

Co-operation with the private sector

“Driver of development for smallholder farms”

To alleviate poverty and hunger in rural areas is a core political objective of the German Federal Ministry for Economic Cooperation and Development (BMZ). A key element of this task is the promotion of the farming and food sector. Because of its crucial importance to food security, our focus is on market-oriented family farms.

Unfavourable economic and political conditions are the cause of the continued prevalence of subsistence farming, with many small farmers remaining trapped in poverty and hunger. The resultant inability of families to invest in health, education, farm improvements and the sustainable use of their resources puts their entire socio-economic development at risk.

■ Agricultural entrepreneurship develops small family farms

Because each farmer is an independent operator (agripreneur), a critical step towards improving the family's situation is to increase profitability. The main focus is on enhancing productivity and efficiency, and at the same time marketing products in a more lucrative manner. The small-scale farmer can decide for himself whether to sell his harvest through a middleman, on the market or under contract to a processing company. Development co-operation should empower the farmer to choose the right development model for himself or herself, without being coerced into retaining the status quo. Farmers must be able to take their own business decisions and make use of sustainable production systems which are suited to their local conditions. This enables them to secure not only their own food supply but also to contribute to regional food security.

In many developing countries the changing tastes of a growing middle class for processed, high-quality, safe foods can only be satisfied by imports. On the one hand there are few local processing options, and on the other high-quality

food is not produced at the right time and in sufficient quantities – not to mention the lack of transport infrastructure and storage. It is imperative that this enormous potential for local and regional production and processing is tapped. But, apart from all the shortcomings in terms of expertise, market access and market data, the main stumbling block in many cases is inadequate funding. To this day, the formal financial system can satisfy only a fraction of the need that exists. For this reason many worthwhile and self-amortising investments are not being made.

■ Public and private investment is needed

What is needed is robust, broad-based agricultural finance which includes both public funding – for infrastructure, structural and regional policy for rural areas, agricultural policy, training and up-skilling programmes for farmers, investment incentive programmes, etc. – and private investment – from smallholder agriculture to major farming enterprises to co-operation with the national and international economy. Germany's agriculture and food industry is a strong partner which stands for values far beyond purely commercial benefit, such as reliability, expertise, quality products, long-term partnerships and sustainability. For this reason the BMZ considers initiatives such as the German Food Partnership (GFP) a valuable addition to purely official development policy.

Taking account of the market potential and absorptive capacity on the ground, we would like – with the assistance of these partnerships – to provide farming families with new opportunities to improve their product marketing in the context of a value chain approach, and to gain better access to expertise, funding and reliable purchasers by means of fixed contracts. Experience gathered thus far is to be utilised and transferred: German development co-operation has successfully helped increase the incomes of several hundred thousand small farmers in Africa, primarily in cash crop projects such as cotton, cocoa and cashew nuts. We want to expand this success to staple foods. An initial major project is the Competitive African Rice Initiative (CARI) under the auspices of the German Food Partnership, which aims to increase the incomes of up to 120,000 poor rice farmers in Africa.

A concerted approach that involves the entire rural community is needed for the mammoth “One World – No Hunger” task we have set ourselves. Provided the primary focus of all activities remains firmly and consistently on the needs of local farmers and future generations, much of the alleged controversy will not be controversial at all.



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a viable approach?

“Perilous partnerships”

Whatever is the German Federal Ministry for Economic Cooperation and Development (BMZ) thinking of, involving agribusinesses such as Bayer and BASF in the fight against hunger? This is the question posed by 146 celebrities in an open letter to Chancellor Angela Merkel and Development Minister Gerd Müller in June. Further, a survey showed that Germany’s population in general has a low opinion of agricultural corporations when it comes to fighting hunger. Their indignation and scepticism are more than justified. The direction that Germany is taking with this new generation of public-private partnerships such as the German Food Partnership (GFP) and the G8 New Alliance for Food Security and Nutrition is not only wrong, but risky. It is time to stop for a moment and look closely at such private sector co-operation to which governments are ascribing an increasingly key function in the alleviation of poverty and hunger. The more so because the GFP and the New Alliance are not isolated cases. Agricultural corporations are also engaged in the formation of Green Innovation Centres which are to become a vital component of Development Minister Müller’s special initiative “One World – No Hunger”.

■ Lack of transparency

The GFP projects launched so far reveal a basic problem here. They are always developed in close collaboration with agribusiness and private foundations, but without the participation of small-scale farmers or their organisations. The latter, however, are those who should be most involved in decision-making on the measures needed to improve their incomes and living conditions. The human rights perspective demands that marginalised groups should be supported as a priority. The GFP is also leading by poor example in terms of transparency – likewise a human rights principle. Very little information has been made available to the public. The project contracts agreed with corporations have thus far been kept confidential. Details of who is funding what and to what extent have not been disclosed.



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The GFP has set itself the task of increasing productivity and improving the efficiency of the production chain. A focus of the projects is to provide training for farmers. The BMZ grants Bayer, BASF and other companies far-reaching opportunities to use the courses as promotional events for themselves, and to influence the concept of the training courses to their own benefit. With respect to the Better Rice Initiative in Indonesia for instance, GFP companies are directly involved in developing training curricula and materials, as well as training and up-skilling programmes, and they are also funding agricultural advisers. A project manager engaged by BASF for the GFP project heads a large team of field coordinators. The GFP businesses are not only to contribute their “expertise” with their employees, however, but also with their products which are used in field trials and demonstrations.

■ Support for a non-sustainable production model

The corporations do not do this out of the goodness of their hearts, of course. At a GFP event in November 2013 Bayer CropScience stated unequivocally: “Our business happens to be the sale of crop protection agents and seeds.” This has nothing to do with an independent advisory service. When it comes to training farmers in Germany, different standards apply altogether. Such close ties between agribusiness and development policy not only promise increasing profits to Bayer, BASF and the others, but also promote their concept of high-input, capital-intensive agriculture. The negative impact of such an agro-industrial and non-sustainable model, both on the environment and low-income small farmers, is not being adequately taken into account. Increasingly, traditional cultivation methods and seed varieties are being pushed to the fringes, and small-scale producers are in danger of becoming dependent on multinational corporations and their inputs, such as industrial seed and pesticides. It is not to be expected that the GFP projects will actively support agro-ecological practices aimed at paring down pesticide use.

The BMZ should put neither its political weight nor the development funds it administers behind questionable partnerships with major corporations which do not benefit the poorest of the poor, but in fact disadvantage them. There are far more effective, practicable public investment approaches such as the promotion of agro-ecology, women and local marketing which are more accessible to the rural poor and also protect the environment. To entrust corporations with a major role in the fight against hunger is a recipe for failure.