

Private Sector Mechanism Position Paper
May 2015

IMPROVING SMALLHOLDER ACCESS TO MARKETS TO ENHANCE FOOD AND NUTRION SECURITY

Private sector actors are key partners in enabling smallholder farmers to achieve better market access. This includes producers, processors and retailers, right the way across the value chain, and of all sizes. In 2015, the prominence of the global food security agenda at the UN represents an opportunity to increase the momentum of investment and innovation in the food chain, so that smallholder farmers can be empowered to be successful and productive food producers.

Smallholder agriculture is the backbone of the economy in many developing countries, yet at the same time, farmers represent a disproportionate part of the world's hungry and poor. Allowing smallholder farmers to improve their livelihoods, to take advantage of new commercial opportunities, and to break the subsistence cycle is therefore an important pathway to achieving food security. Key to doing this is to enhance their productivity and their participation in markets and value chains so that they can participate more competitively in local, regional, and national markets.

All forms of private enterprise – domestic business, foreign investment and international trade – require an operating environment conducive to growth and development, including: peace and stability, the rule of law, good governance with accountability and transparency, the absence of corruption, adequate infrastructure, an educated workforce, clear property rights and enforceable contracts.

To ensure that increased market participation has concrete benefits for smallholders, a farmer-centered approach is necessary. Investment is desperately needed firstly at the level of farmers themselves in primary production capacity, and secondly in the surrounding physical, legal and commercial environments. Smallholders cannot participate effectively in markets if they are not equipped with access to inputs, inputs, finance and credit, storage and professional advice; as well as a market to deliver their production.

Specifically:

- Investment is urgently needed to enhance skills and training, as well as in supporting services, such as insurance, commodity exchanges, and information systems.
- More attention is needed on women farmers, who are essential 'gatekeepers' for household nutrition and welfare.
- Farmers should be encouraged and enabled to organize themselves via farmer organisations and cooperatives.
- Positive market engagement will rely on enhanced infrastructure, including transport, logistics (such as refrigerated storage), as well as information access.
- Government policies are decisive in the creation of well-functioning markets. Stability is required in policy and legal infrastructure to create a predictable and fair business environment.