

Which public policies for family farming in developing countries?

Coordination SUD

(Solidarity Relief Development)

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Executive summary

Support for family farming as part of renewed support for agricultural development

The advantages of family farming in meeting food security and development challenges in developing countries

Previous work¹ by Coordination SUD's Agriculture and Food Commission 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 labour force, notably in rural areas; and
- protecting natural resources.

The existing structural link between economic activities and the family structure explains why small farmers are able to employ a large labour force to exploit the other available production factors (land and capital) so productively. Family farming is rooted in the locality, is crucial to economic activities in rural areas, and is deeply concerned with preserving soil fertility, protecting natural resources and better managing agro-biodiversity.

Because of these characteristics, it is essential to support family farming through the framework of agricultural development assistance. The resilience of this type of farming gives it a major advantage over capitalist agriculture (or agribusiness), which is very sensitive to price variations and may abandon food production (and even farming) if it is not sufficiently profitable. Family farmers, however, diversify their crops to lessen their exposure to price risk. Yet, family farms will only be able to meet the challenges facing developing countries if agricultural policies that take account of farmers' interests and local contexts are formulated and put in place.

The resurgence of interest in agriculture and agricultural policies

The need to put agriculture back at the centre of the international agenda was restated at the Agriculture G8 meeting in April 2009, when agriculture ministers emphasised the "importance of solid agricultural policies" in developing countries to meet the challenges of food security and poverty alleviation. This position reflects the resurgence of agriculture as a central development issue since 2007 and following the publication of the World Bank development report, a realisation that was reinforced by the food crisis of 2008.

¹ Coordination SUD, *In defence of family farms: Which ones and why?*, 2008, Position Paper.

In this context, we call on the G8 governments to encourage public policies that are appropriate to the specific situations in which family farms operate in developing countries. In our view, these policies should pursue three objectives that are the key 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 entails both systematically involving family farmers' representatives in the process of formulating agricultural policies, and allowing states sufficient policy space to apply these policies.

Increasing incomes from family farming through remunerative and stable prices

Farmers are the hardest hit by poverty; action is needed to increase their incomes

Several issues justify income support for farmers: food security, rural employment, poverty alleviation and sustainable land management. Government authorities in many countries have set up various income support systems in order to respond to these concerns. They vary according to their budgetary and administrative capacities and the characteristics of their agricultural systems, and are intended to protect domestic markets from cheap imports, or to subsidise farmers directly to guarantee them a certain level of income.

Unlike developed countries, developing countries do not have the budgetary capacity to set up systems of direct subsidies to farmers. This means that they have to establish remunerative price policies based on border protection. But because they have spent the past 20 years progressively abandoning their agricultural market regulation tools, they have placed their farmers in direct competition with imported products that are less expensive because many receive production and export support. Consequently there is now an urgent need to design market mechanisms and commodity chain management mechanisms that can operate within the framework of international trade negotiations (especially within the WTO and Economic Partnership Agreements), are suited to the local contexts in developing countries, and which benefit family farms.

Developing national and regional markets to guarantee remunerative prices

National and regional agricultural markets need to be better regulated in order to combat price volatility (which limits farmer investments) and ensure remunerative prices for local farmers. However, protective regulatory measures should also take account of the need to supply urban populations with affordable food products.

The rise of the potato commodity chain in Guinea clearly shows that family farmers can respond to market signals when the market ensures remunerative prices; in this case, through a temporary ban on imports that facilitated the investment required to compete with European imports. Regional integration also gave producers access to a larger regional market and, through economies of scale, made it possible to offer local potatoes at an affordable price for West African consumers.

Improving market supply by strengthening commodity chains

In many developing countries, state support for agricultural commodity chains was withdrawn as domestic markets were opened up. We believe that it is now essential for agricultural policies to re-enter the field of market regulation by providing greater support for agricultural commodity chains. For priority commodity chains, this can be done by setting up frameworks for dialogue that are open to producer organisations (POs) and other actors in the chain (processors, transporters, shopkeepers, etc.). This encourages greater coherence between actions to support each commodity chain, and greatly improves the functioning of these chains, guaranteeing better market supply in terms of quantity, quality and price. Given the central role that POs play in the agricultural sector, structuring commodity chains successfully will entail greater support for the professionalisation of the agricultural world.

Guaranteeing equitable access to and sustainable management of natural resources

Unequal access to natural resources and unsustainable management practices are hindering progress in developing countries

Many family farmers are hampered by unequal access to natural resources (land, water, forests, etc.), as other land users and forms of farming often have the financial advantages and leverage to acquire better land, monopolise water resources or grab forest lands. Furthermore, these resources are sometimes managed in ways that are incompatible with their renewal - by both family farmers and other actors. Therefore, it is the role of the government authorities to encourage sustainable practices in the framework of jointly managed natural resources.

Land and water: guaranteeing equitable access to natural resources for family farms

As production factors, land and water need to be distributed equitably to ensure that they are used most efficiently. Highly unequal access to these resources is hindering the development of family farming in developing countries. In the most unequal situations redistribution policies are often required; while in other contexts, land regulations that are more favourable to smallholders and landless farmers can progressively lead to equitable resource distribution. However, it is essential that these redistributive or regulatory land policies take account of family farmers' interests and capacities rather than being based on purely ideological considerations. Policies to redistribute land (by force or via the market) have all too often failed because they were disconnected from the expectations of the farmers who were supposed to benefit from them (Central America, South Africa).

The rules governing access to natural resources also need to take account of all the different local modes of production and regulation. The consequences of not doing so can be seen in sub-Saharan Africa, where transhumant livestock rearing is threatened by natural resource management rules elaborated by or for sedentary groups, despite the proven economic and environmental advantages of this activity. Since local populations often see "customary" rules as the only legitimate regulations regarding access to land and natural resources, it is vitally important that these are taken into account in national policies.

The major role of states in sustainable co-management of natural resources

Various initiatives by water users' associations and decentralised land management projects have demonstrated the benefits of involving users and government authorities in the joint management of natural resources. These experiments in co-management also show that government authorities need support in supervising consultation processes and decentralised management, and with capacity building for the actors involved. They also need to intervene when natural resources are not managed in a sustainable manner, as is the case with certain over-exploited fishing resources.

Massive land acquisitions or rental in developing countries is detrimental to family farmers and should be strictly supervised and controlled by the government authorities. Such acquisitions are rarely made in order to achieve food security (predilection for non-food crops) or alleviate rural poverty in the countries concerned, and family farms are better placed to attain these objectives.

Public investment is essential for the development of family farming

Family farming, the poor relation of public investment

The 2008 World Development Report by the World Bank shows that pro-farming investment in developing countries is particularly effective in reducing poverty and fostering fair growth. Despite this observation, government spending on the agricultural sector in developing countries is often well below the level needed to foster family farming. This is especially true in African countries; despite promising to devote 10% of their budgetary resources to agriculture at the Maputo Conference in 2003, progress on this front among members of the African Union was still spotty six years after the event.

Nor can the agricultural sector expect much help from official development assistance (ODA), given that the share of ODA devoted to agriculture dropped from 16% in 1980 to less than 3% in 2006. Most donors have been slow to respond to recent discourse on the need to support agriculture in developing countries, and when they do act, they often prioritise support for agribusiness projects. The meagre funds destined for the agricultural sector are of little benefit to family farms, whether they come from government public investments or development aid.

Public goods overseen by states or regional integration structures

Easily accessible agricultural advice, rural training services and finance mechanisms can be likened to public goods, and should be funded by the state as rural roads and hydro-agricultural infrastructures are, even though their management may be delegated to users or local governments. Public investment should therefore not only be used to finance infrastructures, but also to cover services that the market cannot provide.

Favouring investments that support the dynamics of family farming

Supporting the dynamics of farming means allowing family farmers to create their own modes of development and make the best possible use of their production factors while lessening their exposure to risks. One way of doing this is to facilitate access to credit and savings, thereby enabling producers to invest in their farms. Agricultural policies also need to make

provisions for advisory services that meet the needs expressed by family farmer organisations, and training for young rural people to foster the spread of farming innovations. Even if the benefits of such support are not always immediately visible, government authorities and development aid need to make vigorous efforts on this front, which essentially amount to investing in the country's social capital.

The central role of farmer organisations and need for latitude for effective and coherent public policies

Strengthening producer organisations to encourage ambitious and coherent agricultural policies

All these recommendations require family farming representatives to be meaningfully engaged in public policy formulation, and especially agricultural policies. Collaborative formulation processes lead to more relevant and effective policies because POs best reflect farmers' expectations and capabilities. Recent processes in sub-Saharan Africa where POs have been consulted at the national and regional levels have resulted in relevant legislation that is particularly suited to the situation of family farms (in Mali and Senegal, and within UEMOA and ECOWAS, for example).

Developing coherent public policies involves setting shared general objectives and prioritising related specific objectives. Failure to clarify priorities can result in each ministry implementing different and sometimes divergent policies and actions, which may undermine the effectiveness of the state's overall policy. Greater involvement by civil society in general, and POs in particular, helps clarify agricultural policy goals and encourages coherent public policies. What is needed are strong, structured POs with the capacity to discuss public and private interventions in rural areas.

Necessary latitude for ambitious agricultural policies

The ability of developing countries to formulate policies that reflect their population's interests is limited by political (trade agreements, regional agreements, international negotiations) and economic (the role of trade in certain economies, state budgets, monopolies, etc.) constraints.

In 2004, UNCTAD 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". Given their domination of international and bilateral trade negotiations, developed countries have a major role to play in this respect, and need to assess the impacts of their trade agreements on the capacity of developing countries to support family farming – something that has been one of the central tenets of EU and American agricultural policies for decades. Finally, it is essential that developed countries make their development, agricultural and trade policies more coherent, in order to encourage the formulation and implementation of ambitious agricultural policies that support family farming in developing countries. ●

Introduction

A previous report by Coordination SUD's Agriculture and Food Commission (C2A)² shows that family farms have certain advantages in terms of their ability to respond to development challenges.³ Their capacity to employ a large family workforce to utilise other factors of production (land and capital) enables rural populations to stay in the countryside, and thus stem the exodus to urban centres where economic opportunities are often lacking and unemployment rife. Keeping farming families on their land is crucial for the economic dynamism of rural areas, and helps maintain the ecosystems and resources on which their livelihoods depend. Their capacity for resilience in the face of highly volatile prices is one of the keys to achieving food security in developing countries.

Capitalist agriculture, on the other hand, seems more sensitive to variations in the relative prices of products, and more fragile in a certain way. Fluctuating market prices may result in rapid changes of land use, from foodcrop production to crops that will be used for industrial purposes, energy or export, thereby creating a potential risk to food security.

The only way to build on the strengths that family farms have shown in responding to the challenges facing developing countries is to support them through ambitious public policies that are formulated *with* family farmers. Having accepted the need to defend family farmers, the question is how best to support them. What measures are available? Which concrete examples best illustrate the effectiveness of this type of farming? In what context are measures put in place?

This document is for all those who wish to support family farming, through national public policies in developing countries, and development aid and agricultural and trade policies in developed countries. It describes interventions that have helped remove some of the constraints to the development of family farming in specific contexts. These measures have a public policy dimension, either by directly implementing public policies or as project interventions that could potentially lead to public policies. The State is certainly a major actor in public policies, but all social and economic actors, especially family farmers themselves, should also participate in the formulation and implementation of public policies.

Family farming can be supported through a whole range of public policies. This is a huge subject that we cannot hope cover exhaustively; and in any case, this paper is not intended to be a wish list of measures, but to show concrete cases of support for family farming that are particularly exemplary in terms of generating positive results in several domains (increasing production, securing more remunerative prices, etc.). Therefore, it considers various support measures that we believe to be essential. It is worth noting that this has been a complex exercise, given that "success stories" in terms of public policies that have worked for family farming are fairly thin on the ground in developing countries...

² Alpha A., Castellanet C. (ed.), *In defence of family farms: Which ones and why?*, Coordination SUD, 2008.

³ Family farming' refers to types of agriculture in which economic activities and the family structure are closely linked. These connections can be seen in the type of activities that are undertaken, and the way that labour and modes of inheritance are organised. Family farms are very diverse (hence the use of the plural) – ranging from forest farming by hunter-gatherers to fully mechanised operations covering hundreds of hectares run by a single family. Although this makes it hard to characterise, it should be noted that labour in all these types of farm is invested with the aim of obtaining income for the family. This differs from another form of agriculture that can be called "capitalist", where the farm owner provides the capital, employs waged labourers and seeks a return on the capital rather than the labour invested.

Another important point is that the policies and measures presented below cannot be applied universally or in isolation. One of the main conclusions of this report underlines the fact that policies to support family farming should be based on analysis of local conditions, opportunities and threats. The examples used in this document clearly show the importance of formulating policies that are tailored to each context, and that multiple, consultative and coherent policies are needed to develop family farming. Although this message may seem simplistic, and to be something that “we already know”, too many policies and development programmes have been willing to make do with ready-made models and remedies. Policies need to be negotiated and adapted, and it is essential that representatives of family farming are involved in this process.

This report is based on the available literature, and also draws heavily on the field experience of the NGOs in Coordination SUD and their partners (see list of case studies conducted for the report in the Annex). It is structured around three major objectives that are central to the development of family farming:

- ensuring remunerative and stable prices for family farmers; this is the first requirement for revenues from agriculture as a market-oriented activity (first section of the report);
- guaranteeing access to natural resources in order to develop farmers’ production capacities (second section);
- increasing public investment to support rural dynamics (third section).

In order to achieve these objectives, representatives of family farming will need to be involved in the formulation and implementation of public policies. This is the subject of the fourth section. ●

PART 1

Ensuring remunerative and stable prices

The levels of poverty and hunger in rural areas are evidence of the urgent need to improve producers' incomes and the conditions in which they pursue their livelihoods. According to World Bank estimates, three quarters of poor people live in rural areas.⁴ The fact that family farmers are unable to make a living from their activity contributes to the massive exodus from rural areas to urban agglomerations with rapidly expanding populations⁵.

The governments of many countries have put in place various systems to support producer incomes. These vary according to their budgetary and administrative capacities and the nature of agriculture in the country concerned: from guaranteed purchase prices, intervention prices or minimum prices to protecting domestic markets and direct aid for producers... Unlike developed nations, developing countries do not have the budgetary resources to offer direct aid to producers, and have to resort to other modes of intervention based on adjusting producer price levels.⁶

Price formation and regulating agricultural markets are two key areas where the authorities can act to support producers. Yet the last 20 years have seen governments in developing countries disengage from the agricultural sector and progressively abandon market regulation tools, exposing family farming to competition from imported products and huge price fluctuations in deregulated markets. There is a clear need to revive public intervention in this domain.

Another approach entails strengthening commodity chains and improving the returns on agricultural produce to enable farmers to get better prices for their output. Government support to encourage these commodity chain dynamics is also an essential lever in improving producer prices.

After considering how remunerative and stable prices are required to enable family farmers to escape from poverty, we will discuss the kind of support that could be put in place to sustain producer prices.

⁴ According to data from 2002, the most recent year for which statistics on rural poverty are available. World Bank, *World Development Report*, 2008.

⁵ Coordination SUD, *In defence of family farms: Which ones and why?*, 2008.

⁶ Producer incomes could also be improved by reducing their outgoings, especially on agricultural activities (agricultural equipment and inputs, etc.). Revenues increase when products increase at fixed rates (rising prices for produce), but also when costs go down (as with subsidised inputs). However, a large proportion of costs cannot be reduced, such as salaries, rent, remuneration for family labour, etc.

A condition for agricultural investment

Unstable agricultural markets

At the very least, producers need secure purchase prices for their output so that they can make long-term investments in their farms and thus improve labour productivity, increase output and reduce production costs.

Numerous authors have⁷ shown that agricultural markets are not self-regulating and do not spontaneously lead to stable prices. The nature of supply and demand on these markets (climatic uncertainties, production timescales, rigid or inelastic demand in relation to prices, etc.⁸), combined with forecasting errors by economic operators⁹ and the costs of transferring produce from one market to another can lead to situations of extreme price instability (the Cobweb effect). In a context where unstable prices are endogenous, and not only linked to exogenous factors such as climatic uncertainties or attacks by pests, opening up domestic markets amplifies instability rather than reducing it.¹⁰ The temporal and spatial trade-offs entailed in storing, processing and transporting commodities make it impossible to lessen price instability.

BOX 1

> **Is it better to manage risks or stabilise prices?**

Most donors and certain governments promote private risk management instruments (insurances, commodity futures, etc.) as an alternative to public interventions to stabilise prices, which are seen as expensive and ineffective. It is considered preferable to reduce the negative effects of exposure to price risks for producers, rather than taking direct action to stabilise prices – although policies to manage risks and stabilise prices are in fact complementary and pursue distinct objectives (Gilbert, 2007; Galtier *et al.*, 2009).

Using private instruments to manage agricultural price risks may be beneficial for intermediaries (processors, sellers, exporters) hoping to avoid the price of their merchandise dropping suddenly before they can sell it. Producers who have to sell their harvest early in order to cover their financial needs and buy supplies for

the coming lean period would benefit too, as they also suffer from year-on-year price changes. One proposed solution is to improve farmers' storage facilities and provide "warrantage" credit to reduce inter-annual price risks and price volatility over the year (*see page 24*).

However, private price management mechanisms are ineffective when price instability is endogenous to the functioning of the market, rather than the result of exogenous factors like climatic variation that affect production. This makes it impossible to spread the risk when prices are low for all producers in a particular area, and because it is hard to predict price cycles over several years, it is difficult to use insurance to manage prices. Therefore, the answer would seem to be to introduce mechanisms to stabilise prices over the long term.

Sources: Gilbert, "Commodity prices: risk management versus stabilisation", 2007; Géronimi *et al.*, "Les cours internationaux des produits agricoles: tendances et cycles", 2007.

⁷ Boussard *et al.*, *La régulation des marchés internationaux : un enjeu décisif pour le développement*, 2007.

⁸ Since food consumption is a basic need, it varies little according to price.

⁹ Rising market prices in one year may encourage producers to increase their output the following year. However, if this price increase does not reflect a structural change in supply and demand, but is an "accidental" effect of something like climatic uncertainty, farmers will over-produce, leading to a reduction in prices that may cause them to under-produce the following year, and so on.

¹⁰ Gérard and Piketty (2007) show that the liberalisation of trade on agricultural markets envisaged by the World Bank and WTO will inevitably accentuate price volatility, which will cancel out any of the possible gains generated by liberalisation.

The market also has many shortcomings, especially in developing countries where the markets for insurance, credit and inputs are non-existent or weak, infrastructures and information systems are faulty, and so on.

All these conditions justify direct government intervention on agricultural markets, especially in developing countries, in order to help markets better regulate themselves and limit extreme price fluctuations. Public interventions can complement other measures to manage the effects of unstable prices (see Box 1 above) and correct market shortcomings (improving the credit market, infrastructures, private storage, etc.).

The need for short-term trade-offs between consumers and producers

Before 2007/2008, prices on the international markets were relatively low and producers in developing countries had to compete with cheap imports (see below). The sharp rise in international prices in 2007/2008 completely reversed this problem, triggering "food riots" in major cities and widespread hunger in rural areas (where the population suffered in silence) as the cost of food spiralled upwards. It should be noted that policies in developing countries have always broadly favoured urban consumers ("urban bias") for political reasons. Increasing the price of basic goods in order to support producer incomes is a risky political move as it could lead to discontent among city dwellers who are physically closer to the seat of power than rural populations.

