





*Goals of Action Track 4*

Advancing equitable livelihoods requires building agency of the underrepresented -- those that lack the



and inappropriate business and financial sector operations can undermine this potential. Responsible investments in food and agriculture require the proactive engagement and commitment of all partners. It is imperative that global financial institutions and organizations cooperate towards responsible investment in agri-food value chains.

Barriers that hamper access to financing for the private sector also need to be addressed. Increasing investment and access to finance is critical to achieve rural transformation, especially for small-scale food producers and rural micro, small and medium agri-food enterprises. In this context, public finance can play an important role in supporting rural transformation and investment in food systems, mitigating risks and attracting more private investment.

### *Whose livelihoods*

Discussing food systems means going beyond the classical value chain approach. It is important to consider the multifunctionality of food and agriculture systems. AT4 had to identify the most vulnerable actors in food systems both in urban and rural areas, with a view to ensuring their human and labour rights and promoting their livelihoods. When dealing with livelihoods in agriculture and fisheries, the work must not be limited to production but also production of non-agricultural commodities. AT4 seeks to address how food systems contribute to sustainable development involving a combination of economic, social and environmental issues.

The workforce in agriculture, fisheries and food production whose livelihoods need to be improved to ensure equity and social justice are:

comprises an estimated 1 billion smallholders (self-employed) and waged, - smallholders/family farms to large commercial farms, plantations.



*Process for generating solutions*

Extensive consultation with a diverse scope of actors has enabled AT4 to



11. Commitment by main supermarket chains to buy locally

12. Global matching investment fund for small-

13. Invest in the future - making food systems finance accessible for rural people

14.



Convention No. 98 on the Right to Organise and Bargain Collectively (ILO 98) [TJETQq0.00000912 0 612 792 reW\*ñBT/F2 11.04 Tf1 0 0 1 225.29 709.54]





standards and human rights for food workers. Mr. Fakhri has illustrated this notion best in maintaining

Robust policy and regulation reform is required in order to advance access to justice for food workers. The primary systemic access to justice barriers that food workers are faced with include a) lack of adoption of international human rights and labour st



- : FSS should work to strengthen labour market governance and institutions in association with national Ministries of Labour and Agriculture, Parliamentarians, the Rome-based agricultural agencies, and the ILO. Where appropriate, labour laws governing the agricultural/food sectors should be modernised, including inclusion of clauses on determining the employment relationship. Labour markets should include access for workers and farmers to employment advisory services which can now also be provided via digital technology. The newly adopted Voluntary Guidelines for Food Systems and Nutrition (VG-FSyN) can provide guidance for country level policy (CFS, 2021).

- This is essential since often labour is the only asset possessed by the poor and working class in the food sector. This includes increasing employment opportunities (that are regulated by labour laws) and earnings through minimum wage laws. Employment opportunities and higher levels of employment and earnings for women are especially critical for empowerment and food security. The deportability of foreign migrant labour creates a vulnerability in the labour market that need to be addressed through regularisation of citizenship/immigration status.

- Improving labour market governance also requires eliminating child labour in agriculture, while addressing the competitiveness issues for agriculture, since children are often used as traditional free or low-paid labour allowing small-scale rural agriculture to remain competitive. The competitiveness of small-scale rural agriculture can be improved through government procurement schemes for commodities produced by wage labourers and small farmers, debt forgiveness and small farmer investment policies, and rural banking systems.

- that of labour hired through or by contractor and management of waged agricultural workers, including foreign migrant workers. Contractors in the

trade unions and producer organisations. This will also tackle systemic racialization and social and cultural marginalisation that pervades agricultural labour since it provides solidarity across power differentials. Trade unions can also manage savings and credit cooperatives as done in Tanzania and Uganda.

- In addition to strengthening labour regulations, there is also a need for policies that promote and strengthen local decentralized economies. Such local decentralized economies have the advantage of simultaneously cutting down the distance between producers and consumers and reducing our dependence on fossil fuels. Such local decentralized economies will lead to local-@ role in society and address discrimination against marginalized groups. Availability of sustainable livelihood also plays a key role in providing dignity, food security, and economic security to households.

Well-functioning labour markets in food systems are essential for poverty reduction for smallholder farmers, waged agricultural workers, and other food workers but labour market governance and institutions remain weak, undermining the achievement of equitable livelihoods.

Rural and urban labour markets in food systems take many forms and involve many different types of employment relationships. Food systems labour markets offer employment in both agricultural and non-agricultural sectors to skilled and unskilled labour, in self-employment and wage labour. Although wage labour is often thought of in the context of large commercial farms, plantations, or cash-crop systems, there is also an active labour market in the small-scale agriculture sector, comprised especially of women farmers, women sharecroppers, and daily and seasonal workers.

An estimated 1.1 billion people are engaged in agriculture. This includes some 300-500 million waged workers, many of whom depend on wage from jobs on plantations or large commercial farms, including aquacultural farms. Their employment can vary from full-time, casual, to seasonal and their wages are often based on piece rate work. Many of them are migrant workers from another country. Many are employed via or by labour contractors. On average, women agricultural workers form 20-30% of the waged workforce and their numbers are rising as a percentage of the workforce in most regions. In addition, large numbers of casual, temporary and seasonal workers are engaged by small and larger-scale growers.

