



CAN SMALL-HOLDER FARMERS HELP REDUCE HUNGER AND POVERTY?

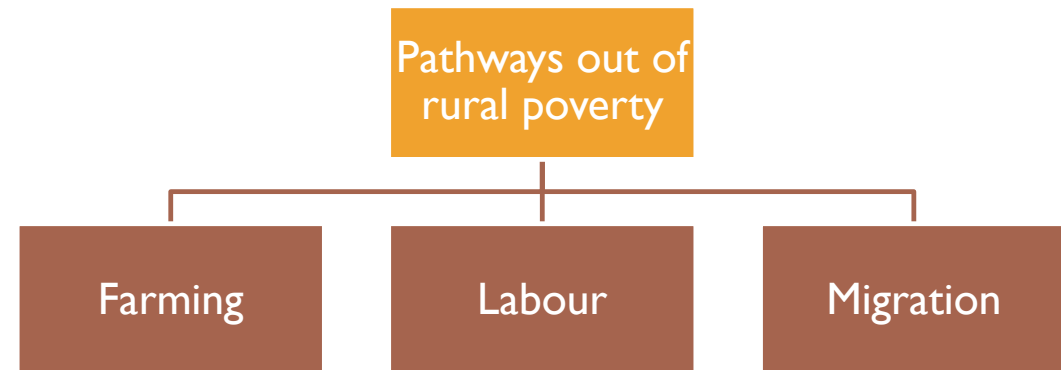
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WHAT IS RURAL POVERTY?

- **Poverty:**
 - Multidimensional and complex concept
 - Accounts for subpar living standards, poor food security and nutrition, social exclusion, powerlessness and limited daily consumption, asset ownership, and economic opportunities
 - Poverty – food security nexus
- Low provision of social services and high transaction costs of economic activities
 - Often due to low population density
 - Limits growth & pushes people into agriculture as their main subsistence means
- Disproportionate reliance on agriculture
- Agriculture → 3 times more effective than other sectors in reducing poverty
- Rural poverty is at the root of urban poverty



WHAT IS NEEDED TO REDUCE HUNGER AND POVERTY?

- **Economic growth!**
 - Comparative advantage-following approach
 - Structural transformation pathway
 - Comparative advantage-defying approach
- **In agriculture-based countries, for the goal of poverty and hunger reduction, there needs to be a focus on agriculture**



INDUSTRIAL OR SMALL-HOLDER AGRICULTURE TO REDUCE POVERTY AND HUNGER?



Mechanization of agriculture

Can lead **faster to economies of scale and economic growth**

Better suited to supply urban areas with food

Faster upgrading of a country's industrial structure

Releases labour surplus for industrial sector

Can create a **positive feedback loop** that benefits agriculture, rural people and reduce poverty



Small-holder agriculture

Enables (poor) peasant's inclusion = absorb labour market surplus

Provides food security: 80% of the food supply in Asia and SSA comes from smallholders & they hold 50% of agricultural land in every developing region except LAC.

- Focus on local & national markets
- Reaches the poor through subsistence agriculture + markets
- Inverse relationship between land productivity and size
- Lower food prices

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Small-holder agriculture

Jumpstarts a bottom-up capital accumulation and formation of a capitalist farmers class that leads to an inclusive structural transformation process

Endogenous upgrading of the national comparative advantage through Global Value Chain inclusion

Impact on the Rural Nonfarm Economy

INDUSTRIAL OR SMALL-HOLDER AGRICULTURE TO REDUCE POVERTY AND HUNGER?



Mechanization of agriculture:

CON:

- Can reinforce exploitative rural dynamics and further poverty
 - i.e. India
- Tend to focus on export crops which do not translate into food security
- Hoarding of land for future use – opportunity cost in terms of food security



Small-holder agriculture:

CON:

- High transaction costs to:
 - organize and meet aggregated demand
 - Acquire necessary inputs (i.e. seeds, fertilizers, finance)
 - Access markets
- Entrepreneurship paradox
- Inelastic demand of food → decrease to redistribution of demand amongst suppliers (smallholders)
- Risk of social exclusion and adverse incorporation (i.e. GVCs)

IS SMALL-SCALE AGRICULTURE ALWAYS THE BEST OPTION?



Small-holder farmers have:

Soft constraints: access to markets, inputs and technologies

Hard constraints: dense populations, located in remote and less favoured areas



Small-holders with hard constraints should move out of agriculture, while those with soft ones should move up

HOW TO ENHANCE SMALLHOLDER FARMERS' ROLE IN REDUCING HUNGER AND POVERTY?

- **Currently Intellectual Property Regimes (IPRs):**
 - Restrict farmers' ability to sell and acquire seeds as well as engage in informal seed exchange systems (which further limits women's role).
 - Informal seed exchanges = often only source of reliable seeds especially when there is a void of public and private sector investment
 - Limits small-scale farmer innovation systems
 - Contributes to decrease of plant genetic diversity and associated knowledge
 - Limits the recognition of smallholder farmers' innovations regarding the PGRFA
- **Need to relax IPRs:**
 - IPR regimes need to reflect national realities (i.e. informal seed exchanges)
 - Potential Green Revolution by smallholder farmers in Africa
 - Can seeds (i.e. HYVs) and other agricultural inputs be considered items of first necessity and so, can they be waived? Mainly in the context of COVID-19?

HOW TO ENHANCE SMALLHOLDER FARMERS' ROLE IN REDUCING HUNGER AND POVERTY?

- Invest in agriculture R&D particularly to cater smallholder farmers' needs (i.e. high-nutrient crops and livestock varieties)
 - Technology transfer and extension services
 - R&D is the engine behind IPRs
- Support efficient and inclusive food value chains
- Facilitate a mechanism to aggregate supply and connect small-holder farmers with end consumers, bypassing the middle-men
- Invest in human capital to facilitate an exit out of poverty
- Social protection mechanisms are key to enable poverty and hunger reduction, particularly for small-holder farmers facing hard constraints