BOX 2

> **The effects of international price rises on the milk supply chain in Senegal**

Governments can intervene when international prices go up, using customs duties and other import barriers to limit the impact on consumer prices.

Following the very steep rise in the price of dairy products on the international market in 2007-2008, the Senegalese government decided to abolish customs duties and VAT on imported powdered milk to limit the rise in consumer prices. However, it did not respond favourably to the dairies' demands for imported packaging (and processed produce) to be exempted from taxes too, in order to keep local dairy products competitive. The government's measures could be justified by the fact that local milk could not meet domestic demand and the need to maintain consumption of dairy

products at a certain level, especially in urban areas. However, by refusing to listen to the demands of actors in the local supply chain, it favoured imported supply chains.

The study by the collective Alimenterre shows that herders were able to obtain slightly higher prices by selling their milk directly to consumers or to small traders in secondary towns. This had an adverse effect on the dairies, which were unable to charge higher prices as this would have significantly increased the price of finished products, and also damaged long-term relations between actors in the local supply chain.

Source: Dia D. et al. (2008), "Etude de l'impact de la hausse des cours du lait et des produits laitiers sur les producteurs et les consommateurs. Etude de cas Sénégal", September 2008, see: http://www.sosfaim.be/pdf/position_doc/rapport_senegal_def_valide.pdf

However, in the long term, producers and consumers both benefit if policies to support producer prices are put in place. Remunerative and stable prices combined with other support (such as research and extension) can encourage investment by family farmers, which tends to increase labour productivity and thus production and marketable surplus. This allows production costs to fall, which benefits consumers.¹¹ Furthermore, the transfer of revenues be-

¹¹ In developing countries where food accounts for most of the household budget, stabilising the price of agri-food-stuffs makes it possible to mitigate the effects of food "shocks" on the urban population when international market prices increase sharply.

tween consumers and producers generated by support for producer prices helps reduce poverty, as over 70% of poor people in developing countries live in rural areas.¹² From this perspective, governments and development agencies could consider supporting the price of local agricultural products as a measure to reduce poverty.

In addition to this, political trade-offs can help certain sectors of the population when particular crops or regions benefit from support rather than others. This is another reason why decision-making on price policies needs to be transparent, consistent with broader development objectives and conducted in consultation with all social actors, especially representatives of family farming and other actors in local supply chains.

The history of different agricultural policies

The more or less ambitious measures currently being put in place to support family farming in developing countries are often rooted in the nation's historical and socio-economic context. Countries in sub-Saharan Africa are among those that give the least support and protection to foodcrop producers,¹³ while many countries in Asia and Latin America have a long history of supporting and protecting their foodcrop sector in order to foster its development, and are now also doing so to achieve strategic food security.

During the colonial period and at the time of independence, the urban African population was small and most people obtained their food directly from the farm or the local markets. This meant that foodcrops were not an important element of national trade, unlike cash crops, whose export provided foreign currency and revenues for the country and its people. Governments accordingly put in place proactive policies to guarantee and stabilise the price of exported products when their markets started to fluctuate strongly in the 1950s, although the weak trade in food crops at the time did not justify such measures for the foodcrop sector. In the second half of the 20th century demographic growth and the rapid urbanisation of the population brought most food production onto the market, and favoured cheap imports in a context where such markets were poorly protected and organised. These urban markets have developed considerably since then, and now seem to be a potential driver for the development of African agriculture. Jean-Marie Cour shows that these domestic and regional markets are also more promising than export markets.¹⁴

The context is different in Asia, where some countries have followed policies of supporting the price of strategic products (mainly rice) for several decades in order to guarantee supplies of the population's nutritional mainstay. Timmer (2000, 2004) has shown that price stabilisation can be an effective policy for economic growth and reducing poverty and hunger. He illustrates his argument with successful policies designed to stabilise rice prices (often at high levels) in East Asian and South East Asian countries in a context of highly volatile market prices for this cereal. Countries that were seen as structural importers of rice (the Philippines, Indonesia) due to their high population density and limited agricultural land have put in place policies to support prices since the 1960s and 1970s, and not only succeeded in covering national need after 10 or 20 years, but even in exporting in the case of Indonesia. However, these successes were only made possible by heavy investment in rural areas (infrastructures, services, research).

¹² World Bank, 2008.

¹³ For example, WAEMU customs duties in West Africa are among the lowest in the world.

¹⁴ Jean-Marie Cour, "Peuplement, urbanisation et développement rural en Afrique sub-saharienne : un cadre d'analyse démo-économique et spatial", *Afrique Contemporaine*, n°223, 2007.

BOX 3**> A green revolution for Africa?**

Many decision-makers in developed and developing countries argue that Africa needs its own "green revolution", given the pessimistic forecasts for the continent's demographic growth and its capacity to feed this population. A quick overview of the "original" green revolution is needed to understand the different issues at stake on the two continents, and the lessons that can be learned for the current situation.

At the end of the 1950s, the combination of demographic growth, limited cultivable land and stagnating crop yields in South and South East Asia caused concern among decision-makers, especially in those the West, who feared a succession of village uprisings as Communism spread throughout the region. Substantial investments by the countries concerned (China) or from private or foreign funds facilitated research on cereal varieties (mainly rice, but also wheat and maize) that would give high yields under certain specific technical conditions (nitrogenous fertilisers, soil cultivation, weed control, good water management). In addition to improved seeds and sophisticated and intensive working techniques, the technical package for the green revolution included a series of support measures that substantially increased the impact of the green revolution.

Price policies varied according to the national supply situation: some governments put in place measures permitting real support for producer prices, while others reduced producer prices by imposing taxes on exported produce. India

went for the former option, and although Thailand took the latter, the government still stabilised rice prices in order to encourage producers to invest. Thanks to their price stabilisation policies, countries like Indonesia and the Philippines were able to substantially increase production, reduce their dependence on imports and become self-sufficient.

In the African context of sustained demographic growth and increasing pressure on land, it seems essential to improve labour productivity without repeating the mistakes of the green revolution in Asia (massive use of chemical treatments, depleted water resources). Such a shift towards intensive and environmentally-friendly agriculture will only be possible if strong policies on producer prices and public investment are put in place (subsidised loans and inputs, irrigation infrastructures), and producers' access to the means of production is improved (land, equipment). The trade policies that are currently in place or being negotiated in African countries often work against the objectives of maintaining remunerative and stable prices. Another major impediment to a "green revolution" in the region is current levels of public expenditure in the agricultural sector in sub-Saharan Africa, which stand at about 4% of national budgets, compared with over 15% in Asian countries in the 1960s and 1970s.

Sources: Gérard F. and Marty I., "Les politiques d'accompagnement de la révolution verte en Asie", in *Innovations et sociétés* vol.3, proceedings of the seminar on rural economies, Montpellier, September 1993. Ribier V. and Griffon M., "Quelles politiques pour accompagner la révolution doublement verte ?", 2004.

Which policies can ensure remunerative and stable prices?

Agricultural policies that aim to ensure remunerative and stable prices include a broad range of measures that can be implemented at different levels and various points in the commodity chain. Therefore, direct measures to support production (such as measures to intensify modes of production through specific management systems) are essential in order to improve labour productivity and increase marketable surpluses. Producers need to have something to sell before they can hope to get a satisfactory price for it,¹⁵ but they will not be able to distribute

¹⁵ Too many agricultural development programmes focus on increasing productivity without taking account of the outlets and thus the opportunities to sell what has been produced.

their produce properly if there is strong competition from imports. While the production environment is important, support in securing outlets and the level of producer prices are also essential. This section deals with these latter aspects – how produce is marketed and markets are organised – while support for different aspects of production will be discussed in subsequent sections of this paper.

Developing local and regional markets

There are many cases where regulating domestic markets through “reasonable” protection has proved an effective form of support for family farmers, as with chicken imports from the European Union or Brazil, tomato concentrate, rice, potatoes and so on.¹⁶ There is even more justification for protection in cases of unfair competition, when agricultural imports come from developed countries where agriculture is highly mechanised, rich in inputs, and production and/or exports may be heavily subsidised.¹⁷

Raising the price of imported products can make family farm produce more competitive and easier to sell.¹⁸ When the price of imports affects the price of local produce (for example, we know that the price of imported rice in West Africa generally guides the price of local rice,¹⁹ and that consumption has knock-on effects on different products²⁰), raising the price of imports helps increase producer prices and thus better remunerate farmers for their labour.

There are various forms of protection, such as customs tariffs (*ad valorem*, specific), import restrictions, banning or imposing seasonal restrictions on imports, VAT,²¹ currency devaluation and so on. The choice of a particular tool should be seen in relation to the socio-economic context, governmental room to manoeuvre, the history of protective measures in the region, institutional capacity to apply such a tool, etc. The case of the poultry supply chain in Senegal shows the effects of two contradictory measures that were applied in the space of several years: reducing customs duties and then banning imports for health reasons.

¹⁶ For more examples, see the report by Coordination SUD: Alpha A., *La protection des marchés : un outil de développement*, Coordination SUD, 2006.

¹⁷ Mazoyer and Roudart (*Histoire des agricultures du monde*, 1997) show the considerable discrepancies in productivity between farmers in developed and developing countries. A farmer who cultivates one hectare by hand and produces 10 quintals of cereal per year cannot survive by only selling part of this harvest in competition with producers in developed countries, who cultivate over 100 hectares that yield nearly 100 quintals per hectare.

¹⁸ The quality of local produce also has a considerable effect on competitiveness. If there are no minimum standards for local produce, consumers may continue to prefer to buy imported products even if they are more expensive, unless there is a deterrent price differential.

¹⁹ See, for example, Galtier F. *et al.*, *Quels instruments mobiliser face à l'instabilité des prix alimentaires*, ECART/AFD/MAE, 2009 and Baris P., “Quels outils de régulation pour relancer la riziculture au Sénégal ?”, *Grain de sel*, December 2009.

²⁰ In certain circumstances the price of imported rice may have an impact on the price of local dry cereals (millet, sorghum, etc.).

²¹ VAT is often used as protection in West Africa. Although it is a domestic tax that should be applied to both local and imported products, it is in fact only levied on imports.

BOX 4**> Impacts on the Senegalese poultry supply chain of lowering customs duties and banning imports on health grounds**

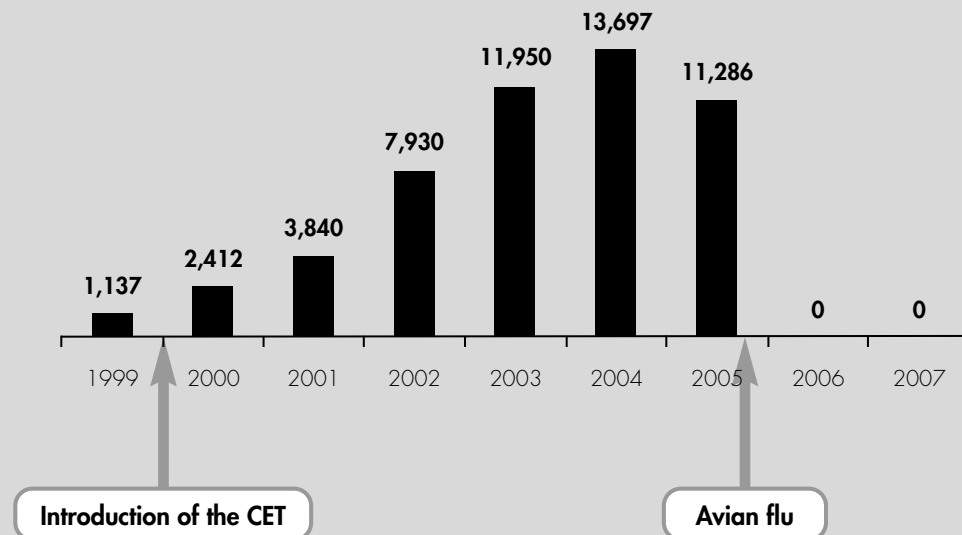
The introduction of the common external tariff (CET) in WAEMU countries in 2000 resulted in lower customs duties in Senegal, which led to rapid growth in imported agri-foodstuffs, especially poultry products. Chicken imports to Senegal rose from 500 tonnes in 1996 to 16,600 tonnes in 2002 (see Figure 1 below), mainly in the form of frozen thighs (86%). In 2003, the cost of these imports represented the total turnover in national production of broiler chickens (10 billion francs CFA).

The main reasons for this increase in imports were: i) the very low price of chicken thighs, which are regarded as sub-products in their country of origin (most chicken is consumed

as breast); ii) the low rate of tariff protection associated with the application of the CET (a 10% drop in customs duties), and iii) high urban demand.

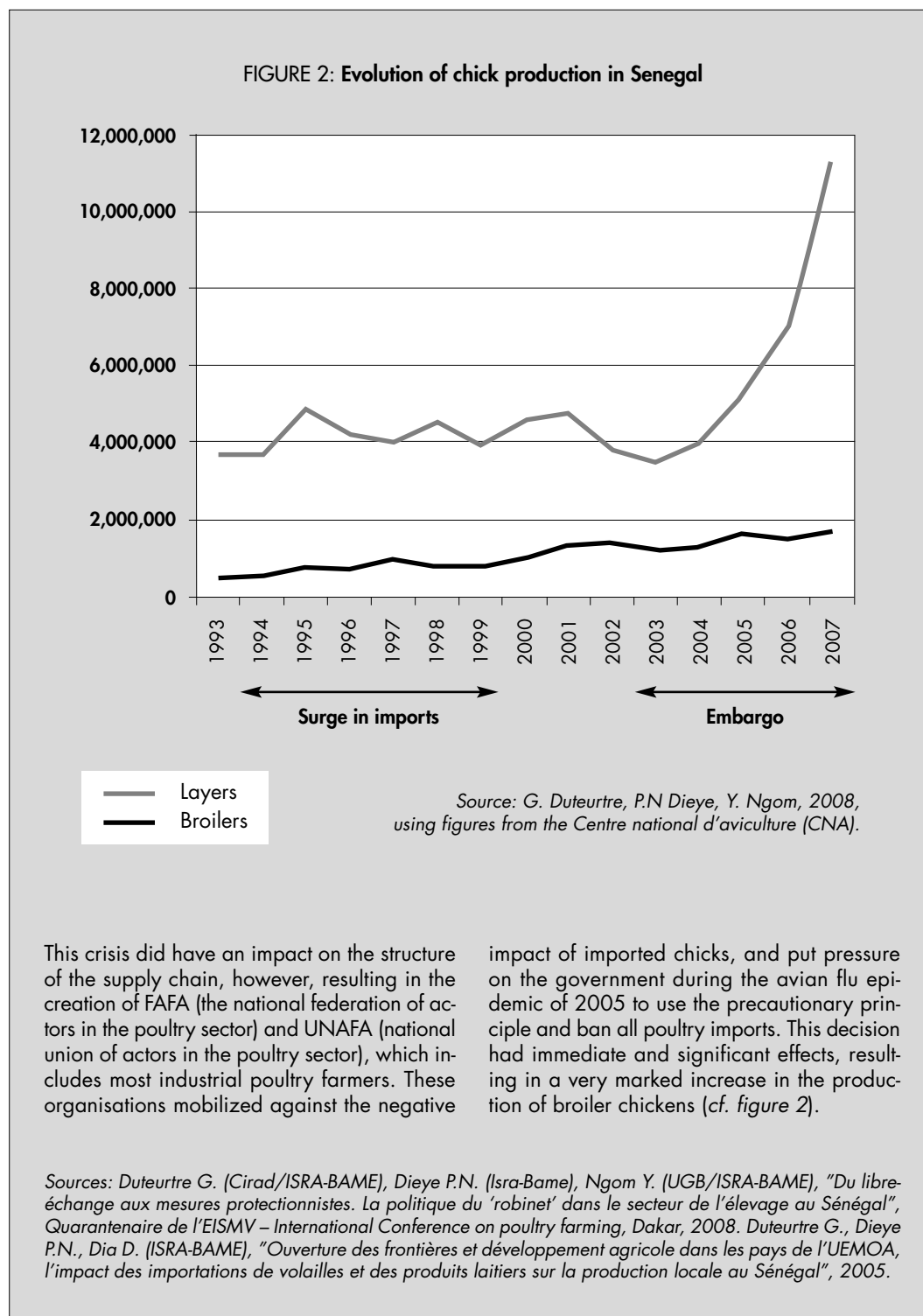
While this seemed to have little effect on village poultry breeders, who sold their produce for much higher prices than broiler chickens (producing for rural markets or niche markets in urban areas), the same cannot be said for broiler chicken production. Producer organisations estimated that 70% of farms, most of them located in the Dakar region, stopped producing broilers or switched to egg production. In 2003, the level of production fell below that of 1993 (see Figure 2 below). Small producers were hit hardest (young farmers, women's groups, households in peri-urban areas of Dakar), while big industrial operations dramatically reduced chicken production and/or switched to other products.

FIGURE 1:
Evolution of chicken imports in Senegal between 1999 and 2006



Source: G. Duteurtre, P.N Dieye, Y. Ngom, 2008.

... / ...



In Guinea, the potato commodity chain flourished thanks to a seasonal ban on imported potatoes in the 1990s, and considerable support for production and marketing. This example not only illustrates family farmers' capacity to organise themselves and put pressure on the public authorities, but also to respond to market signals when the market provides remunerative prices and protection secures investments.

BOX 5**> The seasonal ban on imported potatoes and development of the supply chain in Guinea**

Guinea produced very few potatoes before 1990 (between 150 and 200 tonnes a year). What was produced was of mediocre quality because farmers used non-improved local seed, and uncompetitive due to high production costs. Although effective local demand was mainly covered by imported potatoes from The Netherlands (around 1,000 tonnes per annum), producers in Fouta-Djallon wanted to develop their production so that they could supply the nation for five months of the year. In 1992, the government responded to producers' demands and a battle with the unions by introducing a ban on imports in the five months when local potatoes were marketed (February 1st to June 30th). This ban remained in force until 1998, even though it did not comply with the constraints of structural adjustment – which was why the government had initially refused to impose it.

This was the context in which strong producer organisations composed of groups and local unions developed and mobilized around potatoes. Headed by the Fédération des Paysans du Fouta-Djallon (FPFD), their first impact was not only to develop production, but also to establish a solid pressure group that led to the ban on imports and the negotiation and signing in January 1994 of framework agreements on the importation and distribution of potatoes and onions. These agreements were signed by

the FPFD, the union of onion and potato importers and distributors and the government of Guinea. They remained in force for four years, as the two products had become more competitive and gained recognition on the local market by 1998: nearly 95% of the potatoes and over 25 % of the onions consumed in Guinea are now locally produced. Thanks to these farmer initiatives, Guinea went from being a net importer to a net exporter of potatoes in the space of 15 years.

The success of the seasonal embargo on imports is also due to the fact that the producers' representatives were able to negotiate directly with importers and retailers to ensure that they would not work round the ban on imports and would promote local potatoes when it was lifted; while the retailers were interested in securing a constant supply at stable and reasonable prices. Thanks to the contracts that the retailers signed – and honoured – all concerned managed their margins until 2006. Trade agreements were initially signed with wholesale potato importers (for the 1991/1992 and 1993/1994 growing seasons), and then with regional retailers²² so that they would sell Guinean potatoes instead of imported ones between February and June.

