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## Small farmers, big business

Rural economies in developing countries need to be strengthened in order to meet the challenges of the population explosion, climate change, water scarcity and competition from non-food crops. Promoting value chains is an effective tool but this requires private sector investment and engagement. How to achieve this was the subject of a high-level panel discussion forming part of the 2012 European Development Days event, hosted by the European Commission, in Brussels, Belgium, in October.

*Small Farmers, Big Business? Engaging the Private Sector in*

*Sustainable Agricultural Development*, was jointly organized by the United Nations Industrial Development Organization (UNIDO), German International Cooperation (GIZ), the Europe-Africa-Caribbean-Pacific Liaison Committee (COLEACP/PIP) and SNV Netherlands Development Organization.

The panel discussion was the opportunity for an in-depth exchange of views and ideas between representatives of the public and private sectors, and development agencies involved in sustainable agriculture, value chains, and smallholder support programmes. Panellists considered what needs to be done to ensure poorer producers and workers benefit from participation in local, regional

**Left to right: Hans-Jürgen Matern, Metro Group, Kristian Schmidt, European Commission and Apollo Owuor, Kenya Horticultural Exporters.**

and global value chains, and identified key messages for donors, governments and companies.

One of the participants, Apollo Owuor, Director of Agriculture and Corporate Affairs at Kenya Horticultural Exporters, said, "Aligned partnership with some of our customers in Europe has given us the leverage to be able to give opportunities to most smallholders to participate in the supply chain, and that is pretty much why our business is becoming very successful."

Hans-Jürgen Matern, Head of Sustainability and Regulatory Affairs at Metro Group, the

world's fifth-largest retailer, which works with UNIDO in the framework of the Sustainable Supplier Development Programme, said, "As a retailer, we need hundreds of products but a lower volume than some of our competitors. So, we want to be close to the producer. Many of them have high-quality standards, but not all of them. So, we need to help them produce what the consumers want. And we also exclude the middle man, who does not care about quality."

During the discussion, a representative of the European Commission declared that it is keen to promote equal power relations between smallholder farmers and the private sector in developing countries. Kristian Schmidt, Director of the European Commission's Human

Development Department in the Directorate-General for Development and Cooperation, said, "We agree that the private sector needs to play a strong role here... We will make sure, with our support to African farmers' associations, that there is an equal power relationship between the private sector and farmers."

Summing up, Tanja Gönner, Chair of the Management Board of GIZ, said, "Supporting value chains between small farmers and big business requires networking between small farmers organizations and the private sector, governmental organizations and development partners; and it requires openness to mutual learning processes and applied research at national and local level."