

Food security, agricultural policy and the role of small-scale farms

Increasing prices for agricultural commodities offer a historic opportunity to intensify production systems for small-scale farmers in many developing countries. But without agricultural policies supporting them in making use of this opportunity, many of them would lose their access to land and income, resulting in aggravated food insecurity.

During the post-colonial decades, agricultural policies in developing countries went through a succession from neglect of agriculture via a period of state failure towards a period of market failure (cf. the article on pages 8–10). Often, it was a mix of state and market failure. On a global scale, these decades were characterised by agricultural surplus and low world market prices, which to a certain degree explains why neither states nor markets were successful in boosting agricultural production in developing countries on a broad scale.

■ New dynamics, new challenges, new opportunities

This global market constellation has turned to the contrary since 2005. Global demand for agricultural products is increasing due to factors like the consumption patterns of a new middle class in emerging economies and demand for agro-based energy. At the same time, relevant natural resources (good soils, water, oil) are getting

scarce or less reliable (increasing climate variability). Where increasing demand meets limited supply, prices tend to rise. What we saw during the price hikes in 2008 and 2011 is likely to become a long-term trend. This new global scenario asks for agricultural policy answers. There is a need for intensification, as an increasing gap between demand and supply can only be avoided through intensification, i.e. rising productivity. At the same time, there are new incentives for intensification, meaning that investments in the productivity of land or water will pay for the producer.

Moreover, there are underutilised potentials for intensification in many locations and farming systems. In numerous places, however, the majority of small-scale farmers (SSF) are not well prepared to make use of these potentials as they were neglected or discouraged in the past and have lost confidence in farming as a means of generating income. Therefore, rural families have tended to diversify their livelihood systems, rather than relying on farming only. On the other hand, large-scale private investors are well prepared to take advantage of the new market opportunities, either in order to gain access to food and energy or to make use of a profitable investment opportunity. The challenge for agricul-

tural policy is obvious. Unless SSF are capacitated to make use of intensification opportunities, there will either be supply shortages resulting in high food prices and reduced food security for the poorer sections or the latter will be pushed away from their natural resources, losing an important source of their livelihoods. Without other

Is an agricultural policy opting for a high level of external inputs such as pesticides and fertilisers the right one?

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Any form of agricultural policy always has to set out from the right to food. But food and nutrition security cannot be achieved with agricultural policy alone.

income sources, their access to food will be endangered. Such scenarios cry out for state intervention. Where food security, natural resources and livelihoods of relevant sections of the rural population are at risk, market dynamics need to be regulated. There is a clear case for reactivating and redirecting agricultural politics.

■ Food security is not just a matter of food production

The normative framework for any agricultural policy is determined by the right to food, by the Millennium Development Goals (MDG) which focus on poverty reduction and by the paradigm of sustainable development. Thus, agricultural policy in developing countries has to be guided by the overall objective of ensuring that all residents can gain access to sufficient food without a degradation of the natural resource base. Reliable access to food depends not only on the availability of food, but also on entitlements giving people access to available food by purchasing power or via social redistribution channels (like food aid, etc.). So it is not agricultural policy alone which can ensure food and nutrition security. However, agricultural policy does have to contribute to food and nutrition security by improving food availability (and thereby modest and stable food prices) while, at the same time, seeing to it that the masses of the rural population have access to land and water and/or to income so that they can buy food. Hence an agricultural policy guided by the objectives of food security, poverty reduction and sustainability, taking into account the present global dynamics, has to ensure

- increased supply of agricultural (including, but not only, food) products based on intensification,



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- broad-based income/livelihood opportunities for the masses of the rural population, and
- environmentally friendly sustainable land use.

