



ENABLE AGRIPRENEURSHIP OF SMALLHOLDER FARMERS IN DEVELOPING COUNTRIES

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(Summary of the Research Study Report, “Closing policy gaps to enable agriprenurship of smallholder farmers in developing countries”, 2023, Saner & Yiu with Roberts, part of the Working Paper series on Development Policies, FERDI, Paris.

Smallholder farmers play a crucial role in global agriculture, yet they often face poverty and food insecurity. External factors like climate change and market consolidation further threaten their livelihoods. Agriprenurship, or entrepreneurship in agriculture, presents an opportunity for smallholder farmers to diversify their income sources and improve their resilience when facing on-going polycrisis and ensuing uncertainty.

A study undertaken by the Centre for Socio-Eco-Nomic Development in 2023 focused on the role of agriprenurship in enabling smallholder farmers to thrive in developing countries. It examines the challenges and opportunities faced by smallholder farmers, the concept of agriprenurship, and the policy environment necessary for its success. Findings and recommendations contribute to the attainment of the primary goal of the 2030 Agenda and its Sustainable Development Goals (SDGs), namely, SDG 1 in “ending poverty in all its forms everywhere”. Successful agriprenurship of smallholder farmers in developing countries can potentially create sustainable livelihoods for over 500 million small landholder farmers globally who comprised a large proportion of the world’s poor living on less than 2 US\$ a day.

Findings of the CSEND study revealed that agriprenurship offers smallholder farmers the chance to supplement their income through off-farm activities and value-added agricultural ventures. However, access to critical resources such as finance, technology, and infrastructure remains a significant challenge that hinder the performance improvement and revenue growth of these small farmers. Policies that concurrently and holistically promote entrepreneurship, improve access to resources, and create an enabling environment are essential for the success of agriprenurship. The key findings are:

1. Agriprenurship as a Pathway for Smallholder Farmers:

Agriprenurship was identified as a vital pathway to strengthen the capacity and improve the livelihood of smallholder farmers. This approach requires creating supportive environments that enrich smallholder farmers' knowledge and skills, thereby transforming them into agents of change.

2. Access Barriers at Micro and Meso Levels:

Critical barriers at the micro level were mentioned that limit access to agricultural inputs, finance, technology, and market information. At the meso level, the creation of a supportive ecosystem for agriprenurship required enhancing access to financial institutions, promoting sustainable agricultural practices, and facilitating the adoption of voluntary sustainability standards.

3. Gender and Youth Focus:

Specific challenges are faced by women and youth that include sociocultural constraints, limited access to finance, lack of education, and inadequate business skills. Policies need to be gender-sensitive and youth-inclusive to empower these groups effectively.

4. Educational and Training Interventions:

A strong emphasis needed to be put by governments on education and training to equip smallholder farmers with modern agricultural techniques, business acumen, and digital literacy. This was said as being

crucial for leveraging agripreneurship opportunities and integrating smallholders into broader market systems.

5. Policy formulation at Macro and Meta Levels:

At the macro level, policies should focus on creating a regulatory environment that supports agripreneurship through better market access, fair trade practices, and digital transformation. At the meta level, a justice and rights-based approach to international trade laws could significantly influence the success of agripreneurial initiatives.

6. Leveraging Cooperative Models:

Cooperatives play a critical role in mitigating risks by sharing knowledge and enhancing market power for smallholder farmers. Cooperatives have been identified as promoting sustainability and help farmers manage resources more effectively.

7. Digital Divide and Infrastructure Needs:

Bridging the digital divide and improving infrastructure were mentioned as being pivotal for enabling smallholder farmers to access new markets and adopt innovative farming practices. Investments in digital infrastructure and literacy are essential for the full participation of farmers in the digital economy.

8. Importance of Co-Creation:

Supporting co-creation was mentioned as being very useful in increasing business opportunities and increasing income. It involves multiple stakeholders, including smallholder farmers, coming together to develop new knowledge and practices that benefit the entire agricultural value chain. Example: The "e-Choupal" initiative by ITC in India demonstrates successful co-creation by providing farmers with digital tools for accessing market data and agronomic information, leading to improved yields and economic conditions.

