

**Knowledge Programme**

**Small Producer Agency in the Globalised Market  
Initial roundtable – Asia**

*Organized by:*

**HIVOS – IIED and Mainumby**

*in association with*

Indian Institute of Management Bangalore (IIMB)

**Date: 4 February 2010**

**Venue: Indian Institute of Management Bangalore (IIMB)**

## **Hivos Knowledge Programmes (KPs) – a brief background**

Hivos, together with local organizations in developing countries, seeks to contribute to a free, fair and sustainable world in which citizens, both women and men, have equal access to resources, knowledge and opportunities for their development.

In 2007, in response to some very complex challenges it was facing, Hivos conceptualized a knowledge programme (KP), which included ways to understand and innovate support for civil society building, and promote pluralism in times of growing intolerance.

The background to the KPs was an understanding that the development sector constantly needed new and appropriate knowledge to tackle specific and emerging gaps. Ad hoc financing of knowledge creation was not the answer as it was important to work with various players to create knowledge on issues critical to the work of civil society organization (CSOs) and the development sector at large.

Hivos capitalizes on its achievements as an active player in global civil society by positioning itself at the heart of knowledge interactions, thereby becoming the ‘knowledge integrator’ within this process. This involves integrating various forms of new and evolving academic, practitioner, educational and cultural expressions of knowledge to create new insights and formulate strategies that can contribute to the development of new policies and practices for the development sector that will be compatible with evolving situations.

To achieve this goal Hivos works closely with CSOs and academic centres worldwide. Hivos KPs are organized under the following themes:

- Civil Society Building
- Promoting Pluralism
- Civil Society in Closed Societies
- Digital natives with a cause?
- Small Producer Agency in the Globalised Market

### *Small Producer Agency in the Globalised Market*

Three-quarters of the world’s 1.2 billion poor people live in rural areas. Many of these are small-scale producers who depend on agriculture and natural resources for their livelihoods. International markets have been seen as a way out of poverty and food insecurity for small-scale producers. These markets comprise traditional food and fibre commodities, but equally they also display demand for quality products combined with biodiversity conservation and mitigation of climate change. Markets are facing increasing volatility and stringent requirements, and are increasingly governed by international trade agreements. These conditions present smallholders and their organizations with multiple opportunities and risks. The roles of producer organizations, governments and big business in making global and regional markets work better for development are all disputed. Each organization has its own set of assumptions and recommendations about the risks and opportunities for small-scale farmers.

Should producer organizations and their federations focus on rights-based approaches that recognize farmers’ rights as citizens? Or should they focus on market-based approaches that

recognize the entrepreneurial nature of smallholder agriculture? Should government revive its traditional role in the regulation of markets in the face of uncertainties in the global economy? Can international companies change their business models to include small-scale producers in fair and equitable trading relationships?

The core objectives of the KP entitled “Small Producer Agency in the Globalised Market” run by Hivos, IIED and Mainumby – Nakurutu are to map, elicit and integrate knowledge on the dilemmas confronting small-scale producers in global, regional and national markets. It thereby seeks to support the development community, policy makers, producer organizations and businesses in their search for better informed policies and practices. An important component of the programme is the global learning network. The programme aims to work with different actors to bring new voices, concepts and insights into the global debate.

## **Introduction**

As part of the “Small Producer Agency in the Globalised Market” KP, Hivos, in association with IIED and Mainumby, held the third international Round Table on 4 February 2010 in Bangalore. The first two round tables were held in Latin America and Africa in August and November 2009 respectively.

The round table was held at the Indian Institute of Management (IIMB). Participants in this round table included NGO functionaries, corporate representatives, academics and entrepreneurs from India, Cambodia, Vietnam and Indonesia. The complete list of the participants is provided in Annex 1.

The objectives of the round tables were to:

- Debate the emerging challenges confronting small producers in the Asian region
- Explore and debate ways to organize and implement a peer-to-peer learning network, containing a diverse range of participants from Latin America, Africa and Asia, which would *challenge, validate and steer academic analysis* within the knowledge programme and drive the development of new insights.

## **Session I**

Prof. Trilochan Sastry, Dean, IIMB, welcomed the participants and laid out a brief road map for the day. He expressed pleasure at the fact that this significant event was being hosted by IIMB. Thereafter the participants introduced themselves.

This was followed by a short session by Diego Muñoz, Global Network Coordinator and Convenor of the Round Table. He spelt out the background and the objectives of the programme. He expressed happiness that the round table was being held in India. After the previous two meetings, he looked forward with interest to the insights that would emerge from the Asian region and more importantly how the formation of the learning network would evolve.

Presenting the programme and the agenda of the meeting, he reiterated that sufficient time would be given for in-depth discussions on the emerging challenges for small producers and how they were currently being addressed. Gaps would be identified through the discussions and this would give clear direction for the learning network.

## **Session II**

Marieke Hobbes, Hivos Programme Coordinator, presented the next session. She presented Hivos and its work in developing countries across the world. She also contextualized the work of the KP within the framework of Hivos’ work. She emphasized that creating knowledge for development programmes through the KP was an area of priority. The KPs aim to improve:

- The knowledge base for development policies and CSO action around the world
- The capacity to apply that knowledge in order to enhance its effectiveness for sustainable development

The objectives of the KPs are to:

- Raise the level of debate and add to the current discussion
- Make a real change for CSOs (including Hivos) and governmental policies
- Build knowledge capacities through cooperation between people: researchers, practitioners, sectors, north and south.

The KP “Small Producer agency in the globalised market” is a three-year programme (2009-11). The strategies of this KP are:

- Identify key issues
- Develop knowledge on these issues
  - elicit new knowledge where needed
  - integrate knowledge into new visions
- Connect with development action by sharing and learning
- Enable cooperation between farmers’ organizations, academics, NGOs and agribusiness companies from the global north and south.