Rural and urban labour markets tend not to function well because labour market governance and institutions are usually weak and have little capacity to directly address factors determining supply or demand for labour. Rural labour markets are largely marketing for unskilled labour where supply comes from workers with little formal education or training. The prevalence of casual labour and child labour contributes to low productivity, low wages, and weak bargaining capacity. Where small family farms predominate, much of the supply of labour is from small farmers and their families who need to supplement the income obtained from their own holdings by hiring out their labour.

Labour markets in food system are characterised by the labour monopsony (single buyer) of large corporations; rural poverty; the property inequality among rural households; seasonality, precarity, and insecurity employment; low income and indebtedness; high risk/hazardous and backbreaking nature of

and therefore continue to work in labour conditions where their livelihoods, health, well-being and even lives are threatened.

Trade liberalization and capital flows have made livelihoods in the food system even more precarious as large farms and corporations get better access to markets, can make profits in the input-intensive sector through depressing wages, by holding smallholder farmers to contract farming, and can take advantage of specific, political, economic and cultural factors (such as societal marginalisation, rural poverty, low labour power, social controls, using foreign migrant labour, etc.) to structure the local labour market. The present global restructuring of the economy and the commercialization of agriculture has led to the adoption of labour-displacing mechanization and new technologies for producing less labour-intensive crops. This has led to thousands of landless people, subsistence farmers, and wage labourers displaced and unable to sustain their livelihoods and a neo-colonisation that perpetuates and extends colonial economic and social structures.

Changes in the structure of the labour market and in the organization of work demand a new framework to understand the employment relationship. False self-employment, false subcontracting, the establishment of pseudo-cooperatives, false provision of services, and false company restructuring disguise the employment relationship. Further, precarious immigration and citizenship status of foreign migrant workers also lead to forms of employment relationship that traditional contract and employment laws and policies are unable to respond to.

The central concern that emerges in the context of the governance of labour markets in food systems, is the lack of human rights monitoring and accountability where labour standards are breached. Enterprises are able to take advantage of the low socioeconomic status of food workers, and the vulnerabilities of migrant workers, to continue to deny food workers their human rights and use monopolistic practices with impunity. Law enforcement, labour inspection, and compliance with international labour standards, among other things, are currently lacking in the international food systems labour market. Governing institutions of the international food systems labour market, such as the International Labour Organization, and the Food and Agriculture Organization of the United Nations (FAO), have yet to meaningfully capitalize on its resources and capacity to improve labour standards and monitor compliance of private and public entities that rely on the labour of food workers. But the solutions also have to address governance in general and unique concerns such as property inequality among rural households; centralization of agricultural land ownership; inter-generational occupational change; rural-urban and foreign migration; the competing demands for labour in various sectors; insecurity, unemployment and seasonality of employment; and the geographical and political isolation of the rural poor through environmental controls.



Achieving sustainable food systems that deliver food security and nutrition for all, while limiting negative environmental impacts and promoting decent work and sustainable livelihoods for workers and producers along the food supply chain, will require a strong focus on social standards, in particular the ratification





catalyse a shift in favour of a robust, normative framework of compliance for stakeholders for systemic change in shaping sustainable food systems. Promotion and ratification of international labour standards

The unequal land distribution and lack of tenure security of people who live on and from the land face adverse impact to plan, invest, and produce food undermining their productive contribution to balanced and sustainable food systems.

A recent study conducted by the International Land Coalition together with its members reveals that the top 10 percent of the rural population captures 60% of agricultural land value, while the bottom 50% only

of an estimated 2.5 billion people, most of whom depend largely on agriculture for their livelihoods. This upward trend of land inequality partly stems from the increased interest from corporate and financial actors, such as investment funds, in agricultural land investments. As corporate and financial investments grow, ownership and control of land becomes more concentrated and increasingly opaque.

Today, the largest 1 percent of farms operate integrated into the corporate food system, while over 80 percent are smallholdings of less than two hectares that are generally excluded from global food chains. Despite this growing inequality and marg

lack of tenure security and recognition for their contribution and are subject to numerous threats and vulnerabilities including land grabbing, force evictions, and adverse effects of climate change. The COVID-19 pandemic brought into the light the reliance on local food systems and role played by small holder farmers in feeding people. The insecure access to land and dispossessions undermines this positive role and contribution that are resilient, equitable, and sustainable in contexts that they operate.





sustainable food production particularly focusing on small scale producers and family farmers  Creating space for CSOs to operate independently	Use of the knowledge of local communities in food production  Increased accountability in land investment and locally driven investment in seed and genetic stock, appropriate storage and processing technologies	Increased access to local markets  Greater autonomy for local communities in land and food reliance independent from corporate production systems	
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The impact mentioned in the above table could only happen under the following assumption:

- Democratic governance framework of a country which facilitates transparent and accountable processes
- Adequate investment (financial, human etc.) by key stakeholders recognising the importance of secure land tenure in building sustainable food systems
- There is a political will to act
- Barriers for effective participation of local communities and CSOs are addressed

