, to protect domestic markets from cheap imports or subsidize farmers directly to guarantee them a certain income level.

However, unlike developed countries, developing countries do not have the budgetary capacities to set up systems of direct subsidies to farmers. They must therefore establish remunerative price policies based on border protection. Yet, developing countries have over the past 20 years progressively abandoned their agricultural market regulation tools, thus placing their farmers in direct competition with imported products that are less expensive because they often receive production and export support. It is therefore now urgent to design, in the framework of international trade negotiations (especially in the WTO and in the framework of Economic Partnership Agreements), market mechanisms and commodity chain management mechanisms that are suited to the local contexts in developing countries and that benefit family farms.

### **Develop National and Regional Markets to Guarantee Remunerative Prices**

Better regulation of national and regional agricultural markets is indispensable to combat price volatility (which limits farmers' investments) and ensure remunerative prices for local farmers. However, such regulation through reasoned protection must also take into account urban populations when it comes to supplying food products at affordable prices.

The rise of the potato commodity chain in Guinea clearly illustrates family farmers' ability to respond to market signals when the market ensures a remunerative price via a temporary ban on imports. This protection enabled the investments necessary to compete with European imports. In addition, regional integration fostered access to a larger regional market and thus, via economies of scale, made it possible to offer local potatoes at an affordable price for West African consumers.

### **Improve Market Supply by Strengthening Commodity Chains**

As they opened their domestic markets, developing states often withdrew, at least in part, from supporting agricultural commodity chains. Today, we feel that it is indispensable that agricultural policies re-enter the field of market regulation by providing greater support to agricultural commodity chains. This is notably accomplished by setting up, for commodity chains deemed to be priorities, frameworks of dialogue open to farmers' organizations (FOs) and expanded to include the other actors involved (processors, transporters, shopkeepers, etc.). Frameworks of dialogue allow for greater coherency between actions in favor of each commodity chain and foster the optimal operation of these commodity chains, guaranteeing better market supply in quantity, quality and prices. Given the central role of FOs in the agricultural sector, the success of commodity chain structuring implies greater support for increasing professionalism in the agricultural world.

## **Guarantee Equitable Access to and Sustainable Management of Natural Resources**

### **Inequalities in Access to Natural Resources and Non-Sustainable Management: Hindrances to Development for Southern Countries**

Inequalities in access to natural resources (land, water, forests, etc.) to the detriment of family farms are frequent. Other forms of farming or other users often have financial advantages and considerable leverage to profit from better land, monopolize water resources, or grab forest lands. Among other things, management practices for these resources, whether by family farmers or other actors, are sometimes incompatible with their renewal. It is therefore the role of the government authorities to foster sustainable practices in the framework of co-management of natural resources.

### **Land and Water: Guarantee Equitable Access to Natural Resources for Family Farms**

As production factors, land and water must be distributed equitably to ensure maximum efficiency in their use. The sharp inequalities encountered in regard to access to water and land in developing countries, are a hindrance to the development of family farming. In the most unequal situations, redistribution policies are often necessary. In other contexts, land regulations that are more favorable to small farmers and landless farmers can progressively lean toward equitable distribution. When elaborating these redistribution or land regulation policies, consideration of family farmers' interests and capacities is an indispensable prerequisite. All too often, redistribution policies (whether by force or via the market) were conducted based on

ideological considerations and failed because they were disconnected from the expectations of the farmers supposed to profit from them (Central America, South Africa).

The rules of access to natural resources must also take into account all local modes of production and regulation. For instance, the economic and environmental role of migratory stock farming in sub-Saharan Africa has been proven, yet this activity is threatened by natural resource management rules elaborated by or for sedentary groups. “Customary” regulations on access to land and natural resources are often the only legitimate regulations in the eyes of local populations and must therefore be taken into account in national policies.

## **The Major Role of States in Sustainable Co-Management of Natural Resources**

Co-management of natural resources by various users and the government authorities provides numerous advantages, as can be seen in the diverse experience of water users’ associations and decentralized land management projects. These experiments in co-management also show us the need for consequential support for government authorities when it comes to the supervision of consultation processes or decentralized management and to capacity building for the actors involved. In addition, states are obliged to intervene in the case of unsustainable natural resource management; this is notably the case for certain over-exploited fishing resources.