The proposed global learning network, which is an important part of the KP, will carry out this very important task by identifying key issues, establishing a two-way flow of information between the network and local initiatives and integrate the knowledge gained. The network will also facilitate the vital interaction between practitioners and academics. It will connect local level initiatives to global debates towards better policies. Through the learning network, the knowledge programme will raise the level of debate through conferences and workshops, prepare policy briefs, and lobby and advocate for change.

There will also be an outreach component in the knowledge programme on small producers which would ensure that the capacity of CSOs, businesses, governments and universities is strengthened through various initiatives of the knowledge programme, namely:

- Learning through workshops and trainings.
- Exposure to the knowledge programme activities through manuals, website etc.

### **Session III**

Bill Vorley from IIED gave the next presentation, entitled “Why this programme about small producers, markets and globalization? Why now?”

He began by contextualizing the role and situation of small producers/farmers in a globalized world and the challenges thereof. As he pointed out, the impact of globalization has affected markets in developing countries in three ways, through imports into domestic markets, investment (in retail, wholesale, manufacturing, land); and changes to export markets – both commodity and niche markets. The food supply situation is shaky and there are controversies about land being diverted for cultivation of crops for bio-fuels. There is also globalization of culture and of expectations, affecting the attractiveness of farming to younger generations.

There is however a revival of interest in small-scale farming as reflected in the international debate. This includes an understanding among food companies that they can no longer rely on world

markets alone to secure their supplies. The business community therefore has a role in including small producers into their businesses. But there remain differences in the world view between those who view smallholders as an anachronism as against those who see smallholders as the future.

Despite these fundamental differences in attitude, he pointed out that there are common dilemmas and knowledge gaps around the world. Producers, agencies, and business need to make good decisions and set their own course in the face of complex agendas. These functions were however limited by knowledge gaps, many of which are local and context-specific. But for those common agendas, there are huge opportunities from connecting leaders and innovators, and from bringing in new voices, analysis and insights to the fore. He ended by encouraging debate among the participants about the appropriateness of the framework of his presentation before a concrete agenda for the learning network is framed.

#### ***Session IV***

##### **Discussion:**

Session IV was moderated by Prof Sastry. He summarized Bill Vorley's presentation and drew attention to the main points that it had focused on. As he pointed out, small producers manifested tradition and the earlier presentation had particularly emphasized the strengths of pluralism. The beauty of India, as he pointed out, lay in the fact that small-scale was not a different sector, but part of the mainstream.

He urged the participants to debate actively on what outcomes could be reached after the day's deliberations, and hoped that clear actionable points and the outcomes that the learning network should look at would emerge out of the discussion.

He suggested that along with generation of knowledge, which would be a responsibility of the network, it could also undertake research which can be then taken to communities. Additionally, policy makers could be directed towards a beneficial and informed debate. The network held out an opportunity to reshape the debate around small scale producers. He reiterated that while there is talk of inclusive markets, thought needs to be given to ways to make the concept fundamentally important and to look at impact.

There was active discussion around Bill Vorley's presentation and the summary of the discussion is set out in the following section:

The fundamental challenge was that the government did not recognize the real issues and still functions in an archaic manner. The quality of debate has to be raised and taken to policy levels and government functionaries need to be sensitized to emerging issues. Therefore the ambition for the learning network must be to begin and sustain a momentum directed towards policy.

As one of the participants noted, it was important to know the causes of the problems faced by small producers before seeking solutions. One example was the fact that the people currently teaching agriculture had no knowledge about field situations. Additionally, there were no general

practitioners in agriculture and each was a specialist. The need therefore was to generate a knowledge base that would be relevant to the needs of the small farmers.

*Ronnie Natawidjaja, CAPAS Indonesia.*

In Indonesia the research at CAPAS has focused on connecting agriculture to global markets. While there was considerable attention paid to producers and consumers, there was none paid to intermediaries who were important to the process, particularly because they played an important role in ensuring that producers respond to global markets' demands for quality and safety -- small producers are unable to do this vital task by themselves. Policy discussions and research therefore must include intermediaries and recognize the role they play. There are two kinds of intermediary, both of whom were represented at the Roundtable – large farmers who work with smallholders (example of Hikmah Farm) and modern suppliers (example of Bimandiri).

*Laxman Joshi, World Agroforestry Centre, Indonesia*

An example of rubber plantations was presented by Laxman Joshi who noted that it was important to take into account how farmers perceive their system. Experience showed that large scale rubber plantations were not doing as well as small scale producers. 85 per cent of the rubber was produced by small holders. When prices fluctuate, small producers have been better able to withstand fluctuation as they had recourse to other crops owing to their practice of mixed cultivation.

The actual situation showed that policy support, research and extension were against small producers. The entire effort was to promote monoculture, and there was no knowledge of mixed cultivation. National policy also did not focus on promoting small producers as it was linked to loans and repayment, which was perceived as a problem. But it was vital to understand the impact of pressures on the small producer, considering the important role they played in rubber production. The palm oil sector has similar dynamics, with the importance of smallholders growing, without policy support. Is there a niche market for products from mixed farming systems with associated environmental value?

*Wildan Mustofa, Hikmah Farm, Indonesia*

Wildan Mustofa, a farmer/intermediary, shared an experience from Indonesia, where a group of farmers were growing seed potatoes. It was found that the most important component of the process was vertical and horizontal coordination. From a position when the farmers were doing everything, delegation helped and they could work with a larger group of people such as agencies and NGOs. The group went on to become a learning group around common interests and a common understanding of the problem. They currently have a bigger programme, which has included tea and animal husbandry. Organizing and working in a coordinated way has helped.

