



Talking point



Agribusiness and hunger – Threat to global food security drives collaborative business models

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Well aware that small farmers are key to world food security, agribusiness players are increasingly partnering with them. They are taking practical steps to secure farmers' financial success in a sustainable way and integrate them into the global food supply chains.

Ironically, most of the world's hungry earn their living from agriculture. More than three-quarters of poor people live in rural areas, which means that most of the food insecure live in areas where food is produced. And about two billion of the world's three billion rural inhabitants live off the income generated from farming less than two hectares. Not only victims of hunger, small farmers are also part of the solution, due to their sheer number and due to their potential for boosting yields.

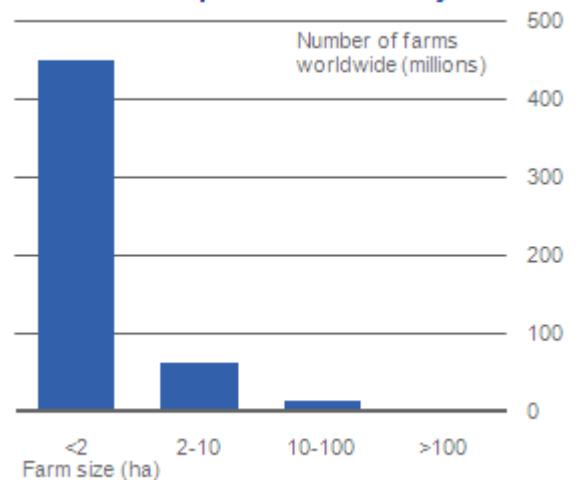
In turn, the success of the global agribusiness sector depends on the success of small farmers. Low or environmentally unsustainable yields or deciding to give up farming to migrate to urban areas potentially lead to supply shortages for the agribusiness. The rising awareness of this link is prompting a number of global food processors and retailers to take a keen interest in the commercial viability of small farms in the developing world.

The challenges facing smallholder farmers are well known. They have only limited access to the basics: assets (land, water, machinery), knowledge, affordable credit, and risk-management mechanisms. This prevents them from accessing the global supply chains. This issue is especially acute since the food system is becoming more and more concentrated. Indeed, driven by gains from economies of scale on the back of globalisation, multinational companies increasingly dominate the food sector.

Agribusiness players are, however, increasingly taking practical steps to secure sustainable financial success for small farmers and to integrate them into the global food supply chains. Some global food processors and retailers are providing thousands – sometimes hundreds of thousands – of small farmers with access to finance, guaranteed markets and technical assistance, with (up to hundreds of) agronomists training them to improve their yields and meet international accreditation standards. In some cases, a developed country government provides funding for such practices in order to minimize their risks (associated with weather events, for instance). Public private partnerships are starting to play a role, as well as partnerships with international organisations and NGOs. Further up the value chain, an innovative model is very slowly being contemplated by biotech firms: the concept of open innovation in agricultural biotechnology – sharing the tools and “operating systems” (see www.cambia.org). Better seeds can be created in an open source manner, with some parallels to software production, spurring innovation by and for the many, including small farmers and their communities.

Sustainability and traceability are other driving forces for food producers and retailers to work together with small farmers. Apart from securing their supply, the agribusiness has another motivation to take responsibility for supply chains: the increasing pressure to be transparent about working conditions at the production site, both from environmental and social points of view. Food safety issues also increasingly require traceability in global food supply chains. All in all, the concept of creating shared value in food chains is gaining ground – “conducting business in a way that not only increases value for shareholders, but also for consumers,

Smallholder production is key



Source: FAO Agricultural world census

suppliers and other business partners, and communities at large”, as reinforced by the Private Sector Statement to World Summit on Food Security last November.

Partnering with small farmers worldwide is key to ensuring food security and is also positive for environmental and social sustainability. Efficient industrial agricultural production has contributed to food security by increasing yields, but large monocultures are already associated with environmental damage, a decrease in biodiversity and a reduction in produce varieties available to consumers. Concrete examples have shown that partnerships between global players in the agribusiness and small farmers can be win-win: facilitating the latter's move towards commercial farming while producing food that meets the needs of global customers, thus benefiting the global players. Such partnerships are likely to expand in the future, out of necessity. They open a path towards a better balance between big/intensive/global and small/sustainable/local, also with approaches combining the best of both. Some parts of the solution are bound to be local – e.g. knowledge of soils and experience with local institutions – other aspects benefit from global backing, e.g. financial engineering. Exploiting these synergies will go a long way towards boosting food security as well as social and environmental sustainability.

See also:

[The global food equation: Food security in an environment of increasing scarcity](#)



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