

# INSIGHTS

FROM THE 2ND  
OF A SERIES OF  
PROVOCATIVE SEMINARS

## **Rights-based versus market-based development: a false dichotomy for small-scale farmers?**

**Stockholm**

3 March 2011

**Over the past decade, development policy and discourse have become steeped in the language of human rights. Indeed, a rights-based approach is the starting point for most development cooperation efforts to reduce poverty.**

**But development cooperation is also embracing business as a tool for alleviating rural poverty. Sweden's new Business for Development (B4D) programme is just one example. These 'market-based' approaches recognise that most small-scale farmers are themselves entrepreneurs and see the market as central to their development.**

**For development agencies working with smallholders, it is rarely a simple matter of choosing one approach over the other. Many find themselves operating from a rights-based approach at the policy level, while adopting a market-based approach in practice.**

**Do they risk introducing major contradictions and stresses into their institutions? Or is the distinction between rights-based and market-based development a false dichotomy? This was the topic of the second in a series of 'provocations' designed to stimulate critically constructive debate on 'making markets work' for small-scale farmers.**

### **ABOUT THIS PROVOCATION**

This provocative seminar was held in Stockholm, Sweden on 3 March 2011, hosted by the Swedish International Agricultural Network Initiative (SIANI), the Swedish International Development Cooperation Agency (Sida) and the Swedish Cooperative Centre (SCC).

The provocation brought together policymakers, academics and practitioners working at the interface between small-scale production, markets and development to share their insights into the potentials and pitfalls of rights-based and market-based approaches.

The debate began with a number of invited speakers: Olivier de Schutter, United Nations Special Rapporteur on the Right to Food; Diana Mitlin, the Institute for Development Policy Management (IDPM), University of Manchester and IIED; André Gonçalves, Centro Ecológico, Brazil; P. V. Satheesh, Deccan Development Society, India; and Ngolia Kimanzu, Swedish Cooperative Centre. It was continued by an invited audience as well as online international participants who joined in thanks to web streaming in collaboration with OneWorld Media.

## RIGHTS AND REBALANCING

Rights-based approaches have emerged as a response to the dominance of markets and economics in setting policy, and concern that this dominance does not benefit the poor.

But making a distinction between rights-based and market-based development does not necessarily help our quest to 'rebalance' the food system in favour of smallholders and wage labour, who make up most of the world's one billion hungry people.<sup>1</sup>

For UN Special Rapporteur on the Right to Food, Olivier de Schutter, the question is not whether we need markets, but how we can shape the institutions and frameworks that organise markets to be more inclusive and resilient.

A rights framework can help do that. For de Schutter, such a framework means focusing on the most vulnerable and clearly defining the entitlements of each individual so that they can claim their rights. It means emphasising accountability and accessing remedies when rights have been violated. And it means promoting non-discrimination and participation.

To organise markets and supply chains based on these principles, de Schutter believes we need to "de-fetishise the market — imagine other ways of organising the market to make it more inclusive and more resilient."

He highlighted a number of priorities towards this goal. First, to better organise farmers so they can capture a higher proportion of the value of what they produce, for example by supporting cooperatives. Second, to promote local food markets that link farmers to urban dwellers, particularly in land-locked countries. Third, to plan a multi-year strategy for food-insecure countries to reduce their dependence on imports and high food bills, for example by enhancing both agricultural production and social protection to increase urban purchasing power.

All this should be built on an agroecological approach to production, which de Schutter believes has huge untapped potential.

## BEYOND RIGHTS?

P.V. Satheesh, from the Deccan Development Society in India, agrees with the need to focus on locally controlled agroecological food systems that protect the environment. But he suggested that neither rights-based nor market-based approaches are up to the job.

He proposed that we need to redefine development itself, focusing on autonomy-based development and food sovereignty, built on values of ecological agriculture and biodiversity.

**"For several activists working at the grassroots on the issue of rural development, food and farming, the rights discourse has become passé. We need to move beyond and start talking about autonomy-based development."**

**P.V. Satheesh, Deccan Development Society, India**

No market respects these principles, said Satheesh. His perspective reflects his experiences of working with 5,000 marginalised women farmers in India. These women are representative of the resilience found in the kinds of agriculture practised by 100 million farmers in the country's dryland and hilly areas, and its indigenous belts away from large markets and centres of power.

What happens when we view other policy watchwords such as 'food security' or the 'green economy' through a rights or sovereignty lens, for example as set out in the proposed UN Declaration of Peasants Rights?<sup>1</sup>

For many years we have treated food security as simply satisfying basic needs: ensuring that everyone has access to the minimum amount of calories. But according to de Schutter and IIED researcher, Michel Pimbert, we have not asked the questions that accompany a food sovereignty perspective: who produces the food, for whom, on what terms, and with what long-term consequences?

Food sovereignty treats food security as something beyond meeting basic needs,

**"The question is not whether we need markets, but how we can shape the institutions and frameworks that organise markets to be more inclusive and resilient."**

**Olivier de Schutter, UN Special Rapporteur on the Right to Food**

1. Out of the 925 million undernourished people worldwide, the World Food Programme estimates that 56 percent are farmers. There are also 450 million agricultural workers, 200 million of whom are not paid enough to feed themselves in dignity.