*GV Ramanjaneyulu, Executive Director Centre for Sustainable Agriculture, CSA Hyderabad, India*

GV Ramanjaneyulu said that it is time to recognize that the bubble has burst on the current model of agriculture with its focus on high inputs and large retail chains. CSA have been working with a large number of small-scale farmers and moved them towards sustainable practices with reduced external inputs – this is the future. It is not realistic to hope that markets will solve the problems of small producers. Take for example the organic market: the reality is that the share of the producer in the organic market is less than with conventional products. Policy support is required. CSA is making an attempt to organize farmers and help them to work without middlemen.

*Srikantha Shenoy, Initiatives for Development Foundation (IDF)*

Mr Shenoy shared an initiative where IDF had worked with women and dalit farmers, and organized them into groups and attempted to enhance their incomes in a participatory manner. Their requirement was to have work for 200 days in a year and earn about US \$ 2 per day. They also wanted to undertake an activity compatible with their skills and competencies. Therefore a banana fibre enterprise was initiated. It has worked well; their order books are now full and earnings have grown.

As he pointed out, farmers across the country are facing risks. While the state is welfare oriented, the reality is that people do not have access to facilities or affordable credit (moneylenders charge 60-120% interest). IDF has organized them and led them into low external input agriculture. It has also facilitated access to low-interest finance for them. The initiative has resulted in spin off benefits and net incomes have increased by 60%. They are now moving in the direction of value addition. Lessons are to organize producers, aggregate production, and hold back product from the market to get a better price.

*Lim Sokun Darun, SEDAP, Cambodia*

SEDAP has been working with farmers associations and initiated linking of 3200 farmers to markets, especially around producer organization and collective action. The learning through this initiative has been that it is necessary to change farmer habits and train them to specialize in a commodity, otherwise they will not meet consumer demand for quality, quantity and standards. The challenge however is that it is very difficult to initiate dialogue with ministries and enable convergence between the various ministries for small farmer initiatives. Cooperatives need very large amounts of working capital. But farmers are not able to access loans for working capital as processes are complicated. It is therefore imperative to have multi-stakeholder groups and work towards initiating policy changes. The process of setting up an organic rice export marketing group over 4 years, and getting 34 t of organic rice to the US, has generated important insights into the pros and cons of getting small-scale farmers into demanding export markets.

*MP Vasimalai, DHAN Foundation*

Mr Vasimalai of Dhan Foundation shared that they were working with three types of farming communities across 12 states of India:

- Tank-based irrigators – around 175,000 marginal and small-scale farmers
- Around 30,000 rain-fed farmers
- Around 200,000 families and woman-headed households

Dhan Foundation had also organized landless, marginalized groups into producer groups, institutions etc. Financial support was facilitated for them, and access was reasonably established. Marketing is a weak link however and not yet well established. A reason for this is probably that small farmers are engaged in livelihood farming and not farming for business. Farm economics is complex and needs to be redefined to include value addition, aggregation, negotiation and a whole range of issues. This calls for behavioural change. This is an area that needs to be researched as there is limited understanding. This however calls for a long-term intervention, as change cannot be seen immediately.

There is currently a situation where a large number of farmers grow a crop when the prices are good. This leads to a glut in the market. Dhan Foundation is trying to set up a portal at the district level, which can forecast and advise farmers on what to grow and when.

Further, Mr Vasimalai pointed out that small-scale producers do not engage in a single activity. For them, agriculture and livestock go together, and livelihoods also include migration. Therefore any packages designed for small producers must include livestock and must be country specific. A significant point Mr Vasimalai also made was that aggregate analysis often masks local situations – and must recognize pluralism to be meaningful.

*Ujjwal Prasad Pradhan, World Agroforestry Centre*

Mr Pradhan returned to the question of whether the framing question was correct. It is important to determine to what extent markets must be globalised, and what was the most relevant and useful market for small holders. What type of “marketshed” really promotes smallholders (and minimizes carbon footprint)?

Globalization according to him was a double-edged sword and called for an understanding of what helped small farmers and what impeded their progress. He pointed out that the state is the biggest landlord in many countries and many small-scale producers operate on common lands and common property resources, using multiple survival strategies as a buffer against wild fluctuations. They need social mobilization, bundles of rights, and support services for common pool resources.

*Vanaja Ramprasad, GREEN Foundation*

GREEN Foundation is working with women farmers in dryland regions of South India towards conservation of traditional seeds, ecological methods of agriculture, participatory research, community-managed resources and mitigation of climate change. It has also attempted to market value added products and had reached 3000 farming families across Karnataka. GREEN Foundation’s work has looked at agriculture from different perspectives, i.e. economic, political, ecological, gender, culture etc.

Dr Vanaja Ramprasad, representing GREEN Foundation, reiterated that with the advent of the Green Revolution, a large share of farmers had converted to monoculture. They had begun to feel that on-farm conservation of seeds was not required. Scientists were also of the opinion that indigenous varieties do not serve any purpose and that their work does not need to be backed by on-farm research.

There are knowledge gaps with regard to biodiversity and open-pollinated, traditional varieties of seeds. There is also a problem with positioning products grown organically as they do not enjoy subsidies, as conventional products do. This results in major marketing challenges. There are also problems with certification and conflicting opinions on third party certification and participatory guarantees. Economies of scale put smallholders at a disadvantage unless they position themselves. It is probably wiser to look at local rather than global markets and follow traditional practices.

Dr Ramprasad also pointed out that farmers who conserve seeds play a very vital role and yet they are not recognized and when there is talk about a gene fund, they are not even considered as beneficiaries.