Source: Broutin C., Alpha A., Diallo K. and Rigourd C., "Protection et soutiens à la production : la combinaison gagnante pour la filière pomme de terre en Guinée", case study by GRET-IRAM-FPFD, 2009.

Guaranteed minimum purchase prices for producers

Until the 1980s many developing countries had systems in place to guarantee purchase prices for producers and ensure stable revenues over several years. The many drawbacks of these systems have been widely discussed and documented (bad governance, high costs, difficulty in setting purchase price levels, etc.); nevertheless, some of the lessons learned from these experiences can be used to explore new ways of setting minimum producer prices and modes of governance for the bodies responsible for managing guaranteed price systems.

The price guarantee mechanisms for coffee, cocoa and cotton in sub-Saharan Africa stabilised prices at a reasonably attractive level for millions of family farmers, despite high "taxes"²³ (see Box 6 below). These stabilisation funds functioned according to the principle that the receipts accumulated in years when international prices were higher than the guaranteed pur-

²² In order to deal with traders who did not keep to the agreed prices, refused to pay cash on delivery, or to market goods, etc. These practices are now seen among local traders.

²³ "Agricultural tax" - setting the guaranteed purchase price for producers at a much lower level than world market prices.

chase price should be used to make up the shortfall in years when markets fell below the guaranteed price. These national-level mechanisms were complemented by international "product agreements" that were intended to moderate fluctuations on the world market. However, the end of product agreements undermined the effectiveness of the stabilisation funds, whose demise was further hastened by bad governance. The revenues amassed in years when market prices were higher than producer purchase prices were used to fund investments (transport infrastructures) or cover government running costs, and the funds soon ran dry when they had to compensate for several years of falling market prices. Furthermore, the high political stakes involved often delayed the adjustments that needed made to producer purchase prices for coffee and cocoa in order to compensate (at least partially) for falling world market prices.

It is true that from a purely technical point of view, decisions to adjust producer price levels in relation to world market prices are far from straightforward, and are shaped by expected developments on the world market. At which point should purchase prices be adjusted? After several years of falling prices, is it better to cut purchase prices or wait in the hope that world market prices will pick up in the near future? And how should fluctuations in world market prices be interpreted?

Despite these shortcomings, it does seem rather hasty to write off the experiences with guaranteed producer purchase prices as a complete failure. The collapse of these mechanisms can largely be blamed on the poor management and governance of the funds, whose dismantling was part of a broader process of State withdrawal and the liberalisation of trade required by the predominant liberal paradigm.

The lessons learned from these experiences could be instructive in several respects. For example, why not view the guaranteed purchase price as more of a "minimum price" than the only purchase price for produce? It should also be noted that private operators, and especially farmers' representatives, were not usually stakeholders in the governance of guaranteed purchase price mechanisms. Producer organisations have come a long way since then, and are now key actors in public policy. Modes of governance for all bodies responsible for defining minimum producer purchase prices should automatically include representatives of family farmers.

Developing a stocking policy

The aim of regulating supply through stocking operations is to smooth out price variations on agricultural markets. This can be done at different levels, from village granaries to virtual international stocks on futures markets. Products that are strategic in terms of food security are usually regulated at the local, national or regional level,²⁴ although the crisis of 2007/2008 prompted economists in the IFPRI and World Bank to propose the introduction of international cereal stocks.²⁵ Experiences with international product agreements have shown that this form of regulation worked for commodities for several years, but failed to manage surplus situations because of the difficulties of reaching agreements between exporting countries.²⁶

● *Different experiences with private stocks*

Collective marketing initiatives are an example of regulating supply at the local level by controlling the flow of products onto consumer markets. This can have positive results, but also requires a large number of conditions to be in place: there has to be genuine agreement between the

²⁴ At the regional level, the European Union's Common Agricultural Policy is an example of a combination of buffer stocks and measures to protect cereal production. Several countries in Asia currently hold regional-level emergency rice reserves. We should remember that, historically, the overriding concern of stocking and protective measures has been to promote food self-sufficiency and reduce external dependency (as in Japan, for example).

²⁵ On this topic, see the IFPRI proposal: von Braun J. and Torero M., *Physical and Virtual Global Food Reserves to Protect the Poor and Prevent Market Failure*, IFPRI Policy brief 4, 2008.

²⁶ Failure to agree on coffee, cocoa... In fact, none of the international bodies that were in charge of regulating agricultural commodities until the 1980s/1990s now believes that its functions include market regulation.

BOX 6**> Stabilising cotton prices in West Africa**

The development of cotton production in West Africa is a well-documented example of efforts to stabilise the price of a particular product of family farming.

Cotton cultivation was promoted during the colonial era in order to supply metropolitan factories, and developed spectacularly in West Africa. In 1952, the *Compagnie française de développement des fibres textiles (CFDT)* put in place a "cotton price mechanism" to support production that was struggling to take off. This mechanism was based on several principles (Fok, 2007):

- giving farmers early notification of the purchase price (which remained stable over the growing season);
- setting a single price for the territory and establishing a purchasing monopoly;
- setting a fairly attractive and relatively stable price over several years, despite variations in world prices.

With this mechanism producers knew that they could sell at a pre-established price, and chose between cotton and other crops according to their production costs. Stabilisation funds were replenished when the world price was higher than the fixed price (plus various running costs), making up for losses sustained when world prices were low. As the countries concerned

became independent, the CFDT was broken up into national companies that also promoted intensification. This meant that the price that farmers were paid for cotton progressively incorporated the "subsidies" that enabled them to obtain fertilisers, pesticides and equipment at low cost. So the sale price for cotton was relatively low in relation to world prices, but did take account of reductions in the price of inputs and equipment, which encouraged more intensive cropping systems. It was therefore an incentive to intensification coupled with price stabilisation.

The sharp fall in international cotton prices and the aid offered by donors to maintain the commodity chains on condition that they were restructured fundamentally changed the way that this system worked, resulting in a return to "real" market prices – i.e., closer to world prices, but without promoting intensification. Farmers reacted to this by changing their mode of production, focusing on the least expensive factors of production (land, family workforce) to the detriment of what were now costly inputs, and starting a process of extensification that increased pressure on land and the tensions associated with such pressure.

Sources: Lagandré D., "Le secteur cotonnier en zone franc, entre succès et dépendance", 2005; Fok M., "Ajustements nationaux de mécanismes prix face aux fluctuations du prix mondial : les leçons du coton en Afrique Zone Franc", 2007.

producers who are pooling their harvest and organising the marketing, and producer organisations need to work with substantial amounts of produce in order to have an effect on prices, have adequate storage infrastructures and marketing systems in place (means of transport, retail networks) and acquire new competences and knowledge (managing and processing stocks, marketing, and so on). The *Fédération des producteurs de Fouta-Djallon (FPFD)* tested this kind of marketing system, but the initial positive results for producers (higher purchase prices) should not obscure the fact that it was a risky operation for the FPFD, requiring sound financial management and knowledge of stocking and wholesale trading (see Box 7 page 26).

Another activity that could help stabilise producer prices over the year is farmer storage, coupled with warrantage (or inventory credit) schemes. The objective for producers is to be able to store some of their harvest and use it as collateral to obtain credit from financial institutions so that they don't have to sell their produce at cut prices after the harvest, and can wait to sell it at a better price in lean periods.

Warrantage has mainly been tried in East and South Africa, where it has had positive results in terms of improving producer incomes. This seems to be more effective in improving and stabilising producer prices over the course of the year than cereal banks, which were widely supported and developed in the 1970s and 1980s in Sahelian countries, but ultimately proved

BOX 7

**> Direct potato marketing
by the Fédération des Producteurs
du Fouta-Djallon**

In 2007, prompted by traders' growing margins and unfair practices (disregarding prices negotiated with producers, buying on credit and delaying payment, fiddling weights, etc.), the FPFJ decided to develop its own retail chains by buying some of the produce and distributing it in the capital, Conakry (renting a small premises and employing traders).

In the first year of direct marketing, it absorbed about 10% of the potential marketable produce. Because the FPFJ was buying at a higher price than traders but maintaining the same sale price on the markets, traders were forced to align their prices upwards and reduce their margins, which were consequently transferred to producers at no extra cost to the consumer.

Other positive effects were also noted on the local economy, particularly in terms of creating temporary employment.

The Federation is still collaborating with local traders, especially on exports in the sub-region, thereby aiming for greater vertical integration of the supply chain while pursuing its former strategy of horizontal integration (relations with traders). These two strategies are in fact complementary: direct marketing of some potatoes gives the FPFJ greater weight in negotiating a minimum purchase price for producers, while making relations between producers and traders more equitable and ensuring that credit given to members for inputs is repaid when the produce is purchased.

Source: Broutin C., Alpha A., Diallo K. and Rigourd C., "Protection et soutiens à la production : la combinaison gagnante pour la filière pomme de terre en Guinée", case study by GRET-IRAM-FPFJ, 2009.

disappointing due to the difficulty of managing them.²⁷ Nevertheless, warrantage systems do have some shortcomings that need to be addressed, especially the fact that they cannot really be used as a tool to reduce agricultural price risks, because they tend to increase exposure to price risks by raising producers' hopes that they will make more of a profit than they would without storing their produce.²⁸

Despite their limitations, warrantage systems could be incorporated into policies that focus on supporting farmers and working with financial institutions (especially micro-finance institutions) to encourage them to include "warrantage" loans in their range of financial products (see Part 3 on the issues involved in financing family farming through this stocking system).

● *Experiences with buffer stocks*

At the national level

Until the 1980s, national cereal boards in Sahelian countries used buffer stocks to ensure guaranteed prices for producers and reasonable prices for consumers. Like the guaranteed producer purchase price mechanisms, these public monopolies were strongly criticised for the way they functioned – one complaint being that the unattractive producer prices they offered prompted many producers to sell to parallel retail outlets rather than their national board.

Having worked to secure supplies of inexpensive rice for their growing urban populations, governments in East and South East Asian countries began stabilising prices at the end of the 1970s to avoid the effects of wild fluctuations in international market prices. This strategy, which was also based on establishing stocks to maintain constant supplies even when harvests were poor, led to sustained and redistributive growth and a huge reduction in the level of rural poverty and incidence of hunger in both rural and urban areas.

²⁷ See Blein R., 2009, "Les stocks de proximité: enjeux, opportunités et limites. Le cas des pays du Sahel", in Galtier et al. (2009), *Quels instruments mobiliser face à l'instabilité des prix alimentaires ?*, ECART-AFD, 2009.

²⁸ On this topic, see GRET-AFD, *Gestion des risques agricoles par les petits producteurs. De la théorie à la pratique. Focus sur l'assurance-récolte indiciaire et le warrantage*, 2010.

So it seems that the actual mechanism for buffer stocks is less important than the conditions in which they are managed. One interesting avenue of support would be to see the extent to which stocking operations by private actors (groups of family farmers, traders) could be articulated with public stocks in the framework of a stocking policy aimed at regulating agricultural markets.

At the international level

Until the 1980s, the volume of exports of certain products (coffee, cocoa, rubber, etc.) was regulated by international agreements. The highly volatile price of export crops in the 2000s prompted certain African leaders to suggest reviving such partnerships between exporting countries, especially within the framework of the WTO and in association with UNCTAD, to ensure compliance by contracting countries (one of the main reasons that product agreements ended was failure to respect the quotas agreed for each country). Article 38 of the GATT agreement on agriculture, which envisages the possibility of countries coming together to control international supply, was cited in a communication by six agri-foodstuff exporting African countries regarding the introduction of a structure capable of tackling the falling and volatile prices for cash crops. This communication was issued in 2006 in the framework of the WTO, and subsequently taken up within the African Union.

With regard to basic foodstuffs, the new context created by the food crisis of 2007/2008 led decision-makers to explore the idea of using public reserves to regulate the international market for products such as wheat. The IFPRI's²⁹ recent proposal and interest shown by the World Bank seem to indicate that there may be a useful window of opportunity to intervene in international markets, even though the latter envisages putting in place emergency reserves rather than genuine buffer stocks. It may be that these institutions recognise that allowing agricultural and food markets a free rein could pose a risk to global food security.

Strengthening commodity chains

Producers can only benefit from remunerative and relatively stable prices if they have secure outlets – and this requires structured agricultural supply chains, which can help improve relations between producers, processors, traders and consumers. It is vital to support the structuring of commodity chains, although few agricultural policies do so because it requires long-term investment in order to be effective. Such support can take various forms: providing information to strengthen producers' capacity to analyse markets and negotiate with other actors, supporting the emergence of downstream actors' organisations (processing, marketing), and inter-professional support to strengthen dialogue within commodity chains and consultation with the State, and establish standards and labels for family farm produce. (See Box 8 page 28)

● *Improving producers' negotiating powers*

Many small producers in developing countries are disadvantaged by their lack of power in negotiating with the local monopolies of buyers or intermediaries to whom they are often obliged to sell their produce. Agricultural policy measures can be helpful in this respect, by supporting the establishment of producer groups with the capacity to deal with buyers on an equal footing. If producers are well organised they can obtain better information about prices and reduce the asymmetry with buyers.

Establishing markets in rural areas where family farmers can deal directly with several buyers (wholesale or retail) and obtain detailed information about prices can also make their labour more remunerative. Such markets enable them to multiply their strategies to maximise the income from the harvest: produce can be stored while waiting for prices to improve, buy-

²⁹ Von Braun J. and Torero M., *Physical and virtual global food reserves to protect the poor and prevent market failure*, IFPRI, 2008.

BOX 8

> Private regulation: the strengths and weaknesses of contractualisation and inter-professional agreements

Private regulation through contracts agreed between one or more buyers and a group of producers is often presented as an alternative to state regulation. Under certain conditions, such as freely negotiated contracts where producers assert their rights through powerful farmer organisations, this can be beneficial for both producers and businesses. The former benefit from pre-established purchase prices and often from associated services (seasonal credit, input supplies), and the latter obtain a pre-agreed quantity without having to directly manage pro-

duction. The case of Socas in Senegal is an example of contractualisation that benefited both parties concerned in the tomato supply chain.³⁰

However, several studies have shown the limitations of such practices. For example, the public authorities' lack of control over contracts can result in producers becoming highly indebted to their business "partners". In some cases, farmers have been forced to sell their land to these enterprises, and such arrangements can also lead to land grabbing. These widely documented effects illustrate the dangers of contractual practices where the farmers' negotiating power is reduced and the public authorities exert little control.

ers chosen according to the prices they offer, crops diversified according to the evolution of prices, and producers can get together to sell in larger quantities. These markets not only require considerable government investment, especially in infrastructures (buildings, access roads, etc.), but also need to be managed transparently if they are to succeed, in order to gain the confidence of both buyers and sellers. Examples of delegating management to users' representatives in Tanzania show that it is possible for the two sides to reach an understanding.

In Brazil, setting up organic markets in isolated rural areas has better enabled farmers to sell their produce, and thus make it viable to convert to the agro-ecological systems supported by the CCFD project (see Box 9 below).

Organising family farmers within farmer groups, commodity chains or bodies that manage supply improves their incomes, by controlling outlets and providing access to more reliable information that enables them to adapt supply to demand. The case of the cocoa supply chain in Peru (see Box 10 below) shows how family farming can develop when producers are organised and have real power to negotiate with buyers and intermediaries.

● *Improving the structure of commodity chains and supporting inter-professional agreements*

Structural support entails facilitating the emergence of producer organisations and, more generally, organisations of economic operators that fulfil the same function within the commodity chain (horizontal coordination). The task of trade organisations and producers unions and federations is to coordinate actors, help them access resources and/or markets, develop services for members, facilitate inter-professional consultations and agreements, and participate in public policy formulation. They represent the profession and defend members' interests in their dealings with government authorities or other actors in the commodity chain.

By organising themselves around common interests, operators hope to attain their jointly defined objectives and resolve their difficulties more easily than they could as individuals. The aim of structuring is to put in place professional organisations that are representative, legitimate and therefore recognised by other actors in the commodity chain and by the State.

³⁰ The study coordinated by Guillaume Duteurtre and Papa Nuhine Dieye shows a wide spectrum of inter-professional actors in Senegal: *Les organisations interprofessionnelles agricoles au Sénégal: de nouveaux outils de régulation des marchés*, ISRA-BAME, 2008, http://www.bameinfopol.info/IMG/pdf/Etude_BAME_Interprofessions_VF-3.pdf

BOX 9**> Improving rural incomes by establishing local markets in Brazil**

The CCFD project operates in the north eastern region of Brazil (Paraíba state), in one of the four geographic areas known as "agreste". Due to the precarious road and transport infrastructures, the region's very large rural population (91.5 h/km²) forms a loosely woven network of small family farms interspersed with big agricultural estates. This project aims to improve local mixed farming and livestock rearing systems by putting in place water storage infrastructures that will enable producers to intensify and diversify production on their parcels and tackle drought.

Marketing their produce is a major problem for farmers, as the poor transport and communications infrastructures have enabled intermediaries to dominate sales outlets. The creation of local organic markets where producers and consumers can interact directly has helped make prices more transparent and improve customer relations. This initiative began in 2003 with the municipal market in Campina Grande, and has now resulted in the consolidation of nine markets directly or indirectly involving a total of 210 farmers, a sizeable proportion of whom are women. Many of them use their ini-

tial profits to purchase a truck for the community so that they no longer have to rely on the one or two villagers who own a truck for transport.

Depending on what they sell, farmers can earn between \$R30 and \$R60 (€12.5 to €25) at these markets, which are usually held once a week. This equates to the minimum local wage each month, and thus represents a reasonable guaranteed income for small farmers in the region, especially given the relatively low level of financial investment in their farms. The produce sold at these markets (vegetables from market gardens, honey, medicinal plants, livestock products) meets a real need among urban consumers who are gradually becoming more aware of food quality issues.

The processing of certain agricultural products (compotes and jams) creates added value and ensures that produce is available throughout the year for sale at these markets, along with honey and dried medicinal plants. This helps resolve the issue of irregular supply and thus income, which is one of the obstacles to improving rural living conditions.

Source: Belaunde Y., "Projet CCFD – AS-PTA, Projet de gestion de l'eau et activités complémentaires dans l'Etat de Paraíba au Brésil", CCFD case study, 2009.

BOX 10**> Organising cocoa producers in Peru to improve access to information**

Several years ago the Peruvian cocoa industry was dominated by a handful of large companies that consumed most (80% to 90%) of the cocoa produced in the country – Machu Picchu Coffee Trading, Negusa Corp. SA and Corporación del Bosque y Goods Foods. These companies have networks of local and regional collectors who gather the volumes required by their processing factories, using low quality cocoa to make chocolate for the national market, and processing ordinary quality cocoa for the Peruvian and export markets. In their transactions with collectors, producers were particularly hampered by the lack of reliable information on market prices and the margins made by companies and intermediaries. Producer organisations wanted to break the "vicious cycle" in which manufacturers refused to pay

for good quality cocoa and producers didn't try to improve the quality of the cocoa because there was no benefit in doing so. The aim of AVSF support for producer organisations was to enable producers to position themselves in segments of the market that put a premium on the quality of the cocoa, and to make pricing more transparent by getting organised producers directly involved in managing commercial transactions.