■ Policy issues

There is some debate over what a “development and food security oriented” agricultural policy actually means (cf. also the articles on pages 8–10 and 11–13). Should it focus on the potentials of existing SSF, or should it rather rely on the efficiency of commercial large-scale farms? Should it embark on high external input technology (HEIT) based on chemicals and fuel, or should it give preference to sustainable land use practices? Should it go for a “Food First” policy, or should all agricultural commodities receive the same attention? Should farmers be promoted by public or by private services? Moreover, there is disagreement on the appropriate approaches of promotion: are farmers helped most effectively by a farming / livelihood systems approach or by a value chain approach? And there is a debate on who is responsible for ensuring sustainable and climate-smart land use practices and adaptation of farmers

to climate change. However, the overarching question is whether there are general global answers to these questions or whether the answers depend on the specific local context. The answers to these questions have to be guided by the policy objectives mentioned above.

Context-specific policies: Although some of the dynamics referred to are of a global nature and ask for global answers, it is the specific local conditions which have to be considered to find appropriate policy responses. Consequently, there cannot be any general rule on whether small or large farms, whether low or high external input solutions, whether private business, civil society or the government will do better. It all depends on the specific local context! Rather than embarking on dogmatic debates, on what is preferable in general, the first and foremost rule for designing agricultural policies is to follow the principle of context specificity. This principle has far-reaching implications for the process of policy design. Policies need to be drafted on the basis of local-level analysis and experience and with participation of people with local knowledge. Such a process has to be adequately resourced.

Small-scale farmers first: SSF, being given the opportunity, can manage to intensify their production methods and thus increase productivity considerably. Especially in low-wage countries, SSF dispose of competitive advantages in the field of production of many commodities regarding quality requirements (African handpicked cotton is a prominent example), while they suffer from disadvantages in managing access to markets and services due to limited economies of scale. Taking their potentials into account, SSF should, for the sake of food security and poverty reduction, be given preference by agricultural and land policies wherever SSF is the predominant mode of production. Thereby not only can agricultural production be increased, but the masses of the rural population, who still rely on farming as a source of income or subsistence, will be entitled access to food. The disadvantages of smallholders in accessing markets and services can be compensated by making use of the capacities of agri-business through facilitating contract farming arrangements. To become strong and reliable partners within contract farming systems on the one hand and empowered negotiation partners on the other, SSF need to be organised.

Low-external input first: The mixed experiences of the "Green Revolution" indicate that HEITs, as a rule, allow increasing productivity within a shorter period and at a higher rate, while they have several disadvantages, especially for poorer small-scale farmers and for remote rural locations. Their price tends to increase at an above-average rate as most of these technologies depend on oil, thereby reducing farmers' gross margins. The service requirements of providing external inputs (including credit) are higher, resulting in tremendous institutional challenges, especially in remote rural regions. Practitioners and farmers know about the disastrous consequences of late input supply. As a result, HEITs are more risky in the case of climate variability.

In contrast, low external input technologies (LEITs) are more environmentally friendly. Their yield increasing potential is often underestimated (as a thumb-rule, they can be expected to achieve a duplication of yields). From the farmers' point of view, however, the labour requirements of some of the "good practices" of sustainable farming are often too high. Therefore, most SSF tend to appreciate the utilisation of a certain amount of chemical fertiliser as part of their specific technology mix. Taking the advantages and disadvantages of both technology sets into account, there are good reasons for an agricultural policy offering both options for choice. This means putting more emphasis on identifying and disseminating appropriate LEITs than in the past. In the end, the appropriateness of technologies will always depend on the specific context, the location, the target group and the commodity. Agricultural policies on technology should therefore focus on the identification of context-specific technology mixes in line with the principle "as little external input as possible, as much as necessary".