There are gaps between policy formulation and smallholders. Policies are based on international agreements and not relevant to the country. This also ensured that the breeder got more benefits than the grower. She pointed out that the Seed Bill which was pending had not yet become an Act.

Efforts to take them from subsistence to surplus had not worked very well and on the contrary, a situation had arisen where high-input agriculture had turned farmers away from agriculture. Additionally, they often did not eat what they grew and went out and bought food, which was counter-productive.

*Sanjeev Asthana, Reliance Retail*

Mr Asthana noted that problems facing smallholders the world over are the same. As a business interacting with farmers, there is a realization that farmers have not benefitted from the recent increase in food prices. Solutions to the problems of small producers have been found in small pockets. But these solutions are not adaptable to scale. Whatever is done or demonstrated has to be replicable across the board. That is where the private sector comes in. Common features can apply across regions and farmers are sharp enough to decide for themselves on what approach to adopt if the framework is strong. There are issues such as connectivity and access which need to be resolved. Small producers find it difficult to supply the demand. He reiterated that thought has to be given to how successful examples can be applied and what the government can do to bridge gaps and build an economic scale model, in terms of infrastructure etc.

It is absolutely crucial for small producers to get organized into a management model – whether producer organizations, cooperatives or self-help groups -- and learn to negotiate with buyers on price and to negotiate with the government for resources. He cited the example of China where the state has been a major player in intervening on behalf of small producers. This is absent in India. The concept of agriculture being a business has been non-existent in India. Quality of research, policy and advocacy is also weak, and lacking in objective assessment.

The Knowledge Programme can work to improve the knowledge generated, ensuring that it is objective and driven by evidence, and get it to the ears of policy makers.

As Mr Asthana pointed out, it is also necessary to determine the right platform for issues to be debated from, whether an industry, NGO or multistakeholder platform. What was however non-negotiable was that the government should get into project mode instead of trying to do diverse things. At present government policy is centred on the cereal economy, despite the fact that this is only 25% of the agricultural economy. Food security and farmer income must be better balanced – this is a big paradigm issue. It was also important to ensure that the government got to know the real issues from the ground, which could be accomplished through quality research.

*Sankar Datta, The Livelihood School*

Mr Datta highlighted the fact that scientists such as those at ICRISAT, whose brief it was to develop technology for semi-arid regions, actually conducted research which could be adopted only by wealthy farmers who cultivated irrigated lands. The reality was that scientists did not understand poor households, and the fact that farmers undertake multiple activities in order to eke out a living. He quoted the example of IRDP which distributed cows to poor households. This resulted in girls dropping out from school in order to look after the cows. These linkages were not understood by

scientists, who were 'monocropic' in their thinking. They understand one commodity, one market and one link and fail to understand all the other linkages. This results in poor quality research.

He also cited the example of a bonded labour rehabilitation programme and his visit to one of the camps. The labourers who had been freed had expressed that they were better off when they were working as bonded labour as their food was guaranteed. By this logic, it indicated that the psyche of the small producer is not understood. Small farming is not viable and the cost of living has gone up. While markets are stable, margins are disappearing and from the farmer perspective, it yields no benefits.

Reacting to the suggestions that middlemen be replaced by collectives, he argued that it sounded very good ideologically. The role of the middleman in the value chain however needs to be looked at objectively. The cost of replacing the middleman with an NGO or development person was not sensible because the middleman costs less when compared with the development person. Most middlemen are not rich. The role of the middleman needs to be recognized during the design stage itself.

*Subhash Mehta, Trustee, Devarao Shivaram Trust*

Mr Mehta shared with the other participants the fact that a producer company has been included into the Companies Act through an amendment and can become a legal entity. In comparison, cooperatives are still part of the state machinery. A producer company is an appropriate vehicle for small producers as they would be jointly owned by the farmers, but would be staffed by professionals. The professionals would be from local communities and trained to hold the responsibilities of running the producer company, which included negotiating with buyers, arranging finance etc. These were specialized tasks, which the farmer could not undertake. It was best to leave the farmer to core competencies i.e. farming and on-farm activities.

He also pointed out that the cow was central to a farm not as much for its milk, as for its dung, which accounted for inputs required for farming. He reiterated the need for producer companies to be established in order to bring the community together and encourage them to plan jointly for their nutrition and food security.

Basic thought correction was required where the policy of productivity can be looked at from a different perspective. Knowledge building is required for farmers on how to optimize on land use, to raise smallholder farming to world class, and to avoid commoditization of land.

The problem as he pointed out was that organic farming was looked at as a niche area when organic techniques should actually be mainstreamed. The way forward therefore should be the promotion of agriculture using organic practices. There should also be a move towards multi-cropping and a move away from commoditization. It was necessary, he said, to increase net incomes of small producers and ensure that producer companies were established to ensure that farmers were able to buy products at farm gate prices. Meeting the needs of small-scale producers of agro-commodities would take care of their problems of purchasing power, which is key to ensuring that nutrition, health and food needs are met.

He strongly reiterated that in the education system, agriculture courses are opted for as a last resort, and people who manage agriculture do not know agriculture and the needs of small farmers. Therefore it was vital to build knowledge on farming from early schooling.

*Devinder Sharma, Journalist*

Mr Sharma shared that as a journalist he had been focusing on the politics of food and agriculture for several years. He admitted to being perplexed by the objectives of the programme. He saw it as necessary to find ways to raise the incomes of small farmers. The reality was that ten years after the process of globalization began, small farmers are devastated. We are also currently in the middle of the climate change debate and despite the problems, we need to raise farm incomes. India is a classic example for those who want to understand what went wrong. Despite the subsidies and other benefits, if 40 per cent of Indian farmers still want to quit farming, there must be something very wrong somewhere, he pointed out.