Further the trajectory of inputs to impact is subject to the following risks:

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Recognizing the right to land and its inextricable links in building food security and sustainable food systems is a key pillar in achieving a number of sustainable development goals in the 2030 Agenda including eradicating poverty and hunger, achieving gender parity, combating climate change, and building peaceful and livelihoods opportunities of people securing their human dignity and respecting their human rights. The Voluntary Guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security (VGGT) promote responsible governance of tenure of land, fisheries and forests, with respect to all forms of tenure to achieve food security. They serve as a reference and set of principles for country level strategies and policies. The CFS Principles for Responsible Investment in Agriculture and Food Systems known as RAI acknowledge that the starting point for defining how responsible investment in agriculture and food systems can contribute to food security and nutrition is the recognition and respect for human rights. They are a set of ten principles that apply to all types and sizes of agricultural investment including fisheries, forests and livestock.

Better land tenure, among other things, has proven to improve food security and increase investment in children education and health.	Meinzen-
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In Nepal, the devolvement of state forests into community control in the 1970s slowed deforestation and led many local communities to safeguard and restore communal forests and watersheds.

<https://www.iccaconsortium.org/>



Goal 15: Life on Land	15.3: By 2030, combat desertification, _____ _____ and soil, including land affected by desertification, drought and floods, and _____ _____
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State parties are expected to report on these land related targets in their voluntary national reviews to the SDG High Level Political Forum.

This solution particularly focuses on recognizing the individual land tenure rights of women, IPs, local communities, pastoralists and fisher folks. It has a global application in relation to land rights of women and territorial focus running across the globe in relation to the other categories. Majority of these communities live in developing countries or least developed nations and in areas with high burden of foodborne disease in relation to sub-Saharan Africa.

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[1] Family farmers, small-scale farmers, indigenous peoples, pastoralists, rural communities

[2] [https://d3o3cb4w253x5q.cloudfront.net/media/documents/2020\\_11\\_land\\_inequality\\_synthesis\\_report\\_uneven\\_ground\\_final\\_en\\_spread\\_low\\_res\\_2.pdf](https://d3o3cb4w253x5q.cloudfront.net/media/documents/2020_11_land_inequality_synthesis_report_uneven_ground_final_en_spread_low_res_2.pdf)

[3] <https://www.landcoalition.org/es/newsroom/new-report-reveals-land-inequality-worse-we-thought-and-fueling-other-inequalities/>

[4] <https://www.ifad.org/en/land>

[5] <https://sustainabledevelopment.un.org/index.php?page=view&type=400&nr=465&menu=35>

[6] International Land Coalition and Oxfam:

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Using a right-based anti-discrimination and labour rights framework including greater access to open work permits and permanent residency for migrant (foreign) workers in agriculture and across the food chain. In doing so, labour and other protections will be strengthened, and food security overall will be







of different ethnicity and race in the foreign country. Thus, their exploitation is a result of the intersections of poor labour regulations, xenophobia, and racism.







working and living conditions exacerbate the barriers in access to rights that many agricultural and rural workers may already face. Women and migrant workers often face additional challenges in participating in unions. Limited organization and voice among rural workers and employers prevent them from engaging in social dialogue and influencing legislation, and policy and decision-making process that could contribute to advancing sustainable livelihoods and food systems.

Social dialogue forums can provide effective mechanisms for identifying challenges that exist in the sector, and for elaborating solutions necessary for promoting equitable livelihoods and sustainable development.

The inclusion of issues relating to social dialogue in the agri-food sector in the discussions and conclusions of the Food Systems Summit should contribute, , to: increasing awareness among all stakeholders about the effectiveness of social dialogue mechanisms/platforms as a means to discuss problems facing the sector and identify common sustainable solutions; strengthening the commitment of governments to



Numerous ILO initiatives, policy-

While small-scale producers and farmers can be instrumental in improving rural livelihoods and enhancing food security, they are often unable to make this important contribution due to the lack of organization, which prevents them from realising economies of scale and increase market power.

Strong, independent and effective organizations of rural workers and employers is a prerequisite to the implementation of law and policy that directly affects their work and life, thereby contributing to sustainable livelihoods and inclusive development.

Cooperatives and producer organizations can:

- increase the bargaining power of smallholder farmers to ensure they capture a fair share of the value, leading to higher price yields, and can secure better prices for agricultural inputs

- pool together resources, knowledge and information to upgrade productive capacities and enhance their skills

- act as intermediaries or guarantors for borrowing by members, or through credit and loan arrangements among members, which may help their members move up the supply chain, and help give youth a lower risk

- help farmers to adopt grades and standards that enable them to capture a greater proportion of the value added of their produce helping their members comply with food safety or other industry requirements

- stimulate knowledge sharing, adoption of new technologies, training and improvements in such areas as agronomic practices; agribusiness management; post-harvest management, thereby also contributing to reducing food waste and food loss

- promote formalization and provide access to related benefits

- be particularly beneficial for vulnerable groups such as migrant and youth workers in gaining access to finance, and productive resources and participation in policy-making and democratic processes, including in leadership positions

- empower women by providing economic opportunities to women leading to increased incomes and an increased say in household decision-making

Address labour related issues (e.g. child labour, forced labour, discrimination). For example, given that the majority of cooperatives, producer and farmer associations operate in agriculture, where 71 percent of child labour is found, they can: ensure that their own business operations and their supply chains are child labour free; engage in community mobilization and awareness-raising campaigns among their members and within the communities where they operate; provide guidance and community leadership, and contribute to the planning and delivery of health, educational and other basic social services in their communities; promote livelihoods opportunities and the use of appropriate technologies as means of increasing income of their members; provide collective voice and negotiation power for their members with the public authorities in securing a range of economic and social rights including services such as child care; and stimulate decent youth employment opportunities through training and education programmes.