2. [www.alainet.org/active/36136&lang=es](http://www.alainet.org/active/36136&lang=es)

requiring empowerment and self-determination and respect for people's democratic right to define their own food and agricultural policies.

For farmers that means protecting their access to natural resources — land, water and seeds, including the right to use and exchange seeds collected from harvest. And it means protecting their rights to choose how they produce the food on which their incomes and own food security depend, including putting in place protective safeguards for domestic markets.

For many farmers, food sovereignty also means focusing on models of production that are embedded in natural processes and are climate resilient. And to Satheesh, it means rethinking the prevailing view of 'peasant' agriculture as a symptom of underdevelopment.

Maria Schultz from the Stockholm Resilience Centre pointed out a similar contestation over the 'Green Economy' theme in the Rio+20 process. Developed countries are advocating free market-based solutions under the green economy umbrella, while several developing countries including the ALBA nations (Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela) are calling<sup>3</sup> for a more rights-based approach where the state regulates the market to serve social, equity, distributional and poverty ends. It has also been said that the views of small-scale farmers have been lacking from the debate.

**"We must use the words 'subsistence agriculture' with a lot of respect and not as a demeaning term... As long as we have a subsistence vision of agriculture, we have an ecological vision of agriculture..."**

**P.V. Satheesh, Deccan Development Society, India**

## BUILDING INCLUSIVE MARKETS

Despite the importance of local markets, there is wide recognition that global supply chains will continue to exist and develop. But it is also widely accepted within much of the development community that they must be more inclusive of small-scale farmers.

De Schutter suggested this could be achieved by supporting these producers to get organised, comply with food safety and quality standards, and gain access credit and market information. Global supply chains can be made more resilient by regulating contract farming in a way that balances risks for farmers and ensures that the switch to cash crops does not tip households into food insecurity.

The state has a big role to play. André Gonçalves, from Centro Ecológico, Brazil, described how inclusive policies are working in practice in Brazil, creating virtuous circles by tilting markets in favour of the smallholder sector despite a powerful commercial agribusiness sector.

The country has a policy to guarantee minimum prices for farmers, beyond the usual staples. In 2006, the state brought the National Family Farming Act into law, providing vital recognition of the importance of small-scale agriculture in the country's economy.

Another emblematic initiative can be found under a food security policy known as Zero Hunger (Fome Zero). Within this programme, the government buys products directly from smallholders and distributes them to

food insecure groups, including a network of day-care centres. There is a focus on local markets and short commercialisation circuits that value local food habits and support food security of both producers and consumers.

A third piece of legislation, passed in 2009, guarantees that at least one-third of the annual budget from the national programme of school meals — around US\$500 million — is used to buy food from the smallholder sector.

Brazil is not alone in focusing on school meal programmes to support smallholders. Katarina Eriksson from the Tetra Laval group referred to many examples of countries that have built entire industries on these types of initiatives. "Thailand, for example, has built its whole dairy industry on school milk and Iran is doing the same thing," she said.

**"What we're experiencing in Brazil is a virtuous cycle... Many of our initiatives come from interaction between government and civil society... and have led to elegant solutions for the smallholder sector".**

**André Gonçalves, Centro Ecológico, Brazil**

**"Markets can be a powerful instrument to empower smallholders... With the right policies and initiatives, you can include small-scale farmers".**

**André Gonçalves, Centro Ecológico, Brazil**

Other examples were based, not on state procurement, but on supporting organisations to integrate smallholders into industrial value chains. Tetra Laval is supporting efforts to build systems whereby many small farmers operate in the market as a larger entity. This includes working with 'dairy hubs' in developing countries to link small-scale dairy herders to global value chains.

Small-scale farmers are also increasingly being drawn into global markets by producing new crops and using more commercial inputs. For example, Anders Ekbohm, from the University of Gothenburg, described how Kenyan smallholders are becoming ever more commercial and growing high-value products for global markets.

### RIGHTS OR EMPOWERMENT?

Whatever the method used to achieve more inclusive markets, power relations and governance are key issues. The powerful can use any system to their advantage, whether rights or markets.

IIED researcher Diana Mitlin recounted<sup>4</sup> how, in the urban environment at least,

**“The critical challenge is how to build strong local organisations that can contest whatever the dominant anti-poor group they are up against.”**

**Diana Mitlin, University of Manchester and IIED**

organisations of the poor are deeply suspicious of rights-based approaches. Rights do not avoid problems of power, such as influence over the policy or legal process. It is the role of the state in setting rights-based frameworks and allocating resources that has made organised groups of the urban poor so sceptical. Rights-based approaches may encourage groups to make claims and demand entitlements from the state, but this does not necessarily help define needs or allocate state resources most effectively.

Grassroots groups are even more suspicious when international organisations adopt this discourse, because their experience of those organisations is that they are strong on discourse and weak on implementation on the ground.