The process of globalization indicates that the solutions lie with the West. There was a misconception that farmers would get better prices because of globalization. This has not happened, however. He quoted examples of rich countries where small farmers are bailed out by direct income support. Therefore we need to look again at the kind of model needed for sustainable agriculture in this part of the world.

*Achmad Rivani, Bimandiri, Indonesia*

Mr. Rivani gave insights into an initiative in Indonesia where his company Bimandiri – a supplier to modern supermarkets – had begun by buying directly from farmers. As the years went by and business grew, from supplying 2 stores to 70 stores, so did the demand for higher quality, quantity and continuity. Small producers were unable to respond to this demand. Therefore they entered into a business arrangement with a group of large farmers, which did not work out well. Thereafter they entered into a similar arrangement with small farmers with transparent margins as an important component, calculated from the cost of production and the need to share value between the middleman and the farmer. The transparent margin arrangement is extended to cover technical support, short-term loans, quality insurance etc. They also supported the farmers through various activities such as processing, post-harvest sorting, grading and packaging etc. The onus of quality assurance however stayed with the company.

*GV Ramanjaneyulu, CSA*

Mr Ramu, reacting to Mr Asthana's remarks, said that alternative models are dismissed when they should actually be picked up by the government or the market and replicated. He cited an example where they had worked with farmers in 4000 villages in Andhra Pradesh over a geographical spread of 1.5 million acres. The farmers were growing crops with locally available resources, and were very successful in reducing costs. The initiative was identified by World Bank for a study. The study stated that the initiative has the potential to reduce poverty and was backed by good management. But the problem was in replicating it. The question was who would do it? This situation existed despite the fact that the initiative had been undertaken in partnership with the AP government and evidence and data were available. Therefore it was essential to change learning systems and government policies, and to address vested interests.

*Utkarsh Ghate, Covenant Centre For Development CCD*

Mr Ghate shared information about the Aharam Cooperative Society, promoted by CCD, which works in Madurai. Farmers groups are shareholders in Aharam and market value added products in the local market. They are also supplying mango pulp for branded mango juice across the country, as well as selling vegetables to local markets. Aharam also had a coastal branch, which is providing technology inputs, such as iceboxes etc to fisherwomen. CCD provides technical support, funding, market access, and institutional support – a company framework.

An associated organization is making biofuel pellets out of agriculture residue for smokeless chulhas. In addition, it had promoted an enterprise for landless women for marketing of medicinal plants grown on fallow lands. The enterprises accounted for a turnover of Rs. 10 million a year and benefitted 500 producers. Donor support and bank loans were sought to provide technology support and facilitate market access for local and bulk sales. IIED was publishing a chapter on Aharam in a compendium they are compiling.

Mr Ghate stressed the need for promoting multiple livelihood strategies among small producers. Some key themes are inputs, especially water and capital, and skill building. He also emphasized that policies for non-farm activities were needed, particularly with the problems that the guaranteed employment programme (NREGA) had brought with it. Owing to higher labour rates they got through NREGA, farmers found farming unviable.

It was important, he observed, to set milestones for the learning network and articulate what knowledge products were required and who the end user for these would be. He also stressed the need to decide what modes of communication could be used to bring the knowledge products to users. Some options he mentioned were webcasts, newspapers and technical documents.

*Prof Trilochan Sastry, Indian Institute of Management Bangalore IIMB*

Prof. Sastry stressed the need for research to fill gaps in knowledge on social mobilization and ways to do this in a professional manner – there is a lot of rich experience, including on how to build productive institutions. He pointed out that there is a strong political angle to the issue as soon as anything gets scaled up, and all efforts on behalf of small producers must keep that in focus. Market intelligence is required. What was the impact of the globalization of subsidies and incentives, and the resulting flooding of local markets? Special Economic Zones, as he pointed out, get huge subsidies (and result in land grabs), and the entire information technology sector does not pay taxes. And yet, subsidies for the poor lead to huge protests. There needs to be liberalization of the economy at local levels. He pointed out that there were hurdles in the way of producer groups in that they had to get clearances from up to 25 departments before they could begin operations. Red tape implications need to be looked into.

He also pointed out that big corporates had very effective market intelligence systems, which gave them insights on market trends etc. Small producers floundered because of the absence of such a system which could give them regular updates. He suggested a joint market intelligence group, which could do this for small producers.

It needs to be recognized that small producers are also doing business and a competitive business strategy needs to be designed for them, which would build on their unique strengths. Financial

support for small producers was also very important as they have working capital requirements for value addition, food processing etc.

He strongly urged that long-term research be taken up on issues of dryland farmers, as they made up 70 per cent of the farming community. This research needs to investigate the huge social shifts which are taking place, especially how farmers are quitting farming and the landless who are now taking up farming. The exposure of smallholders to risk is especially important, as one bad year in a 5-7 year cycle can push a farmer into long-term debt. He concluded by saying that fishermen, artisans and craftspeople must also fit into the paradigm of small-scale producers.

*MP Vasimalai, Dhan Foundation*

Mr Vasimalai suggested that a lot more research needs to be done on the risks that small producers face and the role of the state in mitigating those risks. He recommended looking at how farming could be repositioned in order to make it attractive as a livelihood option. It was important to include landless labourers in farming initiatives. For this there was a need for legal and policy changes. A range of players must be brought into the debate and the shared purpose defined.

He agreed with Prof Sastry that there was need for long-term observational research in identified villages for continued data generation. This would help to move beyond mere perceptions and would provide facts and data.