The proposed solution, which entails action aimed at impr

Well-suited for all countries and in particular those with large rural economies and agri-food sectors.

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Support the transition of 10 value chains in 50 countries towards solutions based on agro-ecological principles. This should rely on a strong inclusion of small farmers and indigenous communities, and be achieved by enhancing the quality and relevance of services supporting the production, transformation, distribution, promotion and market access of agroecological products.

Among the possible pathways to transform agricultural and food systems, agroecology is a nature-positive approach strongly supported by farmer organizations, researchers, civil society, innovative private firms, and a coalition of donors and countries. The HLPE report (2019)<sup>5</sup> highlights the importance of agroecology and innovative approaches (regenerative agriculture, nature based-solutions, organic agriculture or agroforestry). FAO provides principles to define agroecological approaches based on technical and social criteria<sup>6</sup>.

The thinking related to agroecology is: (i) there is an urgent need to design more resilient and sustainable farming systems and value chains especially by enhancing and making use of ecological processes and biological diversity (at crop, farm and territorial level), (ii) solutions need to take into account the needs of the actors (farmers and value chain actors) and the type of farming, and should encompass scientific and local knowledge, as well as new technologies (improved varieties, digital tools, etc.), (iii) partnerships with actors are key for co-designing both technical innovations and organizational innovations, with a have to be adapted to local situations, and (vi) the metrics of success are based on footprint analysis.

To promote agroecology at scale there is a need to enhance the quality and relevance of services supporting the agroecological production, transformation and distribution and to strengthen access to markets for agroecological products. The solution addresses these two dimensions (services and markets) in sensitive areas (e.g., the Sahelian Zone in relationship with the Great Wall Initiative for example) and specific value chains (e.g., cocoa).

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<sup>5</sup> HLPE 2019. Agroecological and other innovative approaches for sustainable agriculture and food systems that enhance food security and nutrition. A report by the High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security, Rome <http://www.fao.org/3/ca5602en/ca5602en.pdf>

<sup>6</sup> FAO. The 10 elements of agroecology guiding the transition to sustainable food and agricultural systems, <http://www.fao.org/3/I9037EN/I9037en.pdf>





agroecology would be a true departure from existing practice which has tended to invest in industrialized forms of agriculture.

A large amount of scientific evidence and experience in the field provides strong support for scaling up agroecology (see the annex for references).

There are numerous coalitions of actors who have long-supported agroecology at different levels, from local to global scales, including member states in Europe, countries in other continents, international grassroots networks and organizations, and research alliances. Some groups (countries, firms, associations) are clearly against agroecology and support high-input industrial agriculture and other Green Revolution approaches, in relationship with some elements of the private sector which invest in and profit from these technologies. The upcoming CFS PR-AEAOIA encourages their uptake as part of this solution. The upcoming CFS Policy Recommendations on Agroecological and other Innovative approaches can provide guidance at country level, and their uptake can be part of this solution.

The solution is well suited in contexts where family farms are dominant in the agricultural sector or in regions where the Green Revolution paradigm does not work or would cause irreparable environmental and economic harm (e.g., degraded areas, areas with high climatic risks, land without irrigation, and places









...ulnerable communities and marginalized groups (in particular small-scale producers and workers, informal food vendors and caterers, migrants and Indigenous people) and public and private actors interacting with them. The strategy can include a variety of components such as local digital platforms to connect consumers and caterers (in particular urban) to local farmers, and to enhance their right to health, safety and environment; access of small-scale producers and workers to data and data analytics (including on markets and weather); provision of digital extension services and services for inclusive finance. Complemented by targeted information and communication and appropriate training and support.

- u ...olicies related to social protection, poverty alleviation and livelihoods support as well as crisis management initiatives.

- u ...-level coalition of government sectors (agriculture, education, social protection, health, labour), private sector companies, training institutions, international entities and civil society (including non-governmental organizations), investment in digital skills development and development of appropriate products.

#### Private Sector Mechanism, UN HABITAT, IFAD

Addressing multidimensional poverty and promoting equitable livelihoods in both rural and urban areas is a critical dimension of food systems transformation. Governments and all stakeholders must tackle the varying layers of disadvantages faced by rural and urban poor populations, including chronic poverty and hunger, lack of access to health care, lack of infrastructure, schools and telecommunications connectivity and lack of information on resilient and sustainable food and agriculture practices in the efforts towards sustainable livelihoods and effective consumer-producer partnerships.

