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eDialogue: What Future for Small-Scale Farming? Emerging Themes

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Tuesday 10 November was another fantastic session of our [eDialogue series](#) on ‘What Future for Small-Scale Farming?: Inclusive Transformation in Challenging Times’.

The panellists explored the complementary roles of commercialisation, food production for self-consumption and social protection in tackling farming household poverty and poor nutrition.

Now with four eDialogue sessions under our belt, a set of very thought-provoking perspectives are starting to crystallise. They have profound policy implications.

Achieving the SDGs hinges on transforming small-scale farming. Let’s step back to the fundamental issue. The world has an estimated 500 million small-scale farmers. In terms of rural households this represents a population of some 2.5 - 3 billion people – over a third of the world’s population. On the one hand, this group produces much of the food consumed in low- and middle-income countries. On the other, this group encompasses the majority of those who still live in extreme poverty and suffer hunger. A transformation of small-scale farming is fundamental to eradicating poverty and hunger, to feeding the world sustainably and well, and to tackling the climate crisis.

Small-scale farming households are very diverse. In thinking about this necessary transformation, our eDialogue panellists time and time again stressed the point that small-scale farmers are not a homogenous group. We often hear it said that there are no “one size fits all” solutions. We would go further and say that generalisations are not only misleading, they can be very dangerous and lead to ineffective policy directions and sub-optimal outcomes.

Gender dimensions are critical. In understanding household diversity, it is critical to understanding the roles and changing role of women. For example, as male members of households seek employment outside the farm, either locally or further afield, the women take on greater farming responsibilities, but often without commensurate decision-making power, access to finance and expertise and security of land tenure. Women’s and girls’ empowerment remains a critical element of any transformation strategy for small-scale farming.

Most small-scale farming households don't just farm. It is vital to recognise that rural households who farm are not only farmers. Farming households have a diversity of income sources. Household members engage in a combination of farming, off-farm micro-enterprises, rural wage labour, and migrating to work in urban areas. Poorer households may also rely on various forms of social protection. A shift of perspective is needed from “small-scale farmers” to “rural households who also farm”, recognising that farming is often just one of several important income streams.

The number of small-scale farms are not declining as economies develop. There is another critical observation. In OECD countries, economic development during the 20th Century saw a very rapid decline in farm numbers and significant land consolidation. Although there is a trend towards consolidation of farms in some countries of East Asia, this is not happening in most low- and middle-income countries. In fact, in South Asia and Africa farm numbers are increasing and farm sizes are shrinking, while perhaps counter-intuitively in parallel there is also an increase in the number of medium-sized farms. Two factors are at play. First, increasing populations without commensurate employment opportunities create an increasing demand for land. Second, without employment security, social protection, health insurance or pension schemes, many people hang on to their land as security. This occurs even if the land area is very small and even when they have substantial off-farm income. This situation is also leading to forms of informal and temporary land leasing and consolidation, in ways that enable people to maintain their legal or customary title.

Most small-scale farmers can't make a living from farming. Against this background, we need to understand the profitability of farming. The harsh reality is that for many farmers growing staple crops – or even traditional cash crops such as coffee and cocoa – on small areas of land it is hard to make a living, given the low productivity and current market prices. Production of low-value commodities on small parcels of land generates small, often negligible, surpluses that make it difficult for the household to cover the basic income requirements for daily living. Some crop sales by poor semi-subsistence households are, therefore, not sales of surplus, but so-called ‘distress sales’ to meet immediate cash needs, even if the household then has to buy in quantities of the same crop a few months later – when prices are higher. This makes livelihood diversification essential. Very small-scale farmers who are unable to diversify their livelihoods remain the poorest and most malnourished group of people on the planet.

On its own, linking farmers to markets is not a solution. The last decades have seen a development ethos around the idea of linking farmers to markets and agricultural commercialisation as a core strategy for tackling rural poverty. On its own, this focus on ‘making markets work’ is not a solution for the complex challenges faced by a majority of small-scale farming households. There is a reality of how much can be produced on a given area of land. With the very small land holdings many farm families maintain, the numbers simply don't add up for the many crops they grow and the prices they receive for their produce. It is not a question of investing in “sustainable intensification” to increase yields by 20, 50 or even 100 percent nor of improving prices by similar amounts. Most small-scale farmers would need a multi-fold increase in farm income to get anywhere close to a living income. Without doubt, connecting to markets is important, but only part of the issue. It is

what can be earned from producing for markets from a given area of land combined with other sources of off-farm income that ultimately matters.

A Pareto Principle for small-scale farming? The economic value of growth in the food sector will be very substantial over the coming decades. This leads to the argument that there will be significant opportunities for small-scale farming households in agriculture. However, this assumption needs to be unpacked carefully. It is already clear that a small minority of larger, more viable small- and medium-scale farmers produce the bulk of food being consumed by urban populations. Future demands for food will be for high-value perishables and will have requirements for quality, safety, traceability and volumes of delivery which create substantial barriers for most small-scale producers. The degree to which future food demands will be inclusive and translate into viable futures for large numbers of more marginal, small-scale producers is questionable at best.