*Hoang Thanh Tung, Centre for Agrarian Systems Research and Development - CASRAD, Vietnam*

Mr Hoang described his work with farmer field schools in Vietnam, and the issues of private sector standards for Good Agricultural Practices (GAP) and SPS requirements for entering export markets. He highlighted the need to strengthen farmers' organizations through the improvement of the quality of their produce in order to compete in global markets. For that, training and capacity-building programmes are needed in order to improve quality and thus obtain better markets and prices. He finished by saying that it is important to subsidise small producers, but the way to do that must be looked at very carefully.

*Ronnie Natawidjaja, CAPAS Indonesia*

Dr Natawidjaja remarked that the morning's discussions had brought out the problems of small producers. The list however was endless, and the programme must not be used to either answer or feed more into that list. He urged that the discussion be brought back to globalising markets for small producers. There were new opportunities, he pointed out, which could only be capitalized on if small producers were organized into well managed companies. He also pointed out the need to have a model to build capacity among small producers.

*Bill Vorley*

Concluding the pre-lunch session, Dr. Vorley pointed out that the conceptual framework of the programme was not to debate all of the problems of small farmers. It was also not intended to be a programme to connect small producers to global markets. The objective was to focus knowledge and debate on how global markets impacted and impinged on the lives of small producers, and the related opportunities and threats. It was meant to get insights into what we do *not* know about the struggles of people around the world, towards a 'globalization of insights and concerns'. It was also a way to generate new information and ideas and create new solidarities.

## Session V

Mr Muñoz began the post-lunch by summarizing the discussions in the morning session and identifying the issues that had emerged strongly as those that needed addressing through the learning network. These were sectioned under eight broad categories and are set out below:

1. Actors involved in small producers market
  - a. Look at the causes of problems and the people behind them
2. Markets
  - a. Roles of intermediaries and how they are important
  - b. Organization has a direct impact on small producers income
  - c. Positive and negative influence
  - d. Getting small producers into the market
  - e. Market intelligence with small producers
  - f. Focus on global markets and how they impact local markets
3. Production
  - a. Support to small-scale producers and the production system. This involves technology adapted to complex farming systems, not just a single crop.
  - b. Need to work on programmes longer than a year or two and ideally for 5-7 years
  - c. Importance of supporting a multi-product system or multi-activities, including off-farm activities
  - d. There is a contradiction between quality and diversification
  - e. The need to look at the family as a small enterprise in itself
  - f. Need to work with organic agriculture
  - g. The importance of producer organizations for collective action
  - h. Small producers are very diverse. Because of that it is important to homogenize the quality of certain products with market potential.
4. Economics
  - a. The economy of small producers is complex and requires a specific approach
  - b. Programmes supported by government, which support small producers' interventions, are not successful. How to research on that?
  - c. Improve long term and short term credit
  - d. The need to think of small-scale producers as business people and bring small-scale production into business mode
5. Organization
  - a. Organize at all levels and not only farmers organizations
  - b. Work towards an ideal situation where producers would be organized to diversify and produce at different times
  - c. Ways to support people so that they can grow better
6. Policies
  - a. Politics of agriculture is important and goes beyond economics
  - b. Work towards policy support/change at state and producers organization level
  - c. Subsidies for small producers

- d. The production of organic seeds and ecological agriculture is a political position, which requires working at local levels.
  - e. How to subsidize and whom to subsidize is a political decision.
  - f. Most policies are oriented to well-resourced, irrigated lands. No policies for dry land.
  - g. How is policy going to put agriculture on the table in a way that makes agriculture more attractive as a profession?
7. Knowledge and research
- a. What type of knowledge are we going to generate, and at what level? How globalized is this knowledge?
  - b. Quality and appropriateness of research. Knowledge for big and small producers is not the same.
  - c. What mobilizes people to migrate and to get in or out of agriculture
8. Globalization
- a. There are grey areas around globalization, and its impact can be overstated with respect to smallholders
  - b. How can small producers cope with globalization?
  - c. Is there a need to think local rather than global?
  - d. Sometimes globalization distorts other important issues that affect small producers.

#### ***Session VI - Ideas to organize and implement the learning network***

The session consisted of a presentation by Mr Muñoz on “Ideas to organize and implement the learning network”.

The central pillar of the initiative is a peer-to-peer learning network made up of a diverse range of participants from Africa, Latin America and Asia. The participants will be policy innovators; people who are developing new insights, and experimenting with new policies and new market linkages with a wide range of stakes in the smallholder / global markets debate i.e. producer organisations, business people, policy makers, CSOs, media, as well as researchers. The network would challenge, validate and steer academic analysis within the knowledge programme and drive the development of new insights.

The expected role of the learning network would be to bring together perspectives and insights from diverse actors and help to define a common framework for the knowledge programme. It would facilitate direct brainstorming. The network would work as a knowledge broker between small producer organizations and federations and the academia/global debate, linking upwards to regional and global debates and also linking to local levels.

In order to have a mixed and heterogeneous group, researchers, business people, leaders from small producers organizations, policy-related, NGO-related and others would be brought together. It was envisaged that each member would participate in the network under his or her terms. The network would have 15 core members who were working in the three above-mentioned continents. The selection of members would be based on issues rather than countries. Members would be required

to have open minds and have networks of their own, as well as the ability to mobilise more members.

There were however some risks involved with a learning network and these were mainly related to building huge knowledge encyclopaedias and adding to an overwhelming mass of information. There was also the risk of restating existing analysis and commentary. The other risks were related to the possibility of overlooking the fact that the majority of best practices were highly context-specific and not globally applicable, and that the knowledge integration initiative might replicate outdated linear models.