The whole world is in the middle of a digital revolution. Access to information and communications technologies (ICTs) in both urban and rural areas is growing rapidly. Digital approaches can fundamentally change access to and provision of all the above services. But progress is uneven in geographic and socio-economic terms and in many areas, women and youth have less access to smartphones and digital services.

The COVID-19 pandemic brought in the weaknesses of present food systems and highlighted the need for access to technology and digital connectivity for all, in particular the rural and urban poor, both as consumers (e-commerce, teleworking, online learning, dealing with social distancing, etc.) and as producers/workers. A wide strategic response to the crisis that encompasses practically every aspect related to the safety and livelihoods of local populations, such as health, social protection and solidarity networks, education, shock resilience, economic empowerment, and many more will contribute to more equitable livelihoods.

Technology and innovation from e-enterprises will help institutions and marginalized population groups by putting information, services and finance at their fingertips to strengthen their livelihoods and quality of life.

Bridging the digital divide is essential to address local socio-economic inequalities and ensure functional urban-rural linkages for inclusive territorial development. This cannot be limited to digitalization of value chains.





Dannenber, P. (2013)- [The rise of supermarket chains and the challenges for small-scale farmers in South Africa](#)

Emongor, E. (2009) - [The impact of South African supermarkets on agricultural development in the SADC](#)

Zonin, V.J. (2014)- [Supermarket chains and small farmers in Africa: A new look from the perspective of New Institutional Economics](#)

The HLPE Issues paper on COVID-19 and its impact on food security and nutrition has evidenced how, in the context of COVID-19, territorial markets, short supply chains and local distribution networks can enhance resilience of food systems.

### Main activities proposed:

A detailed draft of the Commitment, defining all the specific elements, will be produced by an inter

understood as sourcing from small-scale farmers and/or business structures that aim to share value with farmers and workers, and that guarantee a living wage or income of the farmers,

The dissemination and uptake at country level of the CFS policy Recommendations on Connecting Smallholders to Markets can be used as the basis for the development of the Commitment.

A relevant International Organization (such as the CFS Secretariat, or the FAO) will operate as main sponsor of the initiative, inviting large global supermarkets and other big food retailers to adhere to the Commitment. The intention will be to get as many adherences as possible, so the Commitment will become self-regulated (or so-everywhere).

The sponsor, via a third-party mechanism, will monitor the adherence by the signatories to the principles agreed in the Commitment, as well as the pathway towards accomplishing the target

The supermarkets will put forward, themselves, the means and ways to reach the target, undertaking the necessary investments. It will likely require a combination of these or similar activities:

- o Helping and/or other forms of effective associations in order to be able to meet the scale and volume needed to supply the supermarket.
- o Establishing for the farmers or their organizations to obtain the technology needed to be able to meet the quality and safety standards demanded by the supermarket
- o Promoting schemes (agricultural production being carried out on the basis of an agreement between the buyer and farm producers) and/or similar arrangements
- o Facilitating to place farmers in a stronger position to increase productivity and quality.

### Main assumptions:

- this way, the Commitment will not have a significant direct or immediate impact in terms of modifying the competitiveness of any of the signatories, because they all will adhere to the same policy, and face the same constrains and advantages.

. Some supermarkets are already investing on corporate social responsibility. Adhering to this commitment will provide to all of them a unified framework to focus current CSRs resources to be more targeted-driven.

Although the level of investment required to fulfil the target will likely exceed the current levels of CSR, it will also bring several opportunities to the supermarkets. By adhering to the Commitment, supermarkets will ensure reliability of the supply and ensure more resilient value chains (shorter value chains).

, so despite this commitment, the current market size for current suppliers other than small-scale famers (e.g. exports, large farmers) will not necessarily be affected this, in principle, should reduce the risk of opposition by these market players towards the proposed solution.



Impact potential at scale. The initiative will be global, implemented in dozens of countries where large supermarkets operate. It is anticipated that a significant critical mass of large supermarkets will be initial signatories of the Commitment, and that soon it will become a standard practice for the entire industry. The number of small-scale farmers that will benefit from this initiative, and increase thanks to these new market opportunities and the investments the industry will require to undertake to ensure it fulfilled the garget, can be estimated, at least, in 3% of the total number of small-scale farmer global, i.e. and their families. Beyond income improvements, the initiative will also contribute to healthier and more diverse diets, GHG emissions reductions (shorter value enchains, hence, less transportation) and other social and environmental impacts.

Sustainability. The solution is highly sustainable- it does not require a complex institutional arrangements. Experience demonstrates that smallholders and territorial markets are in many respects better equipped to deal with global challenges , such as increasing climate and price shocks.

Actionability. The main driver of this process is and there is sufficient evidence evince that the idea will get traction, especially because it will be proposed as commitment by the entire supermarket sector, so it will not modify the competition status quo.