The recent creation of local producer organisations has helped improve producers' capacity to negotiate with large companies. These organisations are grouped into a single association at the national level, the Peruvian cocoa producers' association APPCacao, which acts as a real union defending producers' interests against public institutions and large industrial and commercial groups.

.../...

Strengthening their negotiating capacity has enabled growers to get better prices for their produce (up to 30% more than the prices offered by the classic system), and led to a rapid increase in the proportion of national production sold through these organisations, from 10% in 2003 to nearly 30% in 2008. Moreover, improving the organisation of pro-

duction has opened up new outlets for Peruvian cocoa, especially to fair trade and organic markets that place a premium on the quality of the cocoa and family farming techniques.

Source: AVSF, PROCACAO Project, "Expériences de développement des capacités d'incidence politique des organisations de petits producteurs de cacao au Pérou", AVSF case study, 2009.

Ultimately, these types of organisation can help create sustainable relations between different elements of the same chain (vertical and inter-professional coordination) and thus better enable them to control their development, to the benefit of all concerned.

Although farmer organisations are already well organised and structured in many countries, the same cannot be said of other actors, especially small processing businesses and small traders who deal directly with family farmers. Yet their emergence is vital to foster inter-professional relations and enable small producers to access markets.

In Senegal, consultations between producer and consumer organisations and the State services within the dairy supply chain led to concrete proposals for quality control (guide to good hygiene practices). The overall objective was to encourage the development of national production by protecting consumers (health quality) and proposing products that corresponded to their expectations (taste quality).³¹

Structuring supply chains can help pave the way for interprofessional organisations, which can be instrumental in enforcing policy decisions made in partnership with the administration, and help bring about a shift to more collaboratively managed supply chains.³² Interprofessional organisations can be involved in managing existing supply chains and putting new ones in place to secure outlets for producers and constant sources of supply for traders. The joint nature of these institutions is the key to ensuring that the interests of all actors in the supply chain are taken into account. In Senegal, a working group was put in place to propose enforcement orders for the agro-sylvo-pastoral framework law, and case studies and debates bringing together different actors and the State have already led to the formulation of consensual proposals for articles regarding interprofessional agricultural organisations.

However, family farming does not always benefit from the creation of new supply chains. Various governments have tried to establish new commodity chains with outlets in developed countries since export revenues from "traditional" chains like coffee, cocoa, cotton and groundnut starting stagnating in the 1980s. Several countries, especially in East Africa, are developing supply chains for fresh produce (temperate fruit and vegetables) and produce grown out of season and in easily accessible agro-industrial areas (often close to airports). Setting up such enterprises with foreign capital responds to a very specific trade policy of total or partial tax exemption for such investments and the profits they generate. They therefore have no effect on State revenues and a limited knock-on effect on the local economy, as investors only use local labour (sometimes paid at low rates) and export the output and profits to the countries in which the investments originated.

³¹ Broutin C. *et al.*, 2005, *Guide de bonnes pratiques d'hygiène alimentaire. Maîtrise de la qualité dans la transformation laitière*, Coordinated by GRET, Senegalese Ministry of Livestock rearing, Coopération Française, 105 pages.

³² Alary P., Blein R., Favier Dupaigne B., Soulé B. G., *Améliorer le fonctionnement des marchés agricoles en Afrique de l'Ouest*, FARM, 2008.

BOX 11

> **The Dynafiv project in Guinea: tackling rural poverty and promoting local rice through structural support for downstream operators in the supply chain**

The Dynafiv project (Dynamisation des filières vivrières) was implemented under the auspices of the Guinean Ministry of Agriculture and funded by the AFD. It followed on from the Pasaal "Food security support programme", which sought to make local rice more competitive in relation to imported rice. The aim was to maintain growth in the market for local rice (and thus limit penetration by imported rice) in order to secure outlets for rural producers. The Dynafiv project was designed on the basis of an assessment that helped identify a series of constraints, most of which were downstream in the supply chain: a lack of systems for processing local rice that increased costs and limited access to the market, lack of transport, and oligopoly of local wholesalers and importers.

In 2002 the project started interventions downstream from production, supporting processing and marketing rather than producers (who still feel the more indirect effects of the initiative).

This support varied according to the target groups and their needs, with an emphasis on supporting women in order to maximise the impact on poverty: credit (revolving funds in the form of mutual guarantees for traders, individual credit for processors to buy husking machines), supporting the emergence of groups of steamers and winnowers, interprofessional agreements, training and learning activities and advice.

This support was most helpful in creating incomes for women in rural and urban areas (respectively, steamers and rice sellers), developing the market for steamed rice, which is more expensive than imported rice, and limiting market penetration by imported rice.

● ***Improving and promoting quality and attainable standards for family farm produce***

Family farmers can get better prices for their produce on large urban markets and certain export markets than they can locally. Therefore, they need to be able to access these markets, and their produce needs to meet the requisite standards when it is monitored and sold on them. Quality standards should also play an increasing role in intra-regional trade as regional integration processes move forward.

The main issue with family farm produce is maintaining consistent quality standards. This means avoiding wide variations in every aspect of quality,³³ according to the requirements of destination countries in the case of exports (legislation and private standards), and consumers and public institutions that oversee health and consumer information in the case of national and regional markets.

While standards are often seen as non-tariff barriers in access to markets in developed countries,³⁴ they also constitute an opportunity for economic operators when they are set at adequate levels and combined with support that enables actors to comply with them. Indeed, they may be a determining factor in producers' capacity to produce and compete.

Promoting dynamic standards and guides to good hygiene practices

In order to help improve the quality of produce destined for national or regional markets without sidelining small producers, support is needed in formulating "dynamic" standards and guides to good hygiene practices that are recognised by the State and the regional authori-

³³ In terms of health, taste, and technical (size, external damage, packaging) and nutritional aspects, etc. For more detail on these different aspects of quality and the different types of standards, see: Alpha A., Broutin C., with collaboration by Hounhouigan J. and Anihouvi V., 2009, *Normes de qualité pour les produits agroalimentaires en Afrique de l'Ouest*, Paris, AFD, coll. "Notes et documents", n°49, 229 p.

³⁴ Rules of origin may also be at least as restrictive as standards.

ties. These processes can enable small producers and processors to progressively improve the quality of the products they put on the market and to protect consumer health.

In many developing countries it is not always possible or even desirable to enforce international references or rules (i.e. those formulated by developed countries) in certain production sectors and small-scale processing for national and regional markets. On the one hand, these rules do not necessarily apply to specific products in every country, and using standards for a "similar" product can cause problems (especially with traditional fermented products³⁵). On the other hand, respecting international standards sometimes requires a level of investment in equipment, materials, upgrading premises and suchlike that discourages small producers and companies. It should be remembered that developed countries have spent over 20 years bringing their agri-food commodity chains up to scratch, and these countries still take account of the specificity of some of their sectors (farm produce³⁶).

International standards are useful in that they represent quality objectives to be attained, but they do require progressive adaptation of production and processing systems, as in the "staged" evolution in Europe. They also need to be adapted and refined for traditional products for which standards have yet to be set.

Support that enables family farms to progressively meet increasingly exacting standards should therefore involve consultations between the different actors concerned (the State, quality control services, producers, processors and consumers). It also entails defining adapted regulations, and planning for specific quality control regimes and self-management practices that are adapted to national commodity chains. For example, adapted regulations based on provisional standards could prioritise visual and taste criteria and the product's final moisture content, as well as some of the most important micro-biological indicators.

The data from available analyses and consultations between actors should prepare the ground for quality objectives that are acceptable in terms of public health, nutrition and product storage, and attainable by actors in the commodity chains. They could be retained by the State as "provisional", "dynamic" standards to be revised every three or five years as the global level of product quality improves, in order to progressively reach international standards that would be imposed on all actors in a particular sector of activities (or type of trade).³⁷ This is being considered for cereal products in Senegal.

However, drawing up adapted standards is only the first step that is needed; the next is putting in place mechanisms that enable actors in the commodity chain to attain these standards. The general food hygiene principles of the *Codex Alimentarius* recommend using guides to Good Manufacturing Practices (GMP) to define GMPs for each production sector according to its specificities, in order to safeguard consumers. These guides, which are adapted to different structures of production, are one of the tools available to help small producers and small agri-food businesses collectively improve the quality of the products that go onto the market, obtain State recognition of the validity of their procedures, and ensure that national and international regulations take account of their specific conditions of production. A concerted procedure to formulate guides to good hygiene practices has been tested for dairy products in Senegal and Burkina Faso (see Box 12 below).

³⁵ Codex or European standards for certain products – such as the threshold for total flora in millet couscous, which goes through a phase of fermentation – cannot be the same as those for wheat couscous.

³⁶ Thus, European regulation does not apply to manufacturers and farm producers in the same way; it also recognises the typical features and specificity of certain products, such as cheeses made with raw milk. This makes it possible to differentiate between artisanal and industrial products while taking account of the different risks associated with artisanal food products, especially when they are fermented ("good bacteria") and sold in short cycles, and industrial products with long cycles of several weeks or months between production and consumption.

³⁷ Broutin C., Bricas N., 2006, *Agroalimentaire et lutte contre la pauvreté en Afrique subsaharienne, le rôle des micro et petites entreprises*, ed. GRET, Ref. ETUD 30, 128 p.

BOX 12**> Joint procedure to develop guides to good hygiene practices in artisanal dairies in Senegal and Burkina Faso**

A procedure for developing guides to good hygiene practices in artisanal dairies has been implemented in Senegal and Burkina Faso, with support from GRET. This is based on consultations between professionals and State services, with input from other institutional actors in laboratories, research and development, and standards and consumer associations.

The objective of the project was to design and disseminate a tool that would enable small agrifood-processing businesses to better manage the health quality of their products: a Guide to good hygiene practices. The aim was also to validate a participatory design process that takes account of the specific conditions of production and particular risks for this sector of activities, and get it ratified by the public services so that national, regional and international regulations take greater account of its specificities.

The discussions that took place while the guide was being developed helped put the relevant regulations, standards and practices in the supply chain into perspective, resulting in procedures and practices that take account of local realities, and which actors will be able follow in order to attain satisfactory health quality levels. The procedure thus took account of the views of both experts and actors in the field.

This innovative procedure could be implemented in other countries. However, several conditions need to be fulfilled for this guide to contribute effectively to the development of local milk processing: its content should be widely disseminated in various adapted forms and promoted among all actors through information and training sessions; there should be systems for recognising the efforts made by the actors who will be implementing these "good practices"; and regulations will need to be adapted at the national and regional levels.

Source: Ministry of livestock et al., 2005 and MRA, CCIA, 2005; Broutin C., François M., La Noë N., 2009.

Using voluntary standards to differentiate the quality of products

Voluntary standards are less restrictive for small producers because they are not obligatory, and some of them can be useful tools in helping family farms capitalise on the specific quality of their products.

- Organic farming and fair trade

Standards for organic farming and fair trade are generally set by developed countries and adopted according to the ability of producers in developing countries to apply them. Family farmers have yet to make their voice heard in this respect, for as with specific quality products like organic or fair trade items, it is often more profitable for purchasers (especially supermarkets in developed countries) to organise production through integrated commodity chains or to use large wholesalers. However, family farmers do have the ear of certain international authorities on organic products, especially the International Federation of Organic Agriculture Movements (IFOAM) and Fairtrade Labelling Organisation International (FLO) (see box 13 page 34).

- Geographical indications

Geographical indications (GIs) are another means of developing family farm produce. GIs are an intellectual property right that protects the name of traditional specialities associated with a particular area, a concept recognised by the agreement on trade-related aspects of intellectual property rights (TRIPS) signed in 1994 within the framework of the WTO.

Geographical indications have been clarified in the European cultural context, where they are particularly developed, and are associated with specific regulations. Different countries are responding to the dynamics of international trade (including membership of the WTO) by introducing their own regulations (especially with regard to respect for intellectual property rights), and clarifying the regulations on geographical indications.

BOX 13

> **Towards fairer governance of fair trade?**

The different fair trade systems (integrated or labelled commodity chains) are proposing a much greater level of participation by producers from developing countries than other existing certification systems (organic, UTZ Kapeh, Globalgap...), which are completely driven or even imposed by developing countries.

FLO International includes continental producer networks in its board of directors, with four of the 13 seats reserved for producers. Nevertheless, this kind participation still needs to be increased, as the main guidelines for fair trade are set by organisations in developed countries. The strategic review of the FLO is aiming for greater producer representation and decision-making in international bodies, and producer networks are involved in discussions about the very architecture of the system, its governance and how to manage the resources generated by fair trade.

Producers are more involved in the governance of the system in the integrated commodity chains of the World Fair Trade Organization (WFTO),

as the board of directors includes one representative from each of the five regions (Africa, Asia, Latin America, the United Kingdom and Australia, and Europe). They make up five of the nine voices on the Board and the regional sections for Africa, Asia and Latin America, with offices that relay WFTO actions to the local level, organise networks to discuss experiences and exchange information at the regional level, and provide some technical assistance for their members.

In fair trade, the Latin American and Caribbean network of small fair trade producers (CLAC), which is the most organised of the three main fair trade producer networks at the global level, has fought a long campaign for greater account to be taken of producers' interests, especially in the following areas: reviewing standards, promoting a family farming label, behaviour by dominant operators in fair trade commodity chains, and direct management of technical assistance to producer organisations. The intention is to progressively transfer responsibilities and resources to producer networks as the governance of the FLO is reformed.

Source: Lacroix P., AVSF internal paper, 2009.

BOX 14

> **Organic farming and geographical indications, the potential for quality labels to develop local products in Cambodia**

Cambodia is a country with a strong agricultural identity and a rich culinary heritage. Khmer culture gave rise to a wide range of typical local and regional foods and agricultural products, but these traditional products are often uncompetitive compared with agro-industrial products. The use of specific quality signs has enabled farmers and processing industries to increase their sale prices and decouple their prices from those of standard commodities.

In order to help farmers get a better premium for their products on the market, the government authorities in Cambodia, especially the Ministries of Agriculture and Trade, selected two signs of quality to alert consumers to certain products: organic farming, and clearer regulations on geographical indications.

Kampot pepper has come a long way in the last three years, after being selected as a pilot

product in a project supporting the introduction of GIs in Cambodia. Through this project, which is implemented by GRET and Cedac and funded by the AFD, producers and vendors (traders and companies) have worked together on a procedure to develop and protect their product. They formed an interprofessional association (the Association de Promotion du Poivre de Kampot) and registered the "Kampot pepper" GI at the Ministry of Trade in October 2009 (one of the first two GIs registered in the country, along with Kompong Speu palm sugar). This means that consumers can be sure that Kampot pepper sold under the GI label originates from the area and has been produced according to traditional methods, while producers can protect and develop the economic potential of their heritage.

Source: François M., Seyrevath P., Brun J.-M., "Agriculture biologique et indications géographiques : le potentiel de signes de qualité pour valoriser les produits locaux au Cambodge".

http://www.mnhn.fr/colloque/localiserlesproduits/16_Paper_FRANCOIS_M.pdf

These regulations are particularly suitable for developing the economic potential of local specialities, capitalising on biodiversity, protecting cultural heritage and fostering rural development. In order to do this, many developing countries are clarifying legislation on geographical indications to protect their traditional products. A case in point is the GI recognising basmati rice in India and Pakistan, which prevented an American company from appropriating the product.

The cultural heritage and accumulated technical expertise of rural producers enables these countries to offer a wide range of high quality and well known products that consumers should be able to find on the markets. On average, European producers receive 15% more for GI products, although the percentage can be much higher depending on how the specifications are defined. Small producers can play a key role in preserving the cultural and gastronomic heritage of their region through geographical indications, which are essentially "local brands". ●

PART 2

Guaranteeing equitable access to natural resources

Access to land and natural resources is a key condition for the survival of family farming. Unequal access to natural resources leads to competition and conflict between families and rural communities, and with other users (expanding cities, mining companies, agro-industry, etc.). Difficulties in accessing natural resources compromise family farming production systems in a vicious circle that increases the over-exploitation and destruction of natural resources.

Recent demographic, economic and social changes and the emergence of new actors competing for access to resources have undermined the collective rules that historically existed in rural communities with strong traditions.

The two major issues here are:

- promoting rural people's right to fair and equitable access to natural resources, and to greater control over the future of their territory. This can be done through policies on land, water and other resources, and local actions to support rural resource users' organisations;
- helping local actors create or adapt collective and individual rules regarding land and natural resource management, taking account of constantly changing environments.

So-called "social management"³⁸ and "consultative"³⁹ approaches seem particularly appropriate when several rights or types of user are involved in natural resource management. Because land matters are so crucially important for family farming, we will consider them separately from natural resources, which are discussed in the following section.

Equitable and effective land policies

Land tenure is a central element of any policies that aim to develop family farming. Agricultural activity is dependent on the rules that regulate access to land, which have historically been influenced by the social, economic and political context, and have in turn shaped agricultural land use.

Land policies need to take account of the particular context of each region, which is why it is impossible to define a single model to promote the development of family farming around the world. Nevertheless, they should always take account of two factors because they need

³⁸ For a more precise definition and illustration of the concept of "social management", see: *Agricultures paysannes et gestion des ressources naturelles : pour un accès plus équitable et une gestion durable*, Apollin F., Laforge M. and Mackiewicz M., AVSF, September 2008.

³⁹ For a recent reference on collaborative natural resource management, see: Méral P., Castellagnet C. and Lapeyre R. (eds), *La gestion concertée des ressources naturelles - L'épreuve du temps*, GRET-Karthala, 2008.

to ensure equitable land distribution and secure modes of occupation: the inequalities arising from land distribution, and the sustainability and legitimacy of farmers' land occupancy.

Equity should be the primary objective in formulating public policies. This is much more than a social issue where land is concerned, as numerous analyses have shown the economic advantages of shared and secure access to land for family farmers⁴⁰.

Better land distribution to support rural dynamics

Agrarian reform entails swift and meaningful land redistribution.⁴¹ Successful agrarian reforms have involved the redistribution of large, unproductive properties (*latifundium*), the introduction of medium-sized holdings that can make better use of land, and limiting the burden of ground rent on farmers. These successes have been the outcome of strong political will, generally expressed at the highest level of government, and of battles fought by organisations of landless farmers or smallholders. If there is no strong political will shared by different actors, agrarian reform can be used to serve individual interests, to the detriment of its stated objectives (reducing inequalities, providing a secure framework for economic activities, etc.).

The issues and expected results associated with agrarian reform are many and varied, and differ from one country to the next, as can be seen from the cases of Vietnam and Taiwan.

BOX 15

> Agrarian reform and agricultural development in Vietnam

Before independence, Vietnam was characterised by severe land inequalities and high population densities in its rice-producing deltas. Land was expropriated and collectivised for rice production in the 1970s; then in the 1980s and early 1990s, a series of economic reforms shifted the system from centralised planning to a market economy, and from collective agriculture to a family farming economy.

When rice was produced by collective enterprises in the 1970s, the government decided to allow rural producers to increase their activities outside the cooperatives and gave them access to additional land to grow crops and raise livestock under family farming systems, in addition to a family plot covering 5% of the total area and family orchards.