9. Transformative Potential of Co-Creation:

Traditionally transactional relationships within the agriculture and food value chain are being transformed into interdependent ecosystems through co-creation. Through active participation and engagement of the stakeholders this methodology should help correct outdated business models, address unfair relationships, and mitigate market failures.

10. Future Research Directions:

More research is needed to refine policy interventions and develop effective strategies that support smallholder agripreneurship. This includes exploring new financing models and enhancing the implementation of education and extension services.

The CSEND study provides a comprehensive analysis of the levels of interventions that are necessary to promote agripreneurship among smallholder farmers, highlighting the importance of access, education, policy support, and cooperative models. The following recommendations aim to address both immediate and systemic barriers, facilitating a transition from subsistence to sustainable agripreneurial activities.

Recommendations:

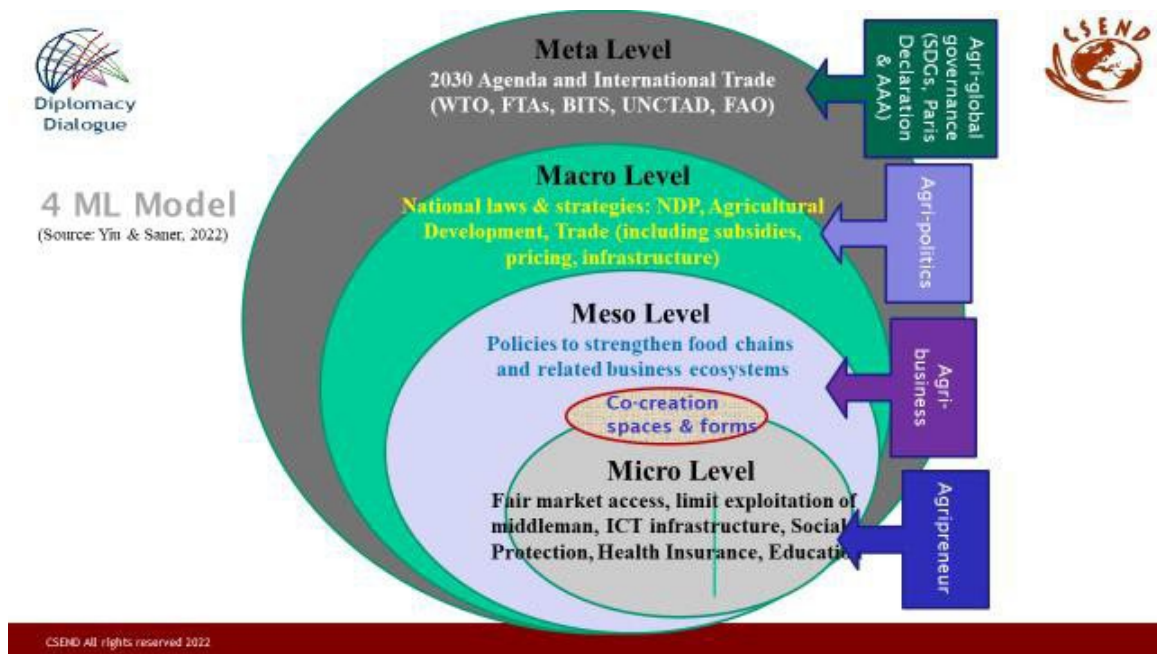
Access to Resources: Governments should prioritize the provision of affordable access to non-land inputs, credit, and agricultural technology. Training and capacity-building programmes should also be implemented to enhance smallholder farmers' awareness and skills in sustainable farming practices and leveraging societal resources.

Digital Connectivity: Investing in digital infrastructure and e-commerce platforms would help smallholder farmers access markets and information more effectively. Smart agribusiness initiatives should be encouraged to leverage technology for agricultural development.

Policy Support: Governments should create a supportive regulatory environment for agripreneurship, including policies that facilitate business registration, access to finance, and market access. Special economic zones and incentives for entrepreneurship can foster a conducive business environment.