Evidence shows that

Despite the development of the market, the number of small-scale farmers, survey







Small-scale food producers and workers. Small-scale food producers, workers and their organizations must be meaningfully involved in the formulation, implementation, monitoring and review of these

The solution also emerged from the various successful experiences in recent years, supporting small-term capital investments my matching grants, investments in agricultural value chains. The project envisages the provided matching grants to cooperatives, small and SMEs and, rural entrepreneurs or municipalities, and the investment is divided between the matching contribution (paid by the beneficiary), and the matching grant. There are also several other successful experiences supported by other donors (WB, IFAD, USAID, IFC) and governments in Ethiopia, Rwanda, Peru, and many other countries

Small-scale producers and rural coops SMEs have always faced real difficulties in accessing the funding they need to grow their businesses. With COVID-19, their situation could become even more precarious without necessary support.

Most investments in smallholder agriculture are realized by . This occurs through different modalities but mostly through labour investments to enlarge and improve the resource base, and to a lesser extent through personal savings and remittances from family members that are used for the acquisition of new, additional resources. However, these investments are limited since domestic needs receive priority when food, health or education expenditures are at risk.

in and for agriculture have fallen considerably since the 1980s. It is now widely recognized that agriculture has been neglected at both the national and international levels. Many agricultural banks (mostly linked to, and supported by, the state) have disappeared.

Meanwhile, larger mostly oriented at agro-exports have been favoured, while the smallholder sector, mainly (although far from exclusively) producing for the domestic market, has been neglected.

Prior to the COVID-19 crisis, the demand of \$240 billion far exceeded the available supply of about \$70 billion, leaving a funding gap of roughly \$170 billion. About 70 per cent of the demand of approximately 270 million small producers in Latin America, sub-Saharan Africa, and South and South-East Asia was unmet.

Smallholders constitute the majority of farm families in the world and their contributions to household, national and global food security are monumental. Smallholder agriculture is the foundation of food security in many countries and an important part of the socio/economic/ecological landscape in all countries. With urbanization, integration and globalization of markets, the sector is undergoing great transformations that are often against the interests of smallholders, and that are neither inevitable nor a matter of chance, but of social choice. Investment for agriculture and especially for smallholders is



acknowledged to be an absolute necessity, especially as the majority of the hungry people in the world are, paradoxically, small farmers. Investing in rural SMEs, coops and agri-businesses is essential to spur productivity, improve incomes and livelihoods and importantly create jobs, in particular for the youth.

A Global Fund will be established, with contributions from governments, multilateral banks, foundations and other potential donors. The Fund, to be managed by IFAD or another experienced International Organization, will define financial envelopes for different countries in the Global South, and will provide matching grants for capital investments by agriculture cooperatives, SMES and other business oriented small-scale f

All investments must respect the rights of indigenous peoples to their territories and ancestral domains, cultural heritage and landscapes, and traditional knowledge and practices.

These Matching grants are introduced in response to market failures and distortions, but their main risk may have distortive effects of their own. Distortive effects may arise from: Promoting non-viable or non-feasible enterprises or business activities; substituting savings with external grants; crowding out financial institutions and/or private investment. Possible distortive effects should be identified during the design of the Fund

Impact potential at scale. The initiative will be global, implemented in at least e.g. 20 countries. It can be estimated that capital investment of USD 3 Billion would allow 150,000 one-time (coops, SMEs, informal business - investment, a further USD 3 Billion would be mobilize.

Sustainability. The idea is for these matching grants to be a one-time kick-off investment for the the fund management would support producing, via an external third party). The business plan should confirm the viability of the business. The investments will need to be environmentally sustainable and promote agroecological practices and climate-smart investments, as well as diet diversification, resilience and women empowerment.

Actionability. There are various similar schemes already in place, implemented by IFAD and other donors- although none of this scale. A light management structure would be created for managing the fund globally. At country level the fund would be managed by designated national authorities under third party supervisory and control mechanisms.

Matching grants to support capital investments by small scale farmers have increasingly been used in the context of international development by multilateral and bilateral institutions, including IFAD and the WB. Although initially confined to public goods investments, they are being used more and more to finance prod

Evidence world-

grant programs have used the received grants mainly in improving production technology and incorporating a 0 1 72.024a5 0 65gyz a 70s & Ea. 247(10) Ad3(-)12(-13(th)8(b)4(y)-3(t)-2)10(d)3(w4(-)12rc)-5(h)4(ed g

In this regards, various countries have set matching grant schemes, e.g. in Rwanda, the Rural Investment Facility is a grant program under the Rwandan Ministry of Agriculture and Animal Resources to provide incentives for financial institutions and entrepreneurs to finance productive investments in agriculture. Working capital and operating costs do not qualify. Individuals, farmer associations, cooperatives and corporate bodies borrowing from a licensed financial institution are eligible for support.

The solution is best suited for countries where access to financial capital for investments by small-scale farmers is severely constrain which includes most of the countries Global South.

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The solution is a Global platform for digital rural finance, with 3 pillars: 1) an Innovation Fund with catalytic capital to support the development of new digital finance products, services, and business models designed for inclusive access among rural people; 2) a Technical Assistance Hub providing capital and expert support to build the capacity of rural financial service providers shifting to digital solutions and to technology providers with new business models to test for inclusion and sustainability; and 3) a Global Knowledge Hub offering a repository of good practices and convening learning events around enabling policy and regulations, digital financial literacy, consumer protection, and partnerships.

Google Form database.