Mr Muñoz also laid out the administrative structure and the agenda of the learning network for the coming months. The network would have two meetings – one in April 2010 and another in November 2010. Studies would be commissioned after the first network meeting.

Several points were flagged up in the discussion that followed the presentation. The main points are set out below:

- There is a definite disconnect between the researcher and the ground. The central point should always be what is relevant and important for the farmer.
- As farmers are at the apex of the research, there must be a realization that the programme exists because they exist.
- A lot of unlearning must happen before learning begins, and there is a need to question why there are so many solutions and so little change. The learning project must address this conundrum. The group must also challenge its own assumptions.
- The network is positioned in order to enter into a higher level of debate about small producer organizations. Therefore it is important to initiate discussions with people who have already been working on the issue.
- It would be desirable to have farmer juries in order to find out what they want.
- The network needs to be both farmer-driven and strategic. There are risks associated with making the network driven by the current priorities of producers; for example the questions of carbon markets, bio-fuels etc would not have emerged through farmer-driven networks. There is a need to get inputs from farmers and remain grounded in communities, but the intention is not to be entirely reactive.
- The challenge is get brilliant minds together to find other ways forward. How can this network be different? How can it help farmers and also work at policy levels?
- Knowledge needs to be combined with action. There must be a definite agenda for working and not merely an exchange of emails.
- The nature of the group can change if some dominant voices and agendas take over.
- Having this core group will ensure the group is committed to certain issues. There must be a strong secretariat that will summarize discussions. Those who contribute must get invited to face to face meetings.
- The boundaries of the programme have to be defined more sharply. Is the learning network only going to initiate discussions or undertake research as well?
- There is no network that *looks into the future*. Is this network going to do that as well? There is a need to have our head in the clouds and feet on the ground. How can a learning network build strategic capacity in its organization?
- Do we push buttons for advocacy and lobbying?
- In order to get a balanced and integrated view, it is important to include business in the network. Business has an overview and can add value to the debate. When strong biases

creep in, balance is required. A combination of business, academia and NGOs will provide that balance.

- The outputs should feed into researchable issues, to “answer the unknowns”: knowledge gaps will be filled in through research, basing the work of the network on factual information, also useful for the wider Hivos strategy. If there is connectivity between the work of the network and the research, and funding for work on the ground, it would be useful.
- The group would need to gather knowledge and present it in a way that it is understood by policy makers and NGOs. The existing knowledge can be put together by the network and summarized. This can be useful for different processes with substantial potential for policy influence, such as the Asia Pacific Food Outlook, which feeds into APEC.

### **Session VII - How can a knowledge programme and learning network help organizations and policy makers build capacity to help meet the fast evolving changes in this sector?**

The aim of this session was to identify emerging challenges and issues and articulate them in order to prioritize and address them through the learning network. The issues identified were as follows:

- We are living through very rapidly changing times. The future will not be an extrapolation from the past.
- Food prices have reached an all time high. India is going through a severe drought and the government is in denial, though it has started grain imports for the first time in a long while. Purchasing power has declined and food shortages are expected to increase.
- People from dry areas will have problems getting access to water for irrigation. Natural disasters such as floods will occur with greater frequency. Solutions will have to be found for mitigating climate change. New instruments and new research will have to be developed for these issues.
- Global warming is likely to cause negative or positive impact. Changing rainfall patterns will be a continued issue, with shorter periods of more intense rainfall, though will bring positive impacts to some areas. This will change our understanding of communities, production, markets. Areas under monoculture, such as Punjab, are poorly adapted, with declining land quality despite high inputs. Mixed farming and organic principles are more resilient.
- There is a need to reverse this trend to hybrid seeds by promoting the use of traditional seeds and species as well as traditional methods of agriculture, following integrated principles.
- Large tracts of land will be cleared/diverted for the cultivation of crops for biofuels. This is likely to create challenges for food security. Food vs biofuels will be a big debate. Every country is subsidizing biofuels. Developing countries will have big issues around this.
- Who will be the smallholders 10-20 years from now? Smallholder profiles will change as non-traditional farmers enter the arena. First generation farmers will have their own needs.
- How will the state react to changing situations? Agricultural growth in India is slowing, but the state is currently responding only with credit and input subsidy.
- Future growth markets will be in Asia – especially China, India, Indonesia. Multinationals are looking how to enter these markets, in response to consumers’ increase in income and demand for high quality food. With increased demand, food miles will increase. Multinationals will source through regional hubs. There will be more intra-regional trade -- Asia will consume as well as produce.
- There will be an increase in acquisitions of local companies by multinationals via FDI and it will become harder for small producers to enter the market.

- Governments are more concerned by political issues from high food prices and self-sufficiency than by farmers' issues. Their initiatives – such as subsidized seed and fertilizer -- are driven by short term expedience rather than long term investment in farmers. If there is no way for small farmers to get into networks and globalize, they will lose their place.
- There are strong possibilities of farmers becoming aggressive and militant. This trend is already evident in several countries such as Indonesia, Cambodia and Vietnam.
- Turning food into biofuel makes no sense considering the huge subsidies and oil at \$74/barrel. Major research will happen around aggregation of biomass as energy feedstock.
- Food is increasingly getting integrated into the mainstream of business and is going to get internationalized.
- Least developed countries will be spending more on imported food – comprising 2/3 of import bills in least developed countries -- and volatility in food prices will continue. Growth in production and yields is flattening out in developing countries.
- The capacity to sustain small producers will be difficult considering the huge numbers – 110 million farmers, and 110 million farm workers in India, so the whole movement to the mainstream urban sector (both organized and informal) will rapidly increase.
- Agriculture alone cannot support rural populations. And yet, the burden on rural communities to produce will increase. 50 per cent of India will be urban in 20 years and it will be necessary to examine how displacement will affect population. There will be issues of alternate employment.
- India is still largely rural in its character and economy, with 640,000 villages, 6400+ semi-urban towns and 780 urban centres. Most of the smaller cities however are semi-urban in characteristics and most of them are still rural in look and feel. The pressure on the large metros will increase and while currently six metros sustain eight per cent of the country's population, this trend will increase.
- In India the rural economy is larger than the urban economy and has done very well, but the number of people dependent on the agricultural part of the rural economy is disproportionately high. Non-agricultural activities such as processing and manufacturing are huge and expected to grow.
- Local adaptation is already happening on a big scale. Given the trend to climate change and exporting food insecurity, the contest over rights and resources – land, water, forests etc -- will increase. There are major potential law and order consequences. For the learning network to understand this bundle of rights is very important. Small producers will be impacted by disasters and there will be a need to deal with ecological migration and stress on fragile states. There will need to be debate on how to give local people voice and come up with processes that would safeguard this political space.
- Laws can mean positive or negative changes. The legal landscape in India has changed and might change further.