Food system opportunities beyond the farm. Growth in food demand can help to drive overall rural economic development and create a diversity of both on- and off-farm employment and enterprise opportunities. The pathway out of poverty for many small-scale farmers is most likely through diversified livelihood strategies where they become more integrated into off-farm economic activity and much greater levels of value addition. In the medium term, many will take up these opportunities while still doing some farming. The scale of off-farm food system employment opportunities along and beyond the value chain needs to be better understood. These are the places likely to create multiplier effects in the wider rural economy to drive structural transformation.

Don't forget informal markets. While some supply chains are formalising, for the foreseeable future informal and semi-formal markets will dominate domestic food trade in most countries. They have supply networks that may stretch over great distances. At the consumption end, these systems meet the growing demand for prepared foods, with the role of women and youth being particularly important throughout. Optimising inclusive on and off-farm economic opportunities in these markets is essential for reducing rural household poverty. Policies need to be geared towards supporting more pluralistic arrangements, strengthening both informal and formal marketing channels to meet the growing demands of a diverse set of rural and urban consumers. At the same time, it is important to recognise that employment and trading conditions in the informal sector can be very exploitive, making it difficult for people to escape poverty and move towards a living income.

The need for holistic approaches. Tackling the poverty, food insecurity and malnutrition faced by many rural households whose livelihoods largely or partly depend on farming will require a multi-pronged and integrated approach. Strategies need to be targeted to the specific circumstances and needs of particular households and particular geographic locations. Broadly, four elements need to be integrated into a coordinated approach:

- 1) Enabling ***inclusive commercialisation*** opportunities for those who have the potential for farming to be a viable element of their livelihood mix, with a particular focus on diversifying production systems to support more nutrient-rich diets.

- 2) Optimising the potential for farming households to improve their nutrition and food security through what they can produce for **self-consumption**.
- 3) Extending, targeting and innovating **social protection** to support those who are most vulnerable, to provide better risk management and insurance mechanisms and to support people to become economically active and self-reliant.
- 4) Creating enabling conditions for farming households to **diversify into off-farm income** earning activities.

An enabling rural environment remains critical. Alongside initiatives that target the needs of individual households, there is also a need to put in place the public goods and services, including infrastructure, telecommunications, energy, education and health services, and sustained business investment and dynamic small and medium-scale enterprises which are needed to underpin the overall economic development of any rural area. Striving to create a vibrant rural environment where people actively choose to live - including young people - is key for the long-term future.

Getting the data. The eDialogue posited many observations about the trends and emerging opportunities and challenges for small-scale farmers. But the message was clear - the data does not exist to adequately understand what is happening locality by locality or country by country. There is a big gap in knowing who is on a pathway to greater prosperity and who is being left behind. Targeted and effective support strategies need to be based on a much more granular understanding of the livelihood strategies of diverse range of farming households and how their circumstances are changing. Investing in longitudinal, multi-sited, interdisciplinary research that can track livelihood trajectories over time and space and assess differential outcomes of various strategies and interventions will be essential if we are to fill those knowledge gaps.

Utilising digital potential. In all aspect of transforming small-scale farming digital solutions are seen as critical. This includes generating data, providing market information and access, payment systems, insurance, banking and finance, providing targeted social protection, and providing technical services. However, it must be stressed that these are not a panacea. They cannot replace, but only enhance other public and private services that are essential for creating and sustaining a vibrant rural economy.

Services to society. Rethinking the contribution of small-scale farmers. Instead of looking at the plight of small-scale farmers as a problem to be solved, what happens if we look at how small-scale farming can be part of the solution to a wider set of societal challenges? Four areas are key, providing a more nutrient-rich and diverse diet for society at large, providing eco-services that protect the environment, carbon sequestration through land use, and diversified and attractive rural livelihood options that help avoid large out-migrations (which put unmanageable pressures on urban areas and exacerbate the problems of cross-border migration).

Diversification – an underlying theme. Across the eDialogue series, diversification has become a common thread that has bound the panel discussion together. The diversity of farming households. The diversifying nature of household livelihoods. The need to diversify food production and marketing arrangements to meet nutritional needs. The diverse ways

in which small-scale farming can contribute to society's needs. And the need for a diverse yet integrated set of support measures to enable a socially just, environmentally sustainable, nutritionally smart and a resilient transformation of small-scale farming.

Acknowledgment. This blog draws on the views and perspectives offered by the eDialogue panellists (listed below) in the first four sessions of the eDialogue and we thank them very much for their inputs and insights. The conclusions in this blog are those of the authors and may not necessarily be those of the panellists.

Panellists: Gilbert Houngho, Jemimah Njuki, Milu Muyanga, Julio Berdegue, Avinash Kishore, Irene Annor Frempong, Theresa Ampadu-Boakye, Ajay Vir Jakhari, Kofi Takyi Asante, Regis Chikowo, Audax Rukonge, Hannington Odame, Steve Wiggins, Heitor Mancini Teixeira, Milena Umana, Claus Reiner, Maija Peltola, Alejandra Arce, Abdelbagi M Ismail, Aida Isinika, Martin T Muchero, Cyriaque Hakizimana, Adebayo Aromolaran, Aditi Mukherji, Sudha Narayana, Mekhala Krishnamurthy, Jeevika Weerahewa, Mamata Pradhan, Ranjitha Puskur, Grahame Dixie, Fabrizio Bresciani, Andrew Powell, Marlene Ramirez, Irish Baguilat, Tran Cong Than, Mario Herrero, Fábio Veras, Namukolo Covic, Felix Kwame Yeboah, Iris van der Velden, and Clara Colina