This led some cooperatives to introduce a type of "clandestine contract" lending farmers a certain amount of land to grow rice, which improved farmers' motivation and had a positive effect on productivity.

This "clandestine" system was legalised in the 1980s, when family farmers progressively received the right to decide how their labour and then their capital was used. Finally, in 1993, land that formerly belonged to the State was allocated to farming households for a period of 20 years for annual crops and 50 years for perennial crops. The amount of land allocated varied according to the number of people in each household, up to a maximum of 3 hectares. Land use rights could be exchanged, transferred, leased, inherited and mortgaged.

Socialist agriculture did not resolve the problem of food production, as Vietnam had to import food every year in the early 1980s. It was rural farmers who led the way in this respect, helping turn Vietnam into one of the world's biggest exporters of rice and other food products. Rural producers that previously had little to do with the market have progressively become family farmers and traders, largely thanks to agricultural policies encouraging diversification into crops with higher added value than rice (sugar cane, vegetables, coffee, cashew nuts, etc.).

... / ...

⁴⁰ For an analysis of the links between land issues and development, see the French Cooperation White paper: *Land governance and security of tenure in developing countries*, 2009. Various studies on the issues associated with land policies can also be found on the Foncier & Développement portal: www.foncier-developpement.org

⁴¹ Merlet M., *Cahier de propositions Politiques Foncières et Réformes Agraires*, Politiques Foncières, November 2002.

The reintroduction of family farming after several agrarian reforms that established a relatively egalitarian agrarian structure has clearly been successful. Vietnamese history shows that rural producers are capable of using centuries' of accumulated knowledge to drive dynamic processes of change, but that they need ap-

propriate agricultural and land policies in order to fulfil their potential.

Source: Dao The Thuan, "Vietnam. Réformes agraires successives et succès de l'agriculture familiale" in Merlet M., Cahier de propositions Politiques Foncières et Réformes Agraires, 2002.

BOX 16

> **Agrarian reform as an economic stimulus in Taiwan**

The end of the war and victory of the Communist Party in mainland China marked a decisive break as Kuomintang-trained survivors from the nationalist army and middle classes fled from the mainland to Taiwan, established a powerbase and set about developing the economy with substantial aid from the United States. The first task the new arrivals and their champion set themselves was to liberate the peasantry and remove the class of local landowners, with whom they had no political ties. This was done in three phases, through:

- the forced reduction of ground rent;
- selling off land confiscated from the Japanese in small lots;
- the agrarian reform of 1953 (Land-to-the-Tiller Programme), limiting the size of holdings to 2.9 hectares, and expropriating and redistributing surplus land to rural producers.

As a result of these measures the number of sharecroppers dropped sharply, and smallholders who worked the land themselves became the majority. One quarter of all agricultural land was distributed among small farmers, giving the country a much more egalitarian farming structure.

Former landlords received very little in the way of compensation, apart from bonds in indus-

trial companies that the government was setting up at the time, thereby transforming them into capitalists.

Efforts to boost agricultural development focused on techniques that could build on the large rural workforce, such as high-yield seeds, fertilisation and irrigation. The use of animal traction increased between 1946 and 1958, and investment in human agricultural labour continued to grow until 1968. Mechanisation, which would come to replace human labour, was not encouraged until the 1970s when industrial development was able to absorb the displaced labour, and then it was in forms compatible with rural production (rotavators).

This policy was astonishingly successful, resulting in a five-fold increase in agricultural production between 1946 and 1976, and growing differentiation between products. The agricultural sector provided the rest of the economy with capital ranging from 22 % of the value of agricultural production at the start of the period to 15 % at the end of it, either through tax receipts or, more latterly, savings deposited by rural producers in various financial circuits. Thus, one could say that agricultural surpluses played a major role in establishing industrial capital.

Source: Merlet M. and Servolin C., "Un exemple où réforme agraire, politique agricole et développement économique sont en cohérence", in Merlet M., Cahier de propositions Politiques Foncières et Réformes Agraires, 2002.

Overall, the experiences of Taiwan and Vietnam clearly show that a number of conditions need to be met for family farming to provide the basis for sustainable economic development. Agrarian reform needs to be accompanied by coherent agricultural policy, at both the technical level (modernising techniques and structures) and in the economic environment (market regulation). These two successful agrarian reforms show the need for several factors to be in place: strong political will to change the situation, clear guidelines on agricultural support

(trade policies, training and advice), social consensus to avoid blockages, and discussions with representative farmer organisations that are capable of formulating proposals.

Without these factors, agrarian reforms may undermine the very objectives they are supposed to achieve. The scope of planned measures may be severely restricted by political blockages in dominant classes with landed interests, and poorly targeted or inadequate agricultural support leads to patchy economic development outcomes. Finally, ideological concerns that focus solely on egalitarian land distribution processes make it hard for family farms to fulfil their potential, especially when the creation of collectivist or cooperative farms leaves them with no room to manoeuvre; while reforms based exclusively on the free land market, which give no support to family farmers – such as those initiated by the World Bank – have led to greater land concentration as the inevitable imperfections of the market (especially the credit market) work in favour of large landowners.

Securing land access for family farmers

Secure land tenure is a tool that can be used to stimulate and encourage investment in family farms and agriculture, and reduce poverty and inequalities.⁴² Land ownership is a different concept that generally entails individual, exclusive and absolute ownership (the owner has the right to use and sell the land). While standardising land rights can lead to the marginalisation of the most vulnerable groups (minorities, poor communities, women and young people), securing land tenure does not automatically entail absolute ownership or always involve issuing private ownership rights, and can be seen as an opportunity to mobilize multiple rights.

“A land policy therefore consists of putting in place medium/long-term mechanisms for the governance and administration of land rights that allow locally agreed rights which are compatible with current legislation to be legally recognised.”⁴³ Where African governments are concerned, it is a matter of “moving from the colonial legacy of legal denial of local rights to legal recognition of existing rights, provided they are legitimate and consensual.”⁴⁴ Recognising the plurality of rights to land is thus a fundamental pre-requisite for policies to secure land tenure.

● *Decentralisation for more effective and legitimate land regulations*

Since the early 1990s various countries have embarked upon decentralisation processes in order to improve the efficiency of their administration. Apart from the fact that they have sometimes been instigated under pressure from financial institutions, these processes have often been hampered by the central government’s unwillingness to share its budgetary resources and prerogatives, and local governments experience difficulties in attempting to fulfil their missions.

Decentralisation can cut through the complex array of land regulations within a single region by applying the principle of subsidiarity, whereby “the right level of intervention is the level closest to the problem at which it can be dealt with effectively”.⁴⁵

The two initiatives discussed below illustrate a willingness to deal with land conflicts at the local level. The first was a pilot project setting up local land offices (*guichet foncier*) in Madagascar as part of the process of decentralising land regulation at the national level; the second describes the experience with rural land use plans in Benin, where they were introduced in several regions to change national policies on land regulation. Although these were both local projects, they helped change land policies at the national level.

⁴² Lavigne Delville P. and Durand-Lasserve A., *White paper on land governance and security of tenure in developing countries*, Land Tenure and Development Technical Committee, 2008.

⁴³ Op. cit.

⁴⁴ Lavigne Delville P. and Broutin C., “Quelles politiques foncières pour contribuer à la souveraineté alimentaire en Afrique subsaharienne?”, dossier “Souveraineté alimentaire : refonder les politiques agricoles”, *Techniques Financières et Développement*, n°94, 2009, p. 18-26.

⁴⁵ Ribier V. and Griffon M., *Quelles politiques pour accompagner la révolution doublement verte*, communication presented at the Académie d’Agriculture on 5th May 2004.

However, decentralising the functions of registering land rights does not absolve central governments of all responsibility; they are still needed to act as adjudicators since the various types of existing rights may cause conflicts that are exacerbated by the permanent nature of secured land rights. Rural land use plans did not work in Côte d'Ivoire because of the divergent strategic interests of ancient lineage groups who were defending the sacred nature of "ancestral land" that cannot be transferred to the descendants of incoming buyers, and the descendants of such immigrant buyers who emphasised the permanent nature of market transactions.⁴⁶

The tensions between different forms of land regulation can also be seen in the case from Benin, where there is the will to register land through private ownership that confers all rights on a single person, but no clear guidelines on recognising local systems of rights where multiple and diverse rights can simultaneously apply to the same space.

BOX 17

> Land policy in Madagascar and the local land office in Miadanandriana

The current land tenure situation in Madagascar is the outcome of at least two overlapping concepts of land appropriation: the pre-colonial concept based on the value of land use, and the colonial and post-colonial concept based on the notion of private ownership. Under current Malagasy law, there are four categories of land: State land (public and national government land), titled private ownership, untitled private ownership, and land with a specific status, which mainly applies to reserves and forests.

National land surveys and registers are often full of gaps because information has been deleted or disappeared over the course of successive institutional and administrative reshuffles. In addition to this, many land titles are obsolete as some of them were issued before independence was declared.

In 2004 the government of Madagascar launched the National Land Programme, which was intended to improve land regulation by decentralising the land administration, giving the communes powers to manage land allocation procedures and land transactions, and creating a local land law that would hopefully recognise the country's many regional specificities. This would entail formalising unwritten land rights in order to give them a clear legal existence, and safeguarding written land rights.

Although the project was launched in 2004, the local land office in Miadanandriana did not

really start functioning until 2006, with the introduction of a land database in each *fokontany*.⁴⁷ These citizen land registers are an updatable land tenure information system in which every parcel or portion of land is identified by a local recognition committee composed of a representative of the mayor of Miadanandriana commune, a respected representative of the *fokontany*, and two elected officials from the hamlet covered by the inspection. Neighbours are also invited to join the commission. The citizen land register is not only a tool for gathering information about the *fokontany*, but also an instrument for regulating disputes, especially arguments over the division of inherited parcels, which have always been assigned orally.

In addition to the citizen land register, the land offices issue land certificates that have a legal value recognised under the new Constitution of 2007. These affirm locally recognised rights to use a parcel, and can be obtained quickly and easily (within 60 days, thanks to the decentralised administration). The increasing number of applications reflects genuine concern about land tenure among the rural population, and is a testament to the rural awareness-raising work done by the Malagasy NGO HARDI. In September 2008, 142 people lodged 254 applications for certificates, and 30 certificates were issued.

Source: Kreder C., "Politique foncière à Madagascar et dans la commune rurale de Miadanandriana", CCFD case study, 2009.

⁴⁶ This situation illustrates certain aspects of identity that may be embodied in "customary" rights, which lead to the exclusion of outsiders who wish to engage in agricultural activity. Customary rights are often redefined according to the changing interests of the dominant groups (Lavigne Delville and Durand-Lasserve, 2008).

⁴⁷ These are administrative districts. The rural commune of Miadanandriana has 14 *fokontany*.

BOX 18

> Decentralised land management in Benin: rural land use plans

Rural land use plans (PFRs) are a procedure for identifying and mapping rights, "clarifying" the land situation by providing a "snapshot" of existing locally agreed rights. Since the law allowing registration came into force, land certificates have been issued affirming the validity of the rights concerned and giving them legal status.

These plans are supposed to set clear boundaries and formalise rights, thereby reducing conflict and also encouraging investment, since it should be possible to use the land certificates issued at the end of the procedure as collateral for credit. Plans are managed through a public mechanism at the communal level, with a first village level to register changes. Although the procedure is clearly based on the logic of registration, PFRs can also recognise various rights to landholdings, and village authorities can define rules relating to natural resources.

This is both a legal and institutional innovation, as the law not only ends the "presumption of State ownership" (whereby all unregistered land is regarded as State land), but also shakes off Benin's colonial legacy. It also constitutes a major advance in the legal framework, since PFRs allow customary rights to be recognised as an alternative to registration and land titling, which is the only legally recognised route to land ownership in most countries.

PFRs are drawn up at the request of the village chief, with the commune acting as the "client" and specialist operators as "project managers". This procedure involves several stages: the first entails gathering local viewpoints and raising awareness among the community concerned, the next assessing land and economic dynamics in the locality. A provisional parcel plan is prepared, publicised and submitted to the community, and the final topographic parcel plan and register of rights holders are submitted to the communal and village authorities, who are then responsible for managing them.

There is no "single" concept of local land rights in PFRs. Thus, under "private customary-based ownership", the "owner" holds all the rights on a personal basis, especially rights of administration; while according to the concept of "land management", he is simply a manager who acts for and on behalf of the group. The apparently homogeneous PFR procedure actually encompasses different and sometimes contradictory concepts of land rights and land management, without necessarily clarifying the issues involved or arbitrating between them. The Millennium Challenge Account is providing substantial financial support for PFRs, thereby helping advance the rapid transformation of certificates into land titles, and aiding the growth of individual private ownership.

Source: L'Orphelin S. and Lavigne Delville P., "Note de synthèse sur les Plans Fonciers Ruraux au Bénin", GRET case study, 2009.

● *Recognising the plurality of land rights: the example of pastoralism*

For family farmers, access to land is not simply a question of owning or appropriating agricultural land. Pastoralist populations, especially in sub-Saharan Africa, claim rights of passage, temporary or permanent land use rights, and sometimes live with sedentary populations. Government mistrust of these pastoralist communities has often led them to favour sedentary farmers, thus running the risk of creating serious conflicts. The question of pastoral land tenure is also closely linked with issues surrounding access to water resources (cf. *infra*). Box 19 below shows the advantages of transhumant livestock rearing, and how it has managed to adapt to demographic, economic and environmental change, despite being largely ignored by policy-makers.

Because pastoralism is a mobile system it is regulated by the land policies of the different regions or countries where it takes place – which invariably favour sedentary farmers. Herders need to mobilize and organise themselves to ensure that they are represented, their voices are heard, and that they contribute to local frameworks for consultation on land management. The pastoral land use plans developed in Mali as part of the decentralisation of natural resource management (see *Box 20 below*) show the growing importance of the local level in managing access to land. It is therefore in herders' interest to get organised and make their voices heard, especially given that decentralisation is a far from neutral process in Mali.

BOX 19**> Transhumance in Niger, a constantly evolving ancestral practice**

The history of livestock rearing in the Sahel shows that specific and often ingenious responses have allowed numerous societies to reproduce down through the centuries. Far from being a simple custom, transhumance is a particular form of mobility that can exploit the complementarities between different and often vast areas, and is in fact a genuine social, political and economic construct that is constantly being renewed and readapted. Certain forms of organisation were recognised as legitimate over long periods of time, notwithstanding natural disasters and unequal power relations, although it was probably easier to reach a consensus in contexts where the population was much smaller and far more land was available than today. Despite the increasing constraints on space and access to resources caused by human pressure, mobile livestock rearing has proved extraordinarily vital thanks to the adaptive capacities of pastoralists.

This vitality and inventiveness can be seen in the great diversity of mobile systems in the Zinder region, where agro-pastoral, pastoral and Saharan spaces are used in alternate and complementary ways. Such systems may be pendular, and often North/South oriented with a more or less wide sweep; pivot around a fixed centre such as a well; or be trade caravans developed by particular groups.

There are three main factors in the construction of these mobile systems, which are constantly adjusted, adapted and modernised in response to changing events and settings: a more or less secure land base depending on the communities concerned, social relations and alliances with other communities and the authorities, and access to the market linked with the price of cereals. More tactical issues associated with access to water and the quality and quantity of grazing have to be tackled on an almost daily basis.

Source: IRAM, "Sécurisation du foncier pastoral", case study by IRAM, 2009.

BOX 20**> Collaboratively formulated pastoral land use plans in Mali**

Although most natural resource management has been devolved to local governments in Mali, no effective measures have been taken to implement their powers. The process of formulating pastoral land use plans (SAP) has enabled the Malian government to give decentralised local governments the tools they need to improve local development planning processes. These plans should help them better identify priority needs and propose coherent and adapted interventions regarding pastoralism. A consultative framework has been put in place at the district level,⁴⁸ facilitating a collaborative assessment of pastoral resources whose results have been shared and validated, leading to the formulation of an SAP and then an investment plan.

The main problem with this process has been the under-representation of transhumant herders on the consultative frameworks, even though they are the only actors with reliable knowledge of transhumance routes. Local governments and Chambers of Commerce are sup-

posed to be responsible for ensuring that these consultative frameworks are representative, but have not always been objective in their choice of participants. The second major problem is the highly politicised nature of rural areas, which is detrimental to the effective representation of herders in decision-making bodies. Emerging leaders in rural areas are often co-opted by political parties and diverted from their primary objective of defending herders' interests. This is particularly worrying because herders do not really have a legitimate professional structure capable of representing them at every level and lobbying effectively on their behalf.

In order to address these structural constraints, it may be necessary to support the Malian government's desire to give pastoralism political recognition, by making the pastoral charter into a genuine code that legitimises and recognises pastoral land tenure in a context of increasingly intense competition for land and resources.

Source: AVSF, "Sécurisation des systèmes fonciers au Mali - Projet Gestion concerté des ressources pastorales et sécurisation du petit élevage", AVSF case study, 2009.

⁴⁸ Administrative unit inherited from colonialism, equivalent to a department.

Tensions over different land uses also call for strong State involvement. Pastoralism in Sahelian areas shows the need for central governments to take account of the many different types of land users so that they gain greater legitimacy in local decision-making bodies.

Improving family farmers' access to natural resources through consultation

Sustainable natural resource management entails removing fewer resources than will naturally be replaced by the system; therefore, when resources are not especially abundant, their removal has to be controlled.⁴⁹ In the absence of rules regulating their distribution and management, and with competition between users, free access to resources inevitably leads to their over-exploitation and even disappearance: the much-debated "tragedy of the commons".

Family farmers are often discriminated against in access to natural resources because they lack the means available to capitalist forms of agriculture, which tend to occupy better land, monopolise the use of forest resources and appropriate water for irrigation. Access to water in Ecuador is blatantly unequal: although 86% of the producers who use irrigation are family farmers, they only have access to 22% of irrigation water resources; while 64% of these resources are used by the 1% of farms that practice capitalist agriculture.⁵⁰

Other activities also compete with agriculture for the use of natural resources. For example, hydro-electricity may be a factor in developing irrigation, but it can impinge on the way that family farmers in or downstream from the area concerned manage their water (by flooding their fields or reducing their water supply). Forest use for commercial purposes may penalise farmers who obtain most of their resources from these areas; and family farmers also have to compete with activities that take up a lot of land (industry, transport, housing), especially in peri-urban areas. In addition to having to contend with unequal access to these resources, family farmers are further disadvantaged in the long term by the unsustainability of certain practices.

Yet successful examples of joint natural resource management show that different users can reach agreements and work together within the framework of sustainable use and shared access to resources. Therefore, it is essential that the public authorities act to ensure such cooperation, by establishing a suitable legal framework and encouraging all consultative bodies to abide by it.

Consultative local natural resource management

Joint natural resource management is usually defined as "a set of institutional mechanisms that enable the actors concerned to participate in public policies to varying degrees".⁵¹ Decentralisation processes that transfer certain prerogatives from national to local governments can help ensure that consultative procedures take account of local actors' interests.

The immediate benefits for communities involved in joint and sustainable natural resource management depend on the type of resources concerned, and their reproductive cycle. Users of resources with a short reproduction cycle (grazing, certain fish, ground water, etc.) can see the direct benefits of sustainable management; the communities concerned can quickly assess its outcomes, and are more likely to respect the rules that have been established.