Poor or no access to financial services results in economic disempowerment, marginalization, vulnerability to shocks, and limited investment capacity among hundreds of millions of people living in rural areas in emerging countries notably women and youth and people living in poverty. Given that agriculture represents a core pillar of food systems, and that rural smallholder farmers are both the most numerous among agricultural producers and a large share of people living in poverty, inclusive rural finance is an important precng countries



of different actors (notably financial institutions, technology innovators, and mobile companies) to work together to develop and adopt digital solutions on a large scale.

Access to finance as a key component of economic empowerment, which is the goal of the working group.

- More (soft) finance available to innovators and to financial institutions to develop and roll out innovative models.
- Financial institutions and financial tech innovators have a common reference point for good practices and technical know-how.
- The international community has a clear reference point to drive forward the agenda of digital rural finance.

#### Impact

- Economic empowerment of rural people living in poverty
- Economic empowerment of rural women
- Economic empowerment of rural people with disabilities
- Economic resilience of rural households

The initiative is intended to have global scale of impact (first criterion), to build on large unmet demand for finance in rural areas as well as continuing trends towards digitalization of market transaction and of a range of services that are important for both urban and rural people (key for both feasibility and sustainability). It is also intended to build on existing initiatives and capabilities among different actors, as mentioned above (important for both feasibility and sustainability).

Evidence about the impact of digital finance in terms of rural financial inclusion can be found in the studies conducted by CGAP, the MIX, and others in recent years. The evidence for the combination of innovation fund, technical assistance, and knowledge hub as three interconnected components builds but also expands on the experience of initiatives like convergence – the pre-eminent global network, repository of knowledge, and source of design funding and match-making advisory support for blended finance – or the GAVI – which includes innovative finance mechanisms and support to country level healthcare and immunization systems as well as a repository of data and analytical sources. Such examples show the importance of mutually reinforcing dynamics connecting knowledge and best practices to innovation funding and capacity building, in a continuous loop, without which the effectiveness of the solution would be more limited.

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their capacity and tools from other sources for such investments, there is a high probability of c) a larger share of PDB assets going into these investments, d) other financial institutions (e.g. commercial banks or MFIs) aligning around similar investment models for sustainable food system impact, and ultimately, e) more private capital being invested for food system transformation.

The assumptions of the solution are the following:

PDBs play a pivotal role in the context of financial ecosystems around food and agriculture and are thus a key entry point for game-changing action;

There is scope to strengthen the alignment of PDB portfolios and investment approaches to the 2030 Agenda and Paris Agreement, including in relation to food and agriculture;

PDBs like other financial institutions often face high transaction costs and risks when engaging in food and agriculture, and especially so with small-scale clients or clients with limited physical assets or credit history (agri-SMEs, smallholder farmers, small women entrepreneurs or youth);

PDBs often lack instruments to appraise investment opportunities in alignment with





access to credit. This constrains productivity, profits and economic growth. The MAC Protocol will improve access to finance and reduce credit risk by removing some of the key uncertainties around asset recovery in the event of default or insolvency, as well as providing clear priority rules. It should enable more buyers to access credit and/or to borrow on better terms, whether that means lower interest rates, longer loan duration or higher loan-to-value ratios. (MAC Protocol Economic Assessment: <https://www.unidroit.org/english/documents/2018/study72k/1808-final-mac-protocol-ea.pdf>). Theor reW\*ñBT/F2 11.0





This solution 1) reflects the escalating and cross-Action Track dialogue and momentum around the key role of agri-SMEs in strengthening agency and multi-dimensional welfare.

transformation that does not address inequalities and specific vulnerabilities risks reinforcing and

Agri-SMEs are the economic backbone of virtually every economy in the world. They generate most of the innovation, delivers goods and services to the bottom of the pyramid and can be a powerful force for into the economic mainstream. Agri-SMEs play a critical role as commercial small and medium-scale farming enterprises, providers of jobs on and off farm, service providers to small farmers and other rural and urban groups, off-takers from small farmers and suppliers to larger agribusiness. Some of them are embedded in the supply chains of larger agribusinesses and critical to a stable and transparent supply.

It is widely acknowledged, therefore, that agri-SMEs are critical players in a sustainable food system. Their needs and their specific needs are often overlooked. To shift the economics so that the socio-economic and/or environmental value of agri-SME lending is captured, innovative partnerships and comprehensive approaches are essential.

The solution will address the problem in 3 ways:

1. Convene, align and leverage the complementary efforts, resources and roles of different influential actors, working around key synergy points (e.g. digital tools, bankability and impact metrics, etc.);
2. Improve the visibility of the landscape of agri-SME support initiatives tools and resources, facilitating the avoidance of duplication and the engagement of new actors and supporters of the agenda;
3. Accelerate learning among initiatives and actors about what works and what needs improvement, ultimately enabling all of them to deliver greater value to agri-SMEs and to investors.

Supporting smaller and medium sized enterprises, which are the backbone of virtually all rural economies, yet a sector to-date overlooked and under- more equitable value distribution through strengthening the smaller, yet essential, players in the agricultural value chain.

Two of the priority groups for the AT4 Working Groups are women and youth, both of whom are positioned to benefit directly from agri-SME business development.