Inclusive Development: Policies should be designed to ensure inclusive economic development, with a focus on gender equality and social inclusion. Efforts should be made to address the specific needs of marginalized groups and remote communities.

Effective policy interventions need to be undertaken at multilevels, namely, micro, meso, macro and meta levels, forming an integrative and coherent policy portfolio for strategic prioritisation and targeting. An ad hoc and/or uncoordinated approach will not be able achieve the desired return on investment nor nurture a dynamic and thriving ecosystem to strengthen the growth potential of the agricultural sector in developing countries.



Micro level (Agripreneurship): This level encompasses smallholder farmers and their entrepreneurial activities. Policies at this level aim to intensify agricultural productivity through interactions between smallholder farmers and local markets. Suggestions include creating public food markets exclusively for smallholder entrepreneurs and supporting them in moving up the value chain for product diversification and non-farming-based income generation. Policies need to address literacy and knowledge gaps and be non-exploitative and non-discriminatory.

Meso level (Agri-Business): Effective policies at this level would strengthen existing and emerging food chains and related business ecosystems. This involves preventing discriminatory practices in market access, anti-competitive behaviours, and ensuring small farmers have access to agricultural inputs.

Macro level (Agri-Politics): This pertains to divergent and convergent stakeholder interests and political objectives. Policies here need to balance support between large industrial enterprises and small local organizations, ensuring transparency, protection of smallholder farmers, and sustainable resource management.

Meta level (Agri-global governance): Concerns the global governance system impacting agricultural development and trade. Policies should aim to limit agro-industry oligopolies, preserve biodiversity, ensure food security, and promote sustainability at local, regional, and global levels.

The **connecting tissues** between these levels, in addition to the multilevel governance mechanisms, are the co-creation spaces, where stakeholders collaborate to develop new knowledge and practices beneficial to all. The concept of co-creation means to foster coordination and synergy between the micro and meso levels of agriculture. It highlights the importance of policies supporting agripreneurship among smallholder farmers and the overlap between micro and meso levels in agricultural markets, transparent food distribution systems, and sustainable ecosystems.

Conclusion:

Co-creation involves stakeholders coming together to develop new knowledge and practices, expanding agripreneurship from individual to community levels. Examples like the ITC's "e-Choupal" initiative illustrate how co-creation can improve yield and economic conditions. The CSEND study also emphasizes the transformation of traditional transactional processes into interdependent ecosystems through purposeful co-creation. Additionally, it suggests that co-creation can correct outdated business models, strengthen cooperatives, and promote cross-border trade.

The research method of this study involved a panel of experts providing perspectives on agricultural policy interventions, barriers to rural development, and services promoting income generation. The study identified key themes such as access to credit/finance, youth development/engagement, access to education, access to markets, information exchange/technical assistance, climate resilience/sustainability/green economy, and access to digital infrastructure, based on responses from stakeholders including government authorities, academia, and advocacy organizations.

Cooperatives are pivotal in pooling resources than can enhance efficiency and productivity in agricultural production, processing, and distribution. They enable farmers to become more aware of market conditions and engage in cross-border trade, improving their market power and economic stability. An apex organisation, consisting of cooperatives of similar sector (vertical integration) and of a connected supply and value chain (horizontal integration) may be a potent aggregator for the sustainable development of the agro-sector and a key policy instrument for fair and inclusive prosperity.

Agripreneurship holds significant potential for transforming smallholder farming and promoting sustainable rural development. By addressing the challenges faced by smallholder farmers and creating an enabling policy environment, governments can unlock the full potential of agripreneurship to alleviate poverty, improve food security, and foster economic growth in developing countries. Success of the enabling policy framework for agripreneurship development in developing countries requires a whole of government approach and a multilevel governance system. With institutionalised practices and scaffolding for policy coordination and consultation, new values and policy impact on poverty reduction and food security could then be co-created over time.

Reference

Closing policy gaps to enable agripreneurship of smallholder farmers in developing countries, 2023, Saner & Yiu with Roberts, *Working Paper on Development Policies*, Number 322, FERDI, Paris, April.

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