⁴⁹ Lavigne Delville P., "Conditions pour une gestion décentralisée des ressources naturelles", in Bertrand A., Montagne P. and Karsenty A. (eds), *L'État et la gestion locale durable des forêts en Afrique francophone et à Madagascar*, L'Harmattan, 2006.

⁵⁰ See Box 22 (page 46) on water in Ecuador.

⁵¹ For more in-depth analysis of this question, see the work led by Philippe Méral, Christian Castellanet and Renaud Lapeyre, *La gestion concertée des ressources naturelles, l'épreuve du temps*, GRET-Karthala, 2008.

However, it is difficult to discern the positive effects of sustainable management on resources with a long reproductive cycle (such as wood), as they only become apparent over the long term. The immediate imperatives of survival may take precedence over sustainable management, in which case economic payoffs need to be envisaged to enable communities to respect constraints imposed by the public authorities in the name of wider interests associated with the national or global public good (such as preventing deforestation in order to protect biodiversity and tackle climate change).

Putting in place consultative frameworks that are tailored to the resources concerned should enable all users to benefit from them while respecting their regenerative cycles. There are numerous examples of water users' associations that have helped resolve periodic problems with overuse by irrigation that adversely affect all users. In the case of the polder in Prey Nup, water resources are managed transparently by management committees elected by water users.

BOX 21

> **Towards joint water management in the polders of Prey Nup, Cambodia**

The government-backed project to rehabilitate polders in Cambodia began in 1998 following the signing of a funding agreement by the Agence Française de Développement (AFD). It involved restoring several kilometres of dykes, clearing canals, removing sand, installing drainage works and regulating water levels in six polders in the area, and then transferring water management to the users. The joint management envisaged by the project was particularly challenging in this context, as the Khmer Rouge regime had made Cambodians very wary of such collective ventures (Kibler and Perroud, 2004).

A local organisation known as the community of polder users (CUP) was established at the end of 1999; the ultimate aim being that it would assume responsibility for managing water in the polders, maintaining and monitoring infrastructures, and managing the finances (collecting fees). The management plan for each polder is defined by elected representatives of the CUP and the salaried team, assisted by two or three resource persons from each village. These plans are then validated at meetings run by the president of the polder, which are attended by the chiefs of the villages and communes concerned, and representatives from the villages and the national authorities.

The legitimacy of the newly-fledged CUP was strengthened when it managed to collect most of its users' fees (86%) in 2001 despite poor harvests.

The water management plans should improve over the years as the teams of elected and paid workers gain experience, consultations are opened up to more participants and measures to regulate water levels are improved. In 2003, harvests reached record levels and abandoned land was brought back into use. Since then, the real challenge for the CUP has been finding the money to maintain the infrastructures, which will entail increasing its user fees.

Although pressure from donors for governments to withdraw from irrigated areas often means that transferring management to users is seen as a formality, the Prey Nup project has shown that this is a genuine reform that requires "a commitment from the State to withdraw".⁵² Nevertheless, it does need to maintain some kind of presence since the local organisations that manage public goods do not have sufficient authority or legitimacy to do so unaided. The final project evaluation shows that the Cambodian government needs to maintain a certain capacity to invest in order to avoid the rapid deterioration of the infrastructures.

Source: GRET, "Gestion concertée de l'eau dans les polders de Prey Nup au Cambodge", GRET case study, 2009.

The water management initiative in Prey Nup illustrates some of the challenges involved in joint natural resource management: establishing legitimacy, providing effective management that benefits users, and ensuring that the conditions for the long-term functioning of the system are in place (particularly the finances). But this experience also shows the potential outcomes of this type of management: rice yields in the polders rose from 1.6 t/ha to 2.7 t/ha with more

⁵² Kibler J.-F. and Perroud C., *Vers une cogestion des infrastructure hydro-agricoles*, GRET, 2004.

remunerative varieties, producers are less vulnerable to climatic hazards, and aquaculture is improved by better water supplies. It is also instructive to see the extent to which joint natural resource management involves reaffirming the role of the State.

Concerted public policies

The political dimension of natural resource management cannot be ignored, as the State plays a major role in ensuring compliance with jointly agreed modes of management, and acts as an arbitrator within the framework of this consultative process.

Since national policies shape the emergence of joint management processes at the local level, the State can provide a favourable framework for these processes through more consultative natural resource policy formulation. The new water policy in Ecuador clearly shows the advantages of involving actors who represent users well upstream of the process. In this specific case, it was the users (and workers in the sector) who proposed the text for the law that was included in the new constitution. Previous legal texts tended to favour the privatisation of water resources, which would have had dramatic consequences on water management at the local level. ●

BOX 22

> Consultation within the Water Resources Forum in Ecuador

CAMAREN, the consortium for training on natural resource management, was created in 1996 by various NGOs and government institutions, including the Ministry of the Environment, with support from the Swiss cooperation.⁵³ This consortium works with other specialist institutions, universities and rural organisations to develop technical training on sustainable natural resource management.

Between 2001 and 2002, a number of proposals were made to reform the Ecuadorian Water Law in order to privatise the resource and create a water market. This prompted CAMAREN and various provincial platforms to set up the Water Resources Forum as a space to analyse and formulate joint local and national proposals that would have a direct impact on public water management policies.

A national platform was created as the network's highest authority, composed of delegates from the provincial platforms, representatives from the main national rural organisations and large irrigation users' organisations from several provinces.

The first national meeting of the Water Resources Forum was held in Quito in April 2002. It was attended by about 370 delegates and representatives from 105 rural organisations, 160

NGOs, 77 government and municipal institutions and 13 universities from eight of the country's 22 provinces. Since then collective action has become increasingly structured in order to improve water management at the local and national levels through policies.

In 2008, the Forum led civil society opposition to the water proposals made by the National Constituent Assembly set up by the government of Rafael Correa. After long months of meetings in the major regions of the country, the Forum's main proposals were adopted by the new national Constitution, which was approved by the Assembly and then by referendum; namely, that:

- water is a human right and part of the national heritage;
- water is a human right and part of the national heritage;
- water should primarily be used for human consumption, then to irrigate food crops.

The new constitution effectively precludes any initiatives to privatise water. This experience clearly shows how a consultative process that includes users and other actors in the domain can influence the formulation of natural resource regulations.

Source: AVSF, "Le Forum des Ressources Hydrauliques d'Équateur. Une expérience de concertation et d'incidence politique nationale avec une forte participation paysanne", AVSF case study, 2009.

⁵³ Its current members include two international NGOs (AVSF and CARE), six national NGOs, two public universities and two government bodies, including the Ministry of the Environment.

PART 3

Public investment that supports the dynamics of family farming

Public investment in the agricultural sector is essential in order to reduce poverty in developing countries. Most policy-makers share this view,⁵⁴ yet little public aid is given to development in the agricultural sector, and governments in developing countries are reluctant to invest their meagre budgetary resources in agricultural development programmes. This should not distract us from the fundamental importance of public investment in agriculture for the development of this sector. Along with the policies discussed earlier in this paper, which do not necessarily require substantial financial resources, public investment is essential to further the evolution of farming practices.

This public investment comes from governments in developing countries on the one hand, and development cooperation in developed countries on the other. Their investment logics differ in ways that we will not go into here, but we can underline that, in general, unlike private investments, they are not usually expected to provide returns in the short term.

There are two key aspects of support for family farming: access to funding and investment, and training and capacity building. These aspects do not cover every domain in which public investment is needed, but are often overlooked by decision-makers. Particular attention should be paid to areas where public funding is unavoidable,⁵⁵ such as infrastructures, transport, marketing and irrigation, and policies on agricultural research and support for farmer experimentation and innovation.

The need for public investment in family farming has become particularly critical since the advent of huge private investments in the agricultural sector. Prompted by objectives that rarely include food security or poverty reduction,⁵⁶ these private investors generally prefer large agro-industrial enterprises that monopolise the best land and water and compete with family farms when they do not directly expropriate their land. These private investors benefit from the public authorities' lack of interest in agriculture and the lack of support for family farming.

⁵⁴ World Bank, 2008. See also reading notes on the report by experts from Réseau Impact: Brouillet A.-S. (ed.), *Rapport sur le développement dans le monde 2008. Note de lecture du Réseau Impact*, Réseau Impact, Ministry of Foreign Affairs, 2008.

⁵⁵ On this topic, see Pinstrub-Andersen and Shimokawa, 2007.

⁵⁶ For more information on this question, see work by the Coordination SUD Agriculture and Food Commission and the Land Tenure and Development Technical Committee.

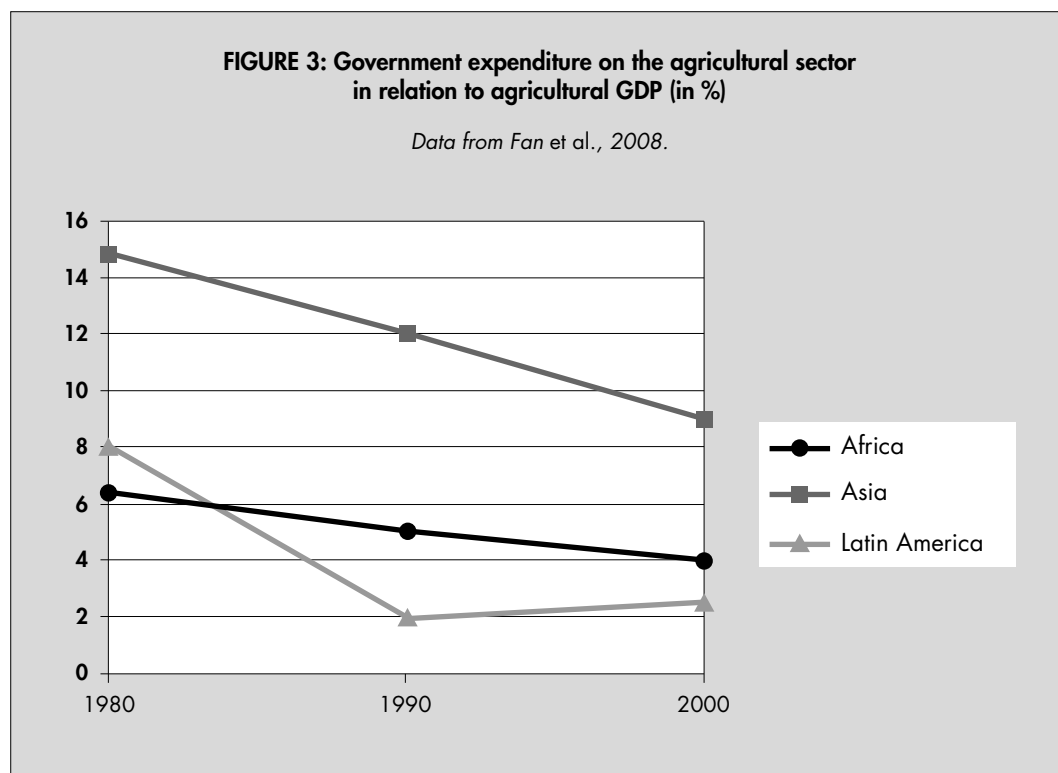
Investing in the dynamics of family farming

Family farms are still the poor relation of development strategies

In its last report on global food insecurity, the FAO noted that “it is in countries where the socio-economic role of agriculture is most important that investment in agriculture is generally very low”.⁵⁷

Although the majority of the active population in most developing countries is engaged in agriculture, this does not mean that their governments are strongly committed to the agricultural sector. At the Maputo conference in 2003, African states agreed to commit 10% of their annual budget to the agricultural sector and rural affairs, in the short term. Little has come of these promises, and although public investment in agriculture has increased since 2008 it is still low (amounting to about 4% of national budgets in sub-Saharan African countries).

The ratio between government expenditure in the agricultural sector and this sector’s contribution to national GDP provides an indication of the support it receives in relation to its size. This ratio stands at over 20% in developed countries, representing significant support for the sector, and is often less than 10% in developing countries. Table 1 below, which is based on data gathered by Shenggen Fan in 44 countries,⁵⁸ shows how this ratio evolved between 1980 and 2000 in Asia, Latin America and Africa.



⁵⁷ *The State of Food Insecurity in the World*, FAO, 2009.

⁵⁸ Fan S., Yu B. and Saurkar A., *Public Expenditure, Growth, and Poverty in Developing Countries: Issues, Methods and Findings*, IFPRI, 2008.

The public institutions that are supposed to support this sector lack the resources and capacity to fulfil their role beyond providing direct funding for agriculture, which means that even relatively inexpensive reforms that simply require administrative work are not undertaken.

It is interesting to compare this lack of involvement among African governments with the substantial public investments made by countries in South and South East Asia when their agricultural economies started to take off: in the 1970s and 1980s governments in Vietnam, China, the Philippines and Indonesia devoted over 15% of their budgets to agriculture.

Cooperation and development agencies have also neglected agriculture in their aid strategies for developing countries. Although the amount of public development aid (PDA) from OECD countries increased substantially between 2000 and 2006, from US\$44 billion to US\$98 billion, the sums allocated to agriculture stagnated and only represent 2.8% of total PDA, compared with 5% in 2000 and over 16% in the 1980s. In 2006, France allocated 1.8% of its aid to agricultural development.⁵⁹

Public investment is essential for the development of family farming

On their own and in the short term, the policies discussed in the first two sections of this report cannot ensure the rapid increase in productivity and yields from family farming required to reduce rural poverty, "rebalance" relations between the town and country, and meet the growing demand for food while ensuring national and global food security. Various researchers⁶⁰ have highlighted family farmers' limited capacity for self-funded investment, especially the huge number of farmers who depend on manual labour. This clearly illustrates the need to strengthen family farmers' capacity to accumulate and invest in order to increase their living capital (herds, crops, organic soil fertility), level of mechanisation, transport capacity and physical investments (land and water works, storage and farm buildings, enclosures and housing). External off-farm investments in transport and marketing infrastructures, or equipping businesses to process and store produce can also help improve revenues by making better economic use of agricultural products. Finally, professional training (particularly for young farmers) and mechanisms for outreach or advice and support for the elderly can also be seen as long-term investments that will enable farmers to accelerate their processes of modernisation and socio-technical change.

The most effective forms of investment will obviously largely depend on the national situations and agro-ecological environments concerned. The same logic cannot be applied to the contexts of very high population density associated with minifundium (as in India), where numerous farms are already struggling for survival due to lack of space, and areas where land is fairly abundant but farms are relatively unproductive due to lack of capital for light mechanisation or classic or organic intensification. One can deplore the lack of studies enabling us to evaluate and compare the effectiveness of various measures to support investment in terms of increasing the productivity (in all its forms) of family farming in different areas. This makes it difficult to suggest priority investment areas to governments and donors, as we saw recently with the launch of the global fund for agriculture and the emergency measures promised by the FAO and EU (food facility), which have retained a very classic focus on providing seed and inputs, regardless of the situation in recipient countries.

Relevant investment to support family farming dynamics

Government authorities, aid agencies and international donors have all too often attempted to influence agricultural development in ways that seem relevant to them, but which do not support the particular dynamics of these types of farming. As a result, many development projects

⁵⁹ Coordination SUD, *Analyse du PLF 2009 et du Budget pluriannuel 2009-2011 de la Coopération française*, 2008.

⁶⁰ See especially Roudart and Mazoyer, 1997 and Dufumier, 2004.

and national initiatives come to nothing because they are not sustainable without external funding. It seems preferable to support the dynamics that underpin family farming, which are context-specific and work for the general interest, rather than to go against these dynamics.

From this perspective, producer organisations can be a very relevant vector of investment. In Fouta-Djallon, funding from several European development agencies has enabled the federation of producer organisations (FPFD) to finance projects supporting potato production. This support has proved very effective as it was coupled with actions by FPFD to encourage the marketing of potatoes (pressure to introduce seasonal bans on imported potatoes, negotiations with traders and importers, etc.). Investments by public authorities and cooperation agencies should aim to strengthen local actors and support their dynamics.

BOX 23

> Investing in support for production through the Fédération des Paysans du Fouta-Djallon in Guinea

The objective of potato producers in the Fédération des producteurs du Fouta-Djallon (FPFD) has always been to make their produce more competitive than it was initially due to its mediocre quality and relatively high production costs. The services that the Federation has provided for its members have resulted in quantitative and qualitative improvements in productivity, thanks to the FPFD:

- Supplying high quality inputs at appropriate times, particularly certified seed (potato and onion) and fertilisers, thereby removing a major constraint to production.
- Offering seasonal credit (for dry season production) at a socially acceptable rate, to be repaid on production, thus making inputs accessible to producers.
- Training and advice for producers: functional literacy and follow-up training. A system of rural resource persons has been put in place with the aim of reaching as many producers as possible. The most advanced

farmers can get onto the management committee that has been established, but which still only reaches a limited number of producers. About 30 technicians in the area currently provide technical agricultural advice for members of the federation.

- Research and development on management systems, in the framework of a research partnership.
- Installing infrastructures: developing wetlands to improve water management, storage infrastructures and access routes.

Substantial support from technical and financial partners has enabled the federation to state its needs, put in place adapted services, support production and partly self-fund its efforts through a commercial bank. The FPFD has been supported in these efforts by numerous technical and financial partners (the Ministry of Agriculture, Institut de recherche agronomique de Guinée) and international agencies (Coopération Française, CECI, AFDI, CCFD, etc.).

Source: Broutin C., Alpha A., Diallo K., Rigourd C., "Protection et soutiens à la production : la combinaison gagnante pour la filière pomme de terre en Guinée", case study by GRET-IRAM-FPFD, 2009.

How can funding for family farming be improved?

One of the key questions when considering how best to support the transformation of family farming is funding – where it comes from and how to get it to family farmers, producer organisations and their economic environment. Attitudes to this question in developing countries have changed considerably since the 1960s-1970s⁶¹. This section of the report consid-

⁶¹ For a historical overview of this question, see the full article produced by IRAM on the Coordination SUD website: <http://www.coordinationsud.org/Politiques-agricoles>.

ers the innovations that are needed in terms of financing family farming, and the conditions for their implementation.

Innovative products and services

● *What are family farmers' financial needs?*

In order to adapt and change, family farmers require technical and organisational innovations that they cannot fund themselves. Their financial needs are many, varied and complex, as shown by the following list compiled at a meeting in Dakar in 2002:⁶²

- *In the short term:* funding for inputs throughout the growing season (seed, fertilisers, pesticides), additional labour, rental or sharecropping; livestock fattening, storage to accommodate changing market prices, processing produce to add value, diversifying income-generating economic activities, etc.
- *In the medium and long term:* equipment for intensification, marketing (transport), storage (buildings), perennial crops (investment, renewal, maintenance), (re)constituting herds, purchasing land.
- *Family needs:* people, equipment, housing, etc.
- *Saving during different cycles:* over the farming season, investment cycles, lifecycle, also as a precaution or protection against risks.
- *Insurance against risks* relating to family health and access to healthcare, material goods, agricultural production and livestock rearing, disasters and climatic risks.
- *Non-financial services:* technical advice and support, management and marketing assistance, etc.