### ***Session VIII - Outcomes from Latin American and African meetings***

Mr Muñoz shared the outcomes from the Latin American and African meetings. He spelt out the areas of commonalties and concerns that had emerged from all three meetings. In Latin America, roundtables had been held in Lima, Peru and Managua, Nicaragua. Participants had been invited from Peru, Colombia, Ecuador and Bolivia. The second roundtable had participants from Nicaragua, Costa Rica and Guatemala. The Africa roundtable was held in Nairobi.

Issues of imbalance in competitiveness between large business and small farmers and between large and small farms were issues in both the regions, as were global warming and food security. As these

issues clearly went beyond the scope of the nation state and producers, it had become important to build knowledge networks.

Thought also needed to be given to how the energy, skills and knowledge of young people could be directed towards agriculture and how the initiative could become inclusive of gender, the poor and the marginalized.

There was an emerging need from all the regions to think locally and act globally. Policy advocacy was an issue of concern in all the regions and was fraught with challenges. Public private partnerships were considered vital for the generation and transmission of knowledge in communities.

There was a sense of 'network fatigue' in all the regions and there were concerns about how the proposed network would position itself to be unique and sustain itself. A need was also felt for a systematic process for knowledge transfers and sharing of good practices across the regions.

Ethel del Pozo of IIED summarized the sessions by drawing attention to the fact that the world had hitherto looked at small farmers only as social problems. It was time, she pointed out, that they be considered as economic actors, and this was highlighted strongly in the Latin American and African Roundtables and field visits. She stressed that economic and political measures were required for small farmers; agricultural and fair inclusive policies instead of social programmes for the poor are needed. Farmers have aspirations and want to live decently from their work, getting into markets in good conditions. It was important to debate how farmers' organizations can deal with new expectations from the younger generations.

The network will bring all these issues to the forefront. Being composed of people really working on the agriculture and food sector, such as the farmers, intermediaries, NGOs, academics and agribusiness representatives gathered in this Asia Roundtable, this network has the potential to question and engage in international debate about small farmers and globalised markets perspectives.

### ***Session VIII – Opportunities, risks, take-out and give-back***

In the last session of the day, participants were requested to articulate the opportunities and risks they perceived in the learning network, as well as to spell out what they could take out of it and what they could give back. The summary of their responses is set out below:

#### *Opportunities:*

There was consensus that the network had enormous scope. It provided a south-south platform for raising the voices of small producers and finding common cause between eg Asia and Africa. It also provided spaces for greater learning and for sharing of information in a two-way process, bringing in different views and perspectives. There is opportunity through the network for critical analysis. The opportunity for multi-stakeholder dialogues is inbuilt into the network and this is a big advantage. Participants also drew emotional comfort from the fact that there is commonality of issues between all the regions and this could promote meaningful debate.

Hivos and other development agencies such as the Gates Foundation are in a critical phase and the network provided opportunities to reflect and do things differently. By creating space for all

stakeholders, a platform for dialogues has been created and this would ensure that people could contribute to a firm agenda for action.

The value of the network is that it is focusing solely on the small producer. This would definitely facilitate sustainability for them and ensure that they became assets instead of being considered social problems.

The network has positioned small producers uniquely and this was a historic moment. Old definitions will change and the knowledge programme and the learning network could document these for posterity.

As this is the age of media and instant connectivity, the network had an opportunity to collect and disseminate knowledge through various initiatives such as Facebook and Twitter. If the initiative is consistent and focuses on objectives, support can definitely be garnered from governments.

The quality of discussion was very good and important from the global network perspective. This is a huge opportunity to intervene strategically and move the debate around small farmers from the anecdotal to one that had the backing of research and data.

*Risks:*

The initiative might just become another ivory tower. More clarity was required on what was expected from the network. The network must consciously avoid repeating what had already been done.

The network must not become another debating society and must create opportunities for real action. For this, actionable points have to be identified and worked upon. People want smart models about how smallholders can deal with globalizing markets. The managers must clearly articulate step two after the issues are firmed up. The network must also decide whether its mandate is only to unfold or also to take action.

There is a risk of treating all farmers as the same. Half of farmers are women, and there are also a lot of young people involved in agriculture.

The programme had triggered good debate. Owing to the large number of issues that had emerged, it was important to concentrate on a niche and engage in research on that. The managers would have to ruthlessly prioritize. Otherwise there would be a danger of doing nothing.

There was consensus among all the participants that they would take home everything they had learnt through the programme and disseminate it in their areas of operation and contribute in whatever way they could towards enriching the learning network.

The programme ended with a round of thanks from the organizers.

**Annex 1.****Complete list of participants**

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