To-date there has been a collective failure to recognise the different drivers that a range of stakeholder groups have in strengthening agri-SMEs, to identify their strengths and specific role or responsibilities and



coalesce around a shared goal. This has resulted in a fragmented approach that is not able to best align, or leverage, extensive intel experience and resources.

This new Platform puts the agri-SMEs at the centre of the solution and positions relevant partners as delivering discrete and necessa













ganizations, NGOs and governments etc.) to take this and similar models to scale. The CFS-HLPE Report on Investing in smallholder agriculture (2013) and the related CFS recommendation provide background and guidance for country level policy. The ongoing CFS systems. The forthcoming CFS-~~Ch~~ h



strengthening social protection comes also with the need to empower communities, organizations of producers and cooperatives, it is also a way to reinforce collective actions and the social contract between the governments and their citizens.

The establishment of nationally defined social protection floors as a basic set of essential social guarantees, in cash and in kind, is key to promoting at least basic income security and access to health care, and in facilitating the enjoyment of a number of important economic and social rights by all, including the most marginalized groups. This includes guaranteeing access to social protection of those engaged in the agri-food sector, both in waged and self-employment, and the rural economy at large, the establishme

health and education, in rural areas, as well as mobile offices and digital services to facilitate access especially in remote rural areas. Social protection mechanisms can be also extended through partnerships with cooperatives and through contract farming (or out-grower schemes).

Social protection comprises a set of policies and programmes that addresses economic, environmental and social vulnerabilities to food insecurity and poverty by protecting and promoting livelihoods. It can play a protective role in providing means (cash or in kind) to access food and mitigate the impact of shocks. It can have a preventive function in averting deeper deprivation by strengthening resilience against shocks [and stresses] and preventing loss of incomes and assets. It can support the accumulation of resources to

### 3. Sustainability (i.e., the ability to keep delivering to 2030 and beyond)

The sustainability of the systems depend largely on the capacities of the Government (human and financial capacities as others). The financing of social protection floors usually relies on a combination of sources, including in particular the extension of contributory schemes to persons with contributory capacity and adapting them as necessary to the situation and needs of rural populations, and complementing them with non-contributory schemes to guarantee a nationally-defined social protection floor. Policy and financing options should be discussed in an inclusive national dialogue, guided by considerations of financial, fiscal and economic sustainability and solidarity at both national and international levels. Many countries over the world show that a universal coverage of social protection can be scaled up, sustainable and actionable. Coherence with agriculture, fisheries, livestock and forestry is necessary and should be promoted to facilitate the transformation of the food systems.

Extending social protection to all, including smallholders and micro-enterprises in food systems, as well as waged agricultural workers, many of whom are otherwise often excluded, is essential, as those face high levels of working poverty, vulnerability, malnutrition and poor health and suffer from a lack of labour, and are largely affected by climate related shocks and conflicts. Working conditions are also more difficult in agricultural sectors. Evidence shows that extending social protection:

- Contribute to the promotion of non-discrimination, gender equality and can help address the specific protection needs of disadvantaged groups, for example landless people, casual labourers, migrants, older persons, women, people living with HIV and AIDS, persons with disabilities, members of certain ethnic or religious groups;
- Reduce the vulnerability of rural producers and workers. Social insurance, social assistance and social health protection which include, among others cash transfers and social health protection that can, together with weather index insurance can improve the productivity of agri-food enterprises, especially when there are temporary drops in their economic activity. They can play a major role in sheltering rural communities from crop failures, injecting finance into cash-starved rural areas and stimulate the creation of infrastructure.

Social protection floors are an essential component of integrated policies to facilitate climate change adaptation and mitigation (prote-

Social protection interventions, including unconditional and conditional cash transfers and cash-for-work programs, can affect risk-taking and spending on inputs. Transfers can also facilitate small-scale savings or investment by serving as collateral and so enabling access to credit and agricultural insurance. Lack of insurance and exposure to shocks can drive farmers below a critical asset threshold from which recovery is not possible. In anticipation of such outcomes, poor and vulnerable households may opt for less risky technologies and portfolios. Yet these often generate lower returns, on average, trapping farmers in persistent poverty. In this context, social protection instruments, such as cash transfers, can affect the risk attitudes of farm household members by altering household wealth.

Social protection





the fishing communities depend (FAO, 2017a). Those interventions can also reinforce co-management to improve natural resource management.

- Enhancing fisheries-  
transition to alternative sources of income: Fisheries and social protection interventions may enhance fisheries-











Considering that the prevalence of inequity in food systems differs across countries, types of households and within households, between women and men, old and young, there is no specific context for which transformative approaches that drive towards the realization of these rights are thus applicable and important in all contexts.. Gender norms are often resistant to change, partly because they are widely held and practised in daily life (because they benefit the gender that already holds the balance of social and economic power). For example, family members, particularly spouses, can facilitate or constrain the

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This solution is supported by member states and EU (e.g. for cocoa), international networks and organisation and research alliances. Additionally, the growing importance of CSR gives companies economic incentives to improve the well-being of their workers, suppliers and farmers at all steps of the value chain.