The transition to more productive forms of agriculture and the economic organisations associated with such change are creating new needs. How best to respond to the gap that the State's withdrawal has left in certain production chains? How to revitalise the fabric of farming by supporting professional agricultural organisations (pre-financing input supplies, revolving funds for marketing activities, equipment, buildings, etc.)? Rural financial institutions face a major challenge in adapting their credit products, reducing transaction costs and minimising the risks of loan portfolios, and have introduced various innovations into their operations in their efforts to address such problems.

● *Interesting innovations that have been widely tested or are under way*

Certain innovations seem to have proved successful, at least in a number of significant initiatives by rural micro-finance institutions:

- **Leasing**, inspired by hire-purchase, is an alternative to classic medium-term loans for equipment that avoids the constraint of guarantees. With leasing, ownership of an asset is separated from the right to use it, as the institution retains legal ownership of the equipment until the client has finished paying for it. Leasing has been tried out relatively successfully in Bolivia and Madagascar (promoting animal traction), and is being reviewed and refined by many micro-finance institutions.
- Agricultural **warrantage** aims to secure funding for agricultural enterprises through contracts to store their harvest. Producers can use their harvest as collateral for loans to cover marketing or processing costs, and to develop income-generating activities between growing seasons or while waiting for market prices to rise. Various institutions in Madagascar and Niger are developing "community village granaries" to enable producers to get better returns on their produce by waiting until the lean season to sell it.

⁶² Communication for the seminar "Financing family farming in the context of liberalisation. How can micro-finance contribute?", CIRAD-CERISE, Dakar, 2002.

Work is also under way on other innovations that are being adopted by financial institutions seeking to extend their services in rural areas:

- **Mutual guarantee associations and societies** can facilitate the gradual development of rural credit. Often created within professional networks, they allow financial institutions to grant much larger loans in order to boost certain commodity chains.
- In order to reach scattered rural clients, **branchless** or **mobile banking** is being tested as a way of offering financial services outside the conventional framework of banking agencies. This often involves a financial institution (bank or micro-finance institution) working in conjunction with a new technology operator (electronic payment terminal, Internet server, mobile network, etc.) and a retailer (shopkeeper, NGO post office).

Insurance is another area where innovations are being tested. In classic harvest insurance schemes, damage to crops has to be inspected on site before compensation is paid, but loss assessment is expensive, and determining the exact extent of the damage on each farm costs even more. Various types of indexed insurance policy systems have been tested in order to reduce these costs, using meteorological data as a factor in releasing compensation payments (temperature, precipitation, wind, lack of rain, etc.). The insurance policy is replaced by a coupon giving the holder the right to a sum of money payable in the event of certain meteorological occurrences. However, this type of indexed insurance does have certain limitations,⁶³ and lessons still need to be learned from both traditional agricultural insurance and indexed insurance in order to protect farmers more effectively.

These innovations are hampered by a number of constraints, such as lack of suitable financial resources, overly restrictive regulatory frameworks and limited competences among local actors – and are sometimes too expensive for beneficiaries. The specificities of agricultural activities (sensitivity to climatic risks, attacks by pests), combined with certain characteristics of family farming in developing countries (scattered farms) certainly make it more difficult to provide finance for the agricultural sector than for other sectors. This could be used as an argument for public intervention in this sector, to subsidise credit, for example. Agricultural financial services will only be effective if they are incorporated into an active rural economy that is supported by functional services covering input supply, marketing, agricultural and rural advice to improve production and management techniques, market information systems, etc. Therefore, one factor of success depends upon the partnerships that may exist between financial actors and other services providing support for borrowers.

Two approaches to the challenges presented by rural finance

● *The financial approach*

A first approach to rural and agricultural finance takes the financial sector as the departure point and uses financial institutions to facilitate access to a wide range of services. Although there is often a "continuum" between rural and urban finance, there is also a tendency for rural institutions to want to move into urban settings, which are seen as more profitable and likely to ensure that the organisation remains viable. There are a number of questions relating to this approach, starting with whether it is feasible for micro-finance institutions to provide finance for the rural sector. Apart from the opportunities to offer larger amounts of credit, setting up in urban areas can also lower the cost of the resource by capturing savings, but it does carry specific risks.

The objective of this approach is to build long-term capacities and identify incentives that will enable institutions to offer appropriate financial services for the rural and agricultural sector. This approach has the advantage of allowing organisations to offer a wide range of services, such as medium-term loans, savings, insurance, transfers, etc., and facilitate access to external resources. It is also less dependent on monoculture specialisation and the economic conditions in particular commodity chains.

⁶³ See various contributions on "Risks and microfinance", *Revue Autrepant* n°44, 2007.

BOX 24

> **Different types of agricultural and rural finance**

Savings and credit cooperatives, which are managed by their members with support from paid staff, are the mainstay of rural micro-finance. Mutualistic networks make the greatest contribution to agricultural finance in Africa. Cooperative and mutualistic networks like Kafo Jiginew in Mali and the savings schemes and mutual agricultural credit banks (CECAM) in Madagascar can provide adapted agricultural financial services, including medium-term credit for farming equipment. The difficulty of mobilizing credit, especially in rural areas, has given rise to many adaptations of the basic principles of advance savings and cooperative models.

Joint surety models like the Grameen Bank rely on the social cohesion within a group of 5 to 10 people to ensure that repayments are made. The strict model, with small mutual groups of waged labourers who make financial transactions through credit agents, is not particularly suitable for rural areas, where people prefer more participatory models (cooperatives, village associations, etc.) and members are responsible for some of the transactions rather than credit agents.

Village banks and self-help groups (India) are supported by NGOs and have developed as a

way of providing viable savings and credit services in sparsely populated rural areas. They use opportunities to mobilize local savings (household capacities, attractiveness, crops) supported by refinancing facilities and community solidarity, but generally provide little finance for agriculture (lack of resources, small units that are more sensitive to covariant risks, etc.).

Commercial banks are also becoming increasingly active in rural areas, investing in subsidiaries in local financial institutions or offering refinancing facilities to rural micro-finance institutions. These relations are based on long-term partnerships and geographical proximity: micro-finance institutions are often re-financed by rural subsidiaries of commercial banks.

More recently, there has been a resurgence in **development banks**, especially in Latin America and Asia, where they have been reformed following financial liberalisation. International guidelines now favour the "rehabilitation" of public agricultural banks which could, thanks to new forms of governance, create public-private partnerships that meet the needs of rural and agricultural finance. However, it remains to be seen whether the new generation of mutual banks and agricultural development programmes learn from previous setbacks and the failure of agricultural banks in the 1970s and 1980s.

● *The "commodity chain" approach*

A second approach to rural finance centres on the commodity chain or "value chain". This takes the production chain as the starting point and structures the proposed finance along the entire agricultural value chain (through input suppliers, processors, intermediaries, buyers, etc.). Financial services are generally combined with marketing activities, and possibly technical assistance.

The commodity chain approach has a long history in the development of integrated commodity chains, such as cotton supply chains in West Africa. It aims to reduce the risk of non-repayment, and has long been the main vector of finance for farms in different export commodity chains (cotton, cocoa, coffee). A similar set-up exists with certain agricultural production chains that are contracted to large retailers (milk in Madagascar, large supermarket chains for vegetables in Kenya, fair trade for different products) that provide access to finance coupled with related services (technical support, training, contracted outlets, etc.).

Here, the comparative advantages of commodity chains over financial institutions are better information flows between actors and greater acceptance of non-traditional forms of guarantee (such as uncropped harvests or stocks). This enables them to provide more secure financial services and reduce their management costs through "integrated" repayment mechanisms. However, the finance is still linked to a specific product that is subject to uncertain prices and outlets, and farms may be adversely affected by the unequal distribution of costs and risks created by monopolies.

Opportunities may arise to develop a more balanced view combining various elements of these two approaches, particularly in new partnerships between producer organisations and financial institutions.⁶⁴

What conditions are needed to support finance for family farming?

When it comes to regulating rural and agricultural finance, the question is to know how specific regulations need to be to facilitate the delivery of financial services. This involves helping disseminate innovations such as leasing by securing different forms of guarantee and simplifying their administrative procedures; better adapting supervisory practices to the challenges of rural and agricultural finance without destabilising the financial system (for example, by reducing the constraints imposed by reserves, minimum standards and evaluation of the agricultural portfolio); creating institutional spaces that encourage different types of financial institution that would be dedicated to rural and agricultural finance, and so on.

It might also be possible, in the name of "financial inclusion", to persuade the public authorities to implement programmes to mitigate the dysfunctions of the credit and insurance market (correcting "market failures") by encouraging private actors, especially micro-finance institutions or actors in commodity chains, to meet new demands in marginal rural areas and invest in family farming, etc.⁶⁵

Some countries are starting to formulate redistributive policies to reduce inequitable access to financial services or support particular sectoral development priorities, especially in agriculture. Certain emerging countries may reintroduce subsidies in order to encourage more equitable sustainable development, leading to the emergence of new specialist financial intermediaries, and even reducing the cost of access to credit for the most marginalised rural areas or family producers who are excluded from the banking sector. Subsidised agricultural investment is reappearing in the agricultural policy toolkit, and in certain developing countries there are proposals to use this to mobilize international funds from public development aid (debt conversion, etc.).

This should be the topic of renewed dialogue within the political societies concerned, a dialogue that includes rural organisations so that public policies are formulated in a genuinely consultative manner.⁶⁶ Given its interconnectedness with many themes – growth, poverty reduction, equity, territorial development, sustainable development – this will be a more complex approach requiring a new, overarching vision of the actors' strategies and the role of the institutional framework. There is also a need to guard against short-term approaches dictated by political issues, and sometimes certain clientelist tendencies, that can resurface at any time from behind the safety nets and social compensation programmes or within the new instruments of redistributive policies. The only way to ensure a coherent approach to the triple challenge of consolidating effective rural financial intermediation, increasing agricultural and rural investment, and tackling inequalities and social marginalisation among a growing proportion of the rural population is through negotiated public policy approaches that are developed and shared with all the financial and professional actors concerned.

⁶⁴ Wampfler B. and Mercoiret M.-R., *Microfinance, organisations paysannes : quels partage des rôles, quels partenariats dans un contexte de libéralisation*, 2002.

⁶⁵ United Nations, *Building inclusive financial sectors for development*, 2006.

⁶⁶ Gentil D. and Losch B., "Politiques de microfinance et politiques agricoles : synergies et divergences", 2002.

Training and capacity building

There is a whole host of proactive discourses predicting that agricultural production in developing countries will grow significantly, usually favouring immediate actions that are supposed to resolve food crises and end rural hunger and poverty. Unfortunately, the measures that accompany these discourses are not only sometimes very costly, but also often prove incapable of resolving production problems. Short-term approaches are not conducive to sustainable improvements to agricultural production capacities. On the contrary, the paths considered here (which only represent some of the possible mechanisms in this domain)⁶⁷ are based on long-term support for family farming through training for the producers themselves, in the form of basic education, professional training and agricultural advice.

Investing in rural education and training⁶⁸

● *Education as a development tool*⁶⁹

Basic education is both a fundamental right and a powerful lever for the development of spaces, individuals and rural societies. Although education policies have long encouraged professional training in rural areas, universal access to basic education is also crucial. Furthermore, it has been demonstrated that there is a positive correlation between people's levels of education and professional training and their productivity and income. This is a strong argument for massive investment by the public authorities in order to offer the widest possible access to education and training.

Following a comprehensive review of the mechanisms for public education at the end of the 1980s, governments adopted a more global vision of teaching in rural areas as a crucial aspect of their agricultural strategies. The key issue is to train the next generation of farmers and give them the means to improve the production capacities of family farming.

● *Public education policy challenges*

Education policies are sorely failing in many developing countries. Education mechanisms often have an urban bias that tends to disparage agricultural and rural values and reinforce the lure of urban areas among rural youth. Therefore, it is important to formulate mechanisms for basic education and professional training that take account of rural and agricultural issues.

Training for young people in rural areas should link into rural ways of life and agricultural calendars. Farmers' children make up the majority of pupils in rural areas, and school should validate farming as a profession and train students to pursue this activity while improving their professional skills. For example, the model of family schools in Brazil encourages farmers' children to alternate learning in school and on the family farm where they can put into practice what they have learned while helping in the fields.

The public authorities have made efforts to reduce the cost of schooling in rural areas, but there is no guaranteed system of free education for children from the poorest families, and it can be prohibitively expensive for them to send members of the family workforce to school and cover the cost of educational materials, food and so on. Several countries, such as Brazil

⁶⁷ This report is too short for a more in-depth discussion of farmer experimentation, organising farmers around innovations ('farmer to farmer' mechanisms) or links with agricultural research, which are also very important in strengthening the capacities of family farmers. For more information on these themes, see *La recherche coactive de solutions* (Jean-Pierre Darré) (coll. "Études et Travaux", Gret 2006); *La recherche-action participative* (Faure et al., 2010); *La recherche-action en milieu paysan* (Lamballe and Castellanet, Gret/AgriDoc, 2003).

⁶⁸ This section is based on bibliographic resources as the NGOs responsible for this report were unable to conduct a case study on this topic.

⁶⁹ For an overview of the educational issues associated with rural development, see the study by David Atchoarena and Lavinia Gasperini, *Education for rural development: towards new policy responses*, FAO/UNESCO, 2005.

and Mexico, have targeted public aid to the poorest households in order to alleviate these problems.⁷⁰

With regard to professional agricultural training,⁷¹ Pierre Debouvry emphasises the need to put in place mass mechanisms for professional training in sub-Saharan Africa.⁷² At the moment there is a marked imbalance in favour of higher-level training, which means that there are too many trained engineers in relation to technicians and producers. Christian Fusillier notes that countries in sub-Saharan Africa have greater need than ever for professional training mechanisms capable of providing well-trained officials who can define and enforce effective policies to support family farming.⁷³

Given the scale of the task, interventions from a variety of sources are to be encouraged: central and local governments, producer organisations, NGOs, parents' associations, users' associations, etc. Finally, decentralising education and professional training should help strengthen the links between existing mechanisms and between these different actors in order to better respond to local needs.⁷⁴

Advisory services for family farms, a new vision for improved agricultural practices

The general objective of services and training for farmers is to help improve production conditions by changing practices. Agricultural support services cover a wide range of activities designed bring about such change and improvement. Because agents in these services are the product of agricultural training structures, it is essential that these two components of agricultural policy are coherent and ultimately complementary.

Public "outreach" has long been seen as crucial to the modernisation of family farming and replacement of traditional techniques that are considered archaic. Yet the dissemination of new techniques has often failed to produce the desired results, except when accompanied by very substantial resources (the Green Revolution in South Asia). These outreach structures were progressively abandoned in the 1980s and 1990s as governments disengaged from the productive sector, leaving gaps in the provision of advisory services since no support for the emergence of private actors was forthcoming.

Since then, various attempts have been made to deal with the lack of State services. A new form of advice developed in West Africa since the 1990s has proved more effective because it centres on the needs of producers who sign up for it on a voluntary basis. Known as Advice for family farms (Conseil à l'Exploitation Familiale, CEF), it is a learning tool and aid to decision-making whose goal is not to change traditional farming practices, but to help develop them and protect family-type farming that is socially better suited to the realities of rural African communities.

CEF is one of a range of agricultural services, along with input supply, credit, marketing support, research and farmer training. It goes beyond the logic of classic outreach (transfer and adoption of techniques), and is part of an overarching procedure to enable participants to understand how family farming functions. Through community-based training and follow-up for participants (individually and in groups), dialogue generated by analysis of farm figures, exchange visits and the promotion of innovation, CEF strengthens producers' capacities to manage the operational aspects of farming and improve their practices by helping better define their needs.

⁷⁰ For more detailed analysis, see Touzard I., Hatie I., Boussou V. and Belarbi K., *Évaluer l'efficacité des dispositifs d'éducation et de formation du point de vue des agriculteurs : la prise en compte des activités et des revenus*, 2006.

⁷¹ A thematic review of the question of rural and agricultural training undertaken in 2002/2003 in the context of the Agridoc programme brings together contributions from several experts, most notably Maragnani A., *Repenser les formations pour assurer le développement rural*, 2003 and Descombes A. et al., *De l'enseignement technique agricole aux formations professionnelles rurales : exemple de l'Afrique subsaharienne*, 2002.

⁷² Debouvry P., *Formation professionnelle agricole. Reflexions sur les orientations stratégiques*, Ministry of Foreign Affairs, 2004.

⁷³ Fusillier C., *La formation professionnelle de masse : une voie à ne pas oublier !*, Montpellier, 2005.

⁷⁴ Fusillier, 2005.

Because it takes account of the technical, economic, social and environmental aspects of farming, CEF helps producers better clarify their agricultural and family objectives, make reasoned and well-argued decisions, and control the processes involved in managing all their activities, whether they relate to food security and/or obtaining an income.⁷⁵

CEF has been widely tested and implemented with a wide variety of tools and approaches in West and Central Africa, in Côte d'Ivoire, Mali, Burkina Faso, Senegal, Cameroon and Benin.

The greatest progress seems to have been made in Benin, where CEF was first introduced in 1995, and where agricultural sectoral policies now take account of family farming. Following a national workshop on CEF in 2003, the government became involved in the process by formulating the texts for new guidelines and restructuring its services. Its most notable move in this respect was transforming the Department for operational training and agricultural outreach (Difov at the time of the Service National de Vulgarisation Agricole) into the Department for agricultural advice and operational training (Dicaf) in order oversee and coordinate agricultural advice.

In order to build a "way forward for Benin" in this domain, a White Paper on agricultural advice was produced in 2007 after nine months of studies and consultations, drawing on a decade of experience with CEF implemented by NGOs and producer organisations with financial support from French development aid (MAE and AFD).

In addition to this, there are plans to set up a national observatory on advice for family farming in order to uphold the ethics and discipline of CEF actions, continue to refine CEF to improve the service for users, and build on experiences in the field. This should complete the institutional mechanism to secure the long-term future of CEF.⁷⁶

Several innovative initiatives emerged in the wake of State disengagement from the veterinary services in the 1980s and 1990s. These experiences, which systematically involve herders in defining needs and modalities and putting in place advisory and management structures, now need to be enshrined in policies to ensure their continuation. ●

BOX 25

> **Management advice for family farmers from agricultural advisory service centres in the Office du Niger area (Mali): *Faranfasi so***

In the 1990s, following the restructuring of the Office du Niger (Mali), the Agence Française de Développement (AFD) noted that although the yields of the rice producers concerned had increased, there was no perceptible improvement in their incomes. Furthermore, making the Village Associations (AVs) responsible for input supplies was proving problematic as they were running up huge debts due to poor internal management and unscrupulous traders not paying for the rice they bought. The AFD provided funding to set up agricultural advisory service centres (CPS): associations of AVs organised to deliver various services such as literacy train-

ing, management and legal advice for AVs, and management advice for family farmers (agricultural advice as part of an approach to overall farming advice).

The agricultural advisory service centres project (PCPS) established five CPS, which were federated in 2003 as the Fédération Faranfasi so ("house of enlightenment"). They are funded by subscriptions from AVs and the family farmers who use their services. Groups of at least 20 producers seeking advice on family farming pay the CPS a sliding subscription according to the number of members and the services required. In return, the Federation makes a private technician available to them.

Users attend group training sessions on managing farm accounts, participate in discussion within the village organisation and go on .../...