Massive acquisition or rental of land in developing countries to the detriment of family farmers must be strictly supervised and controlled by the government authorities. These acquisitions do not generally pursue the goal of food security (predilection for non-food crops) or poverty alleviation for rural populations- objectives that family farms are better suited to attain.

## **Public Investments Indispensable to the Development of Family Farming**

### **Family Farming, the Poor Cousin of Public Investment**

The World Bank’s 2008 world development report shows that pro-farming investment in developing countries is particularly effective in reducing poverty and fostering fair growth. Despite this observation, the agricultural sector spending by developing country governments, notably African governments, is very often below the levels necessary to support the development of family farming. During the Maputo Conference in 2003, the countries of the African Union, aware of this weakness, promised to devote 10% of their budget resources to agriculture. Six years later, follow-through has been spotty for most countries.

Official development assistance (ODA) has also abandoned the agricultural sector; the share of ODA devoted to agriculture has, for instance, dropped from 16% in 1980 to less than 3% in 2006. Recent discourse by most donors on the need to support agriculture in developing countries is slow to become reality and often tends to support agribusiness projects in priority. Indeed, whether for governments’ public investments or development aid, the meager funds destined for the agriculture sector benefit family farms very little.

## **Public Goods Under the Authority of States or Regional Integration Structures**

Agricultural advice and rural training services and financing mechanisms accessible to all can be assimilated with public goods. On the same principles as rural roads and hydro-agricultural infrastructures, their financing is a matter for the state, even though their management may be delegated to users or local governments. Public investments must therefore not content themselves with financing infrastructures but must also cover the services that the market cannot provide.

## **Favor Investments that Accompany Farmers' Dynamics**

Accompanying farmer's dynamics means allowing family farms to build their own modes of development using their own production factors optimally while lessening their exposure to risks. This support must notably be provided via facilitated access to credit and savings, making it possible to invest in farms. Family farm advisory services that meet the needs expressed by farmers' organizations and the training of young rural people to foster the spread of farming innovations must also be at the roots of agricultural policy. These clearly identified stakes must be tackled vigorously by government authorities and by development aid, even if they are not always immediately profitable because they essentially amount to investing in these countries' social capital.

# **The Central Role of Farmers' Organizations and the Need for Latitude for Effective and Coherent Public Policies**

## **Strengthen Farmers' Organizations for Ambitious and Coherent Agricultural Policies**

All the orientations presented above imply real participation by representatives of family farms in elaborating public policies, notably agricultural policies. Indeed, collaborative elaboration improves the relevance of these policies and the effectiveness of their implementation because FOs are best situated to know farmers' expectations and capabilities. In sub-Saharan Africa, recent processes consulting FOs at the national (Mali, Senegal, etc.) and regional (UEMOA, ECOWAS, etc.) scales have, for instance, resulted in relevant texts that are particularly suited to the situation of family farms.

The coherency of public policies implies setting shared general objectives and prioritizing the specific objectives associated with them. When priorities are not clarified, each minister implements policies and actions that sometimes diverge and can interfere with the effectiveness of the state's overall policy. Greater involvement by civil society in general and FOs in particular makes it possible to clarify agricultural policy's goals and facilitate coherency between public policies. Strong, structured FOs must have the capability to discuss public and private interventions in rural areas.

## **Necessary Latitude for Ambitious Agricultural Policies**

Political (trade agreements, regional agreements, international negotiations) and economic (the role of trade in certain economies, state budgets, monopolies, etc.) constraints limit developing countries' ability to elaborate policies that reflect the interests of their populations.

In 2004, the UNCTAD thus called on states "to evaluate the trade-off between the benefits and the constraints posed by the loss of policy space" and restated "the need for appropriate national policy space". In this, developed countries, through their domination of international and bilateral trade negotiations, have a major role to play in assessing the impacts of their trade agreements on developing countries' capacity to support family farming-something which has been central to the EU's and the United States' agricultural policies for decades. Finally, developed countries need to make their development policies and their agricultural and trade policies more coherent. This is an essential point to foster the elaboration and implementation of ambitious agricultural policies at the service of family farming in developing countries.