Private versus state services: Subsidiarity, complementarity and competition: Those who still remember the period of state-dominated agricultural services are usually reluctant to recommend their revival. In many countries, these services were ineffective, unreliable, corrupt and exclusively in favour of better-off farmers or members of the political party in power. But the replacement of the state by private agents left the majority of SSF without access too. Private service providers focused on selected commodities (rather than considering the whole farming system), locations and well-capacitated target groups. Promotion of sustainable land use practices (e.g. improved soil and water conservation techniques for coping with rainfall variability) is usually not on the agenda of private research and extension services. As food security and nature conservation are public responsibilities, agricultural policy has to play a crucial role in ensuring that related services are provided. Yet this does not necessarily mean actually providing the services by state agencies. Service provision should follow the principle of subsidiarity: Wherever



In low-wage countries, smallholders can enjoy competitive advantages in the production of labour-intensive goods such as hand-picked cotton.

private providers can deliver effective, affordable and inclusive access to services and markets, or where they can be enabled to do so by private-public partnerships, there is no need to revitalise government services. Where private players do not show any interest, in particular in remote and marginal areas, in fields like food security, climate change adaptation, sustainable land use practices, governments will have to take the lead and provide a financial and institutional framework for service provision. Depending on the capacity of private and state agencies, the provision of services can be managed by a context-specific mix of private and public providers, sometimes in a complementary and sometimes in a competitive manner.

Linking the logics of markets and people: These days, most development agencies tend to advise agricultural policies to go for a value-chain approach. The rationale of this approach says that unless agricultural producers follow the requirements of markets, they will not be able to compete successfully in a global market environment. In contrast to a rural livelihood approach, a value

chain-oriented agricultural policy is not people-centred but market-centred. As a consequence, it tends to focus on those farmers who are already part of a certain value chain, neglecting those who still struggle for access to markets. While livelihood approaches failed, as they neglected the markets and therefore did not help farmers find income opportunities, value-chain approaches have often been unsuccessful because of their neglecting the livelihood systems and hence the capacities and limitations of the rural people. Therefore, integration of small-scale farmers into value chains should not be based on a one-sided adjustment of agricultural producers to predetermined value-chain requirements. Instead, it should result from a negotiated process reconciling the livelihood logic of the people and the market logic of value-chain governance. Establishing sustainable market links in rural areas does not happen on its own. It needs to be promoted by agricultural policies taking up the task of interlinking potential partners (by agents who can fulfil the role of brokers knowing the local conditions and the external markets), arriving at fair compromises and ensuring reliability on the sides of all contract partners.

Diversified location-specific commodity mix rather than staple food mono-cropping: Should a food security-oriented agricultural policy focus on self-sufficiency in food production, or should the crop production pattern better be driven by market forces? As the recent food price crises indicate, there are good reasons not to entrust the right to food to global markets and those powers which tend to influence those markets for their economic or political gains. However, there are equally good reasons not to rely on food self-sufficiency at household, local or national levels. Mono-cropping of staple-food crops like maize may not be a sustainable and locally adjusted way towards food security in many places. Considering that food security

is not just a matter of availability but also ability to buy food, in certain circumstances, farmers may have good reasons to produce what grows and sells best or to go for a balanced mix of food and cash crops, of cereals and tree crops and of diversified seasonal income sources to minimise vulnerability. Again, it is up to the farmer to decide! Agricultural policy should provide a range of options for flexible adjustment to changing environmental and market conditions. But it should not try to influence the farmer's decision by subsidising the production either of food or of non-food crops. There are, however, good reasons to subsidise food consumption and to stabilise staple food prices.

Beneficiaries' payment for sustainable resource utilisation: Small-scale farmers will not be able to afford the investment costs for sustainable agricultural practices. On the other hand, many benefits offered by sustainable practices are enjoyed by the wider society, such as downstream residents, those threatened by global climate change or consumers of healthy products. Consequently, agricultural and environmental policies have to join efforts to ensure that beneficiaries pay farmers for their costly environmental services through appropriate mechanisms.

■ Conclusion

An agricultural policy aiming at food security should not only focus on raising food production but should provide income opportunities for the masses of rural (and partly urban) families as well. Consequently, instead of facilitating the ongoing trend towards large-scale agricultural investments, it should embark on capacitating existing small-scale farmers to use the opportunity and cope with the challenges of intensifying cultivation, thereby making more food available and generating more income for buying food at the same time.



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