Mitlin's opinion is that for the poor, the challenge is not so much getting rights into public policy, but building strong local organisations that can participate in developing solutions,

and can contest key anti-poor groups or trends.

Ngolia Kimanzu of the Swedish Cooperative Centre built on the theme of empowerment, arguing that power relations are key to enabling smallholders to claim their rights to development and benefit from market solutions.

Unequal power relations frequently undermine efforts to reduce poverty but they get overlooked when we simply focus on economic growth. Only organised producers have the power to both compete in the market and lobby the state for the policies and resources they need.

**“If we target our resources to organisations we stand a bigger chance of reducing poverty among small-scale farmers than through aid systems”**

**Ngolia Kimanzu, Swedish Cooperative Centre**

We should not confuse needs-based and rights-based approaches, said Kimanzu. Rights build empowerment and agency into development rather than a needs-based approach that simply meets basic needs.

Rights and agency are about process, including involving smallholders in planning, and Kimanzu warned against policy that is driven by crude results and blind to process and capacity.

Producer organisations can influence production systems and trade policies. They give small-scale farmers a voice, and influence, in the market. And, through them, market solutions can really benefit small-scale producers.

**“The powerful can use any system to their advantage, whether rights or markets.”**

**Diana Mitlin, University of Manchester and IIED**

**“The only way that smallholders will have power in the market is through producer organisations — to increase volumes, to lobby governments.”**

**Ngolia Kimanzu, Swedish Cooperative Centre**

4. See also Hickey, S., Mitlin, D (eds). 2009. *Rights-Based Approaches to Development: Exploring the potential and pitfalls*. Kumarian Press.

But very little development funding goes to producer organisations compared to national governments, where smallholders have no power at all.

### THE CHALLENGES OF IMPLEMENTATION

This provocation shared a common diagnosis and sense of urgency. There was agreement that smallholder agriculture can effectively contribute to food security, support environmental services, produce income and boost rural development. Gonçalves suggested that, compared with agribusiness, the smallholder sector is much more efficient by almost any indicator be it use of labour, capital or environment.

**“Is small-scale farming synonymous with the rights-based approach? What would be the implications for donor agencies if we seriously would like to apply this approach?”**

Lasse Krantz, Sida

Indeed, beyond this provocation there is a lot of rhetorical agreement around the importance of switching support to small-scale farmers, such as in the World Bank's World Development Report 2008, not just related to evidence of poverty reduction but also the evidence of positive externalities associated with smallholder agriculture.

Several speakers reminded the audience that the case for this switch has also been set out in the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) report.<sup>5</sup> But how do we implement it?

Olivier de Schutter spoke of huge obstacles, including disbelief among policymakers in what's possible and markets not rewarding what's needed. Navigating these obstacles requires a clearly defined strategy and pathway — an important gap in the IAASTD report.

Without that guide for groups such as the Committee on World Food Security, the case for increased support for small-scale farming looks utopian and revolutionary.

Lasse Krantz of Sida asked whether supporting smallholders is the same as supporting a rights-based approach. If it is, what are the implications for donor agencies, the Food and Agriculture Organization and others?

Some reported success of rights-based approaches helping policy. Michael Hjelmaker of the Swedish Ministry of Rural Affairs described the shift in thinking within the ministry around the benefits of 'soft law' to guide legislation, for example the UN Voluntary Guidelines on Land Tenure, a process encouraged by Sweden.

But one participant from the Swedish Ministry for Foreign Affairs cautioned against dismissal of market-based development. “Before we chuck out standard market-based approaches... can I remind people that the big story of development over the past three decades is that millions of entrepreneurs in Asia have lifted hundreds of millions of people out of poverty and, in the process, put a number of countries on course to achieving the first Millennium Development Goal”.

5. [www.agassessment.org/](http://www.agassessment.org/)

## ABOUT THE PROVOCATIONS SERIES

IIED, Hivos and collaborating institutions are organising a travelling series of 'provocations' to take a deeper look at the assumptions, impacts, evidence, benefits and risks of the approach to 'making markets work' for small-scale farmers. The aim is to provoke constructive debate by focusing new knowledge and insights on to this development dilemma.

Between September 2010 and September 2011, five provocations will take place in European cities. Each one will gather invited speakers, local delegates, and international participants (via web streaming) for three hours of debate. Insights will be transferred from one Provocation to another.

The series is supported by the Hivos Knowledge Programme Small Producer Agency in the Globalised Market.

- Provocation 1: Producer agency and the agenda to 'make markets work for the poor'  
The Hague, Netherlands, 28 September 2010
- Provocation 2: Rights-based versus market-based development: a false dichotomy for small-scale farmers?  
Stockholm, Sweden, 3 March 2011
- Provocation 3: Making markets work for the poor: contents and discontents  
Paris, France, 30 March 2011
- Provocation 4: Making markets work for smallholders or wage labour?  
Manchester, UK, 25 May 2011
- Provocation 5: 'Inclusive business' and producer empowerment  
Brussels, Belgium, 22 June 2011