⁷⁵ Faure G., Dugué P., Beauval V., *Conseil à l'exploitation familiale : expériences en Afrique de l'Ouest et du Centre*, 2004, Paris, GRET, 127 p. (Practical guide: GRET).

⁷⁶ Reflections on agricultural advice in Benin, *De la vulgarisation au conseil agricole : une volonté affichée mais un passage difficile sur le terrain*, "Agricultural Services" Rural development working group, Inter-réseaux Développement, presented by Estelle Deniel, December 2007.

farm visits; the federation may also deal with legal and agronomic matters. Several village organisations have set up collectively managed nurseries in order to improve rice productivity, and the functional literacy training sessions for family farmers delivered by the federation are helping enlarge the pool of potential participants.

The Faranfasi So Federation has outgrown the framework of the initial project and now deals with 23,000 producers (of the 35,000 in the area of activity). It is more or less self-funded by subscriptions from AVs and farmers, and receives no direct funding from the Malian government (despite fulfilling certain public service functions, such as functional literacy training).

The support provided by this initiative has enabled farmers to access agricultural advice tailored to their needs, within a structure that is governed by their elected officials and funded by direct beneficiaries of the services, AVs (or-

ganisations of producers in the rice supply chain) and supplemented by public funding.

The AFD's investment has been measured in terms of the sustainable service that is now in place for farmers in the area and the added value this generates. Public support (technical or financial) would help further improve the service and extend the field of action. This system, which is governed and financed by family farmers, could be replicated in other contexts; the World Bank-funded PASAOP programme to support agricultural services and producer organisations has suggested that it be extended nationwide.

Sources:

- Interview with M. Waïgalo, coordinator of the Faranfasi so federation, held on 28/04/2008.
- Harvard et al., "Etude de capitalisation sur les expériences de conseil agricole au Mali", 2006.
- Babin, P., "Faisabilité juridique et institutionnelle du PADON/Contrat d'objectif Faranfasi So", 2005.

BOX 26

> **Official recognition for Community Animal Health Workers (CAHWs) in Togo**

As in most West African countries, the privatisation of veterinary services in Togo was linked to the process of structural adjustment and State withdrawal from agricultural support services. In the past, the State provided a subsidised service for herders through its public vets, with free veterinary procedures and medication, and vaccinations at subsidised or cost prices. However, herders have gradually had to cover all the costs of the services delivered by public and private vets.

In response to this situation, AVSF began training the first community animal health workers (CAHWs) in Togo at the end of the 1980s, and had trained 1,400 people by 2004. A survey conducted in 2007 found that over 1,200 CAHWs were active.

Over the years new themes and skills have been incorporated into this training, which was initially mainly restricted to vaccinating poultry. It then broadened out to cover basic poultry healthcare (clinical signs of common illnesses, how to store vaccines in rural areas, vaccination and parasite control, etc.) and extended to other species, adapting to the health situation in the country and the emergence of

new diseases such as African swine fever (which hit Togo in 1997).

Although no mention was made of CAHWs in any official texts until September 2004, the administration has since become increasingly aware of their importance. In addition to providing local services for herders (vaccinations, animal healthcare and medication), CAHWs also act as gatekeepers, since agents are trained to recognise certain diseases, inform local people about them and raise the alert if they suspect an outbreak. This is particularly important for public health and announcing animal diseases that can be transmitted to humans (bird flu, rabies), as well as contagious diseases with serious economic impacts (swine flu, Newcastle disease).

The central government began to take note of these agents after an evaluation by a Burkinabé firm in 2004 recommended the regulation of CAHW activities. A stakeholder commission led by AVSF produced a provisional document drawing on the experiences of herders and CAHWs, which was validated by all the actors at a seminar, and at the end of this process a ministerial order regulating CAHW activities was issued in September 2004.

Source: AVSF, "L'exemple des agents communautaires de santé animale (ACSA) et la politique de privatisation des services publiques au Togo", AVSF case study, 2009.

PART 4

Fostering the emergence of consultative, ambitious and effective policies

Although decision-makers in developed and developing countries are often aware of the “recipes” described above, they are rarely put into practice because the institutional and social framework is not conducive to the emergence of such policies. As a result of their experience in the field, international solidarity NGOs in Coordination SUD emphasise two key aspects of fostering the emergence of such policies: working with civil society on public policy formulation, and seeking to ensure that interventions in developing countries are coherent.

Agricultural support cannot be delivered in an authoritarian, autocratic manner by agencies that are cut off from the rural world. Developing countries have had numerous exogenous agricultural policy models imposed upon them, all of which have failed to start genuine development processes. As a general rule, effective agricultural support requires detailed knowledge of the local context and should support rather than oppose current dynamics, which necessarily entails recognising the role played by representatives of family farming.

If these processes are to succeed, the different types of family farming need to be structured, and their representatives need to be capable of articulating and defending their own positions in a legitimate and transparent manner. This requires public support, particularly in strengthening farmer organisations.⁷⁷

Involving civil society and the private sector in public policy formulation

Farmer organisations and other actors from civil society and the private sector often have little involvement in public policy formulation, yet experience around the world has shown that when they are meaningfully involved, the policies resulting from this collaboration are more effective in attaining development objectives and are better enforced at the local level.

⁷⁷ For more information on the issues surrounding support for producer organisations, see the work by CIRAD's Collective action, Policies and Markets unit (http://www.cirad.fr/ur/politiques_et_marches), especially Mercoiret M.-R., Pesche D. and Berthomé J., *Les programmes d'appui institutionnel aux organisations paysannes en Afrique sub-saharienne*, CIRAD/MAEE, 2004.

For more effective policies...

Formulating public policies in collaboration with rural organisations not only legitimises public actions, but also often ensures that they are effective. It is more productive to work with rural dynamics than to regularly disrupt local practices. The experiences cited above have shown the role played by family farming representatives in formulating policies on equitable prices, modes of managing and accessing natural resources, and putting in place consultative frameworks for agricultural commodity chains.⁷⁸

Even if the decision-makers' final choices do not reflect all the proposals made by producer organisations, the key point is that family farming representatives can help shape policies through the proposals they make and pressure they exert. The Fouta-Djallon producers' federation succeeded in getting the Guinean government to study its proposal to protect the potato market after an intense media campaign, and the encouraging results of their efforts ten years down the line show the relevance of such actions by producer organisations (see Box 5 page 23).

BOX 27

> **An example of collaboration between the public authorities and farmer organisations: ROPPA⁷⁹ and the formulation of ECOWAP**

In the early 2000s, the poor performance of the region's agricultural sector (limited increases in yields, widespread rural poverty) and the constraints created by fragmented national policies prompted West African states to mandate the ECOWAS Commission to formulate the regional agricultural policy known as ECOWAP.⁸⁰ The involvement of ROPPA and its member national platforms in the process of formulating ECOWAP entailed:

- ROPPA participating in the ECOWAP steering committee, whose main function was to decide on the process of formulating and debating draft regional policies and considering the scenarios submitted for discussion;
- involving ROPPA's member national platforms in national steering committees;
- enabling the national platforms to discuss the assessments, guidelines and scenarios amongst themselves prior to discussions in each country, first between non-State actors,

Providing ROPPA with the resources to organise regional-level PO meetings after the national consultation processes (choice of scenario selected by the country). This enabled POs in the region to formulate a common position before the regional consultations, which were attended by every category of actor. It is worth noting that POs were included in each country's quota for representatives at these regional consultations.

ROPPA was systematically invited to forums to prepare the strategies and action plans to implement ECOWAP, and received a delegation from ECOWAS to formulate the regional agricultural investment programme (PRIA) on the theme of "institution-building".⁸¹

The initial ECOWAP framework document did not include a section developing the agricultural policy vision. ROPPA insisted that it should set out the vision of agriculture that it intended to promote, and formulated proposals centred on family farming and food sovereignty, which were discussed, amended and then incorporated into the official ECOWAP document.

Source: IRAM, "La place du ROPPA dans l'élaboration des politiques agricoles régionales en Afrique de l'Ouest", IRAM case study, 2009.

⁷⁸ Cf. supra.

⁷⁹ The West African network of agricultural producer organisations (ROPPA) brings together PO platforms from 10 West African countries.

⁸⁰ ECOWAP is the acronym for the ECOWAS agricultural policy that is used in all the official languages of the Community (French, English and Portuguese).

⁸¹ Regional and national agricultural investment programmes (PRIA/PNIA) are ongoing exercises whose aim is to make ECOWAP operational through close articulation with the agricultural component of NEPAD: the Comprehensive Africa Agriculture Development Programme (CAADP).

Working with other actors from civil society and the private sector, producer organisations have the means to propose consensual measures that will act in the general interest. In Ecuador, civil society organisations (especially POs) and representatives from the scientific community prepared a draft bill on water resource management that was studied by parliament and is in the process of being adopted. This marked a radical change from previous laws, which favoured the progressive privatisation of this key resource for family farmers (see Box 22 page 46).

... and better enforced policies

Having formulated agricultural policies that are effective and tailored to local realities, the next problem is often enforcing the measures envisaged by these policies. Weak administrative services can result in gaps between the measures that are announced by the government or president and the actual effects on the ground. Senegal is a case in point: since 2003 the President has announced successive plans to relaunch agriculture and make the country self-sufficient in the short term,⁸² but his technical services have been unable to implement these measures because they were not consulted about them.⁸³

The asymmetric relations between producer organisations and institutional actors partly explain why negotiated policy formulation processes do not always work. Producer organisations are often hampered by unequal access to information and unfavourable power relations,⁸⁴ which could be reduced by policies to strengthen the capacities of family farmers and their representatives.

It is also crucial to strengthen the capacities of governments in developing countries to encourage civil society and private actors to participate in public policy formulation.

Interventions to strengthen the structure of family farming⁸⁵

Representatives of the rural world need to be supported and strengthened to ensure that their participation is relevant and effective. Support for producer organisations is all too often treated as secondary in agricultural support programmes, when it is in fact central to every intervention in rural areas. Structuring family farming will also help professionalise agricultural activities, which is an essential step in getting them recognised as a source of employment and income for millions of people.

In recent years the public authorities have progressively incorporated consultation procedures into the process of formulating their actions, often as a result of pressure from donors. However, as Marie-Rose Mercoiret emphasises, “the concrete modalities that institutional actors use to organise “consultations” with [farmer] organisations often limits the role that they can play.”⁸⁶ Producer organisations are often asked to give their opinion when the process is well advanced, but are rarely involved in the upstream phases of formulation and reflection (diagnostics, objectives, possible solutions). In real terms, this means that they are simply asked for

⁸² Such as the “Special Maize Plan”, the “Cassava Plan”, the “Bissap Plan”, the “Return to Agriculture Programme” (REVA) and more recently, the “Great agricultural offensive for food and abundance” (GOANA).

⁸³ Antil A., *Les “émeutes de la faim” au Sénégal. Un puissant révélateur d’une défaillance de gouvernement*, IFRI, 2010.

⁸⁴ Mercoiret, 2006 op. cit.

⁸⁵ Due to the absence of any case studies on the way in which development cooperation and the public authorities can support the structuring of producer organisations, this paragraph is mainly based on the bibliographic sources cited above.

⁸⁶ Mercoiret M.-R., “Les organisations paysannes et les politiques agricoles”, *Afrique contemporaine*, n°217, 2006.

BOX 28

> Definition and objectives of farmer organisations

Researchers have made numerous attempts to define the organisations that represent family farmers. In their work on Senegal, Alain de Janvry and Elisabeth Sadoulet give a general definition of farmer organisations based on the objectives that they pursue:

“One of the strategies producers use to improve their living conditions and incomes, whether they are farmers, herders, fishermen, forest resource users or small-scale processors of agricultural or livestock products, is to get together to pool their resources, means of production and ideas. Their objectives in organising themselves are to:

- **manage the resources to which they have access more effectively:** associations of water users, herders or forest users are good examples of this;
- **increase their access to, or defend their right to access natural resources,** especially land, water and pastures;
- **access services,** credit or markets;
- **influence decision-making processes** that affect the allocation of resources and public goods, or policies that determine the context

in which they will produce, process, market, export or import the inputs that they need.

When rural producers come together in pursuit of these objectives, the organisations that they form differ from those that traditionally regulated life in rural societies. The forms of organisation that concern us here are turned towards the outside world, and have been created to organise relations between the group and its economic or political environment.”

Certain aspects of this definition of farmer organisations can be debated, such as the inclusion of small-scale processors, since representatives of this and other activities in the commodity chain can get together in professional processors’ organisations, which are distinct from producer organisations and defend interests that are different from, or even contradictory to those of producers. Furthermore, a distinction is sometimes made between producer organisations and farmer organisations, as the terms have different connotations. Farmer organisations are more focused on territorial concerns and developing rural spaces than producer organisations, which tend to focus on production systems and marketing produce.

Source: De Janvry A., Sadoulet E., “Organisations paysannes et développement rural au Sénégal”, World Bank, 2004.

their reactions, and that no account is taken of the difficulties that very short timescales and overlapping requests create for the functioning of POs, in terms of the quality of their analysis and opportunities to consult their membership.

In reality, national governments are often resistant to the idea of legitimising genuine opposition forces by offering producer organisations significant powers of negotiation.⁸⁷ However, supranational political bodies are more open to recognising the key role of POs because there is less “political risk” and civil society participation increases their legitimacy – as with ROPPA’s participation in the formulation of ECOWAP (see Box 27 page 62).

What is the best way of supporting farmer organisations?

Since national public authorities often seem reluctant to support capacity building for producer organisations (see above), it seems logical for development cooperation to intervene in this domain. In order to be effective, interventions need to fulfil a number of functions:

- **Encourage long-term partnerships.** Long-term support is needed to enable producer organisations to acquire skills that will help promote their cause. Interventions with POs are often undertaken within the framework of short-term projects that do not allow them to perpetuate what they have learned. Partnership is also an important aspect of such interven-

⁸⁷ Mercoiret, Pesche, Berthomé, 2004, op.cit.

tions, as it provides an opportunity for both parties to state their objectives, expected results and reciprocal requirements.

- **Encourage different forms of support.** The diversity of the support reflects the two parties' capacity to listen. Given the variety of situations encountered in terms of need for support, scale of intervention, institutional context and type of structure, the public authorities need to show that they can be flexible in their capacity-building support for POs. Standard models are ineffective and run the risk of using producer organisations to achieve policy objectives without taking account of their specific priorities.⁸⁸ Conversely, by encouraging negotiation, support can meet a range of different needs in terms of management, institutional functioning, training for officials, developing economic activities and capacity to represent members.
- **Strengthen the structure of family farming at different levels.** Reconfiguring public policy issues at the sub-regional level entails structuring and strengthening POs at this level, which also helps reinforce the process of regional integration at the policy level by providing a legitimate voice for structures that are seeking to find their place in the institutional landscape.

BOX 29

> **How can farmer organisations be strengthened? The example of the Fouta-Djallon federation of producer organisations in Guinea**

A recent study undertaken by IRAM in Guinea⁸⁹ suggests that the support delivered to the Fouta-Djallon federation of producer organisations (FPFD) is part of a sustainable procedure to support producer organisations. The most relevant aspects of this support include:

- interventions affirming the structuring of rural affairs as a goal rather than simply a means to an end;
- a stated economic and business strategy;
- long-term commitment (cooperation support, particularly through technical assistance, since the creation of the Federation over 10 years ago);

- advice and support in every domain (technical, economic, management, organisational, institutional);
- combining a range of support tools according to their benefits for each structure (training on site and abroad, direct finance, loans, residential technical assistance, farmer-to-farmer exchanges in developed and developing countries);
- partners that are capable of evolving with the Federation;
- the Federation insisted on taking ownership at a very early stage of the process, and asserted itself as the coordinator of the interventions by favouring those that could genuinely be incorporated into its institutions.

Source: Rigourd C., Guilavogui K., Diallo P., "Evaluation des dispositifs d'appui aux organisations de producteurs en Guinée", IRAM 2008 (available on the Inter-Réseaux and IRAM websites).

In themselves, interventions in the context of development cooperation are no guarantee that structuring producer organisations will deliver the desired results. This primarily depends on a favourable economic and institutional environment, on public policies that allow networks of rural associations to develop and flourish. National strategies on rural education and training are also needed to structure family farming because they strengthen rural people's individual and collective capacities.

⁸⁸ "Comment appuyer les OP sans les instrumentaliser?", *Grain de sel* n°28, September 2008.

⁸⁹ Rigourd C., Guilavogui K., Diallo P., *Evaluation des dispositifs d'appui aux organisations de producteurs en Guinée*, IRAM, 2008 (available on the Inter-Réseaux and IRAM websites).

Conclusion

In concluding this report we would like to highlight several key messages regarding support for family farming:

- **The importance of the process of formulating support policies.** One of the most effective and legitimate ways of supporting family farming is to recognise these types of farming, listen to farmers and closely involve them in agricultural policy formulation processes. In many developing countries, the movement to structure farmers is sufficiently advanced to enable them to access representative organisations that are capable of participating in policy formulation. Support for the structuring of family farming should be prioritised.
- **Tailoring support to each context.** The examples of support for family farming presented in this report are not models to be replicated, as they responded to the predominant problems in specific contexts. Support for family farming needs to be considered and prioritised at the local level, in response to problems identified in consultation with representatives of family farming.
- **Three key areas of support** have been identified as essential:
 - *Improving incomes through sufficiently stable and remunerative prices.* There are diverse forms of support and numerous initiatives in this domain. For example, it is important to support initiatives to strengthen family farmers' negotiating powers within commodity chains, through support to POs, better access to information, structuring commodity chains and creating added value. In order to be effective, these initiatives need to develop in a favourable economic environment that secures outlets for family farmers and does not expose them to fierce competition from imports or the uncertainties of international market prices. This requires policies to regulate agricultural markets, at borders and at the domestic and regional levels.
 - *Equitable access to natural resources.* Equalising access and securing tenure through redistributive policies (agrarian reforms) or land regulations are key elements in enabling family farmers to make long-term investments in their farms. The same goes for other resources, such as water, forest resources and biodiversity. Therefore, massive land acquisitions should be more strictly regulated, and local modes of access and resource management should be taken into account. Social or joint resource management initiatives have proved effective and should be developed.
 - *Increase public investment and finance for family farming.* The level of public investment in the agricultural sector, whether it comes from national budgets or in the context of public development aid, falls short of current requirements and needs to increase substantially. In order to ensure that these investments really are made in family farming, certain rural areas or certain products in which family farms are particularly predominant could be prioritised. In addition to this, innovations that are developing in the domain of rural finance and insurance to improve family farmers' access to credit (leasing, warrantage, mutual guarantee societies) should also be supported. Finally, support for family farming can also take the form of intangible investments in training and capacity building, especially through advice for family farmers.
- **Coherent support for family farming.** This coherence needs to be sought in different public policies and between the national and international levels. Agricultural policy priorities to support family farming should be reflected in other policies, especially those relating to trade (but also in policies relating to the environment, research, education, transport and so on). In terms of international trade negotiations, especially the WTO, this entails establishing rules that offer developing countries sufficient room to manoeuvre to enable them to formulate ambitious policies to support family farming. ●

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ANNEX

List of case studies used for this report

These case studies are working papers, which can be obtained from the authors concerned:

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