

IOB Dialogue Food for thought

Review of Dutch food security policy 2012-2016

May 31, 2018

Plenary session

Plenary propositions

- 1. *Don't work in silo's, but combine and maximise the benefits on all three sub-objectives of SDG2.***

The Dutch food security policy that follows SDG 2 with its 3 sub-objectives: (i) reducing malnutrition, (ii) increase smallholder farmer production, and (iii) developing sustainable food production systems, has the risk of creating silos of separate activities. To develop a coherent food security programme, a more holistic approach is needed, which combines these objectives, and generates benefits for the food system as a whole.

- 2. *Embassies should carry the ball to develop a coherent food security programme, based on a country food system analysis.***

A food systems approach requires an analysis of food insecurity, of the surrounding system from production to consumption, and of the context. This is only feasible at country level. Therefore, the embassy is best positioned to do such an analysis, as part of their multi annual strategic planning, before developing a food security programme.

- 3. *Farmer extension should be given more emphasis in the future portfolio of projects, next to value chain development and agricultural research.***

“Agricultural research supported by the Netherlands is likely to pay off substantially. A good link between research and extension is crucial, however, and part of the success claimed by research should also be credited to farmer extension and the input value chain development needed for distributing new innovations.” (page 18 of IOB review)

Parallel sessions

Session 1 - Food and Nutrition Security (and inclusiveness)

IOB summarized Dutch food security policy 2012-2016 in three policy objectives (i) sustainably increasing agricultural production – including improving climate resilience, (ii) improving access to nutritious food, and (iii) improving the enabling business environment. As expected, the second objective, accounting for 12% of total expenditure, has the clearest effects on reducing hunger and malnutrition. But across the board, Dutch food security policy has contributed only to a limited extent to the global goal of reducing hunger and malnutrition. This (limited) contribution covered the four dimensions of food and nutrition security: making food more *available* and *accessible* and (but to a lesser extent) to *stabilizing* food access and food *utilization*. The effect of agricultural development projects under the first objective, accounting to 56% of total expenditure, is uncertain; the relationship between production and income, and improved nutrition, is not as straightforward as (implicitly) assumed by policy, and many activities are not inclusive of poorer farmers. In particular, the effectiveness of value chain development on nutrition depends on a *nutrition-sensitive* choice of target groups of producers, product, market, and final consumers. An important determinant of the nutritional outcome of an agricultural intervention is the type of crop promoted, since this affects the availability (and price) of nutritious food and of off-farm employment opportunities, and women's decision-making power within the farm household. Important indirect structural effects through increased food availability and employment remain speculative, as these have not been included in project design, monitoring, and evaluation.

IOB recommends a more holistic approach that considers the food system as a whole: from production, trade, and processing, to consumption. This entails developing an integrated programme rather than funding diverse projects with isolated objectives. It requires a better analysis of the food security situation: taking the rural and urban food-insecure consumer as the starting point for project design in which nutrition-sensitive agriculture is one possible solution; paying more attention to gender in intra-household dynamics; and involving both the public and private sectors in encouraging consumers to make healthy food choices.

Propositions

- 1. Without a food systems analysis at country level, agricultural development interventions will not contribute much to reducing hunger and malnutrition.**

What is needed is an analysis of (i) food insecurity (where and who are the food insecure people?), and of (ii) the corresponding food system (how does the food system from production to consumption function for these people? how can this be improved, directly or indirectly?). Only then can interventions cleverly be chosen that contribute to food security.

- 2. Shift the focus from the producer to the consumer in designing food security interventions.**

The Dutch food security policy has placed most efforts on agricultural production and markets. The focus should shift from working on the production and supply side: with farmers as starting point; to working on the consumption and demand side: with food insecure consumers and the triple burden of malnutrition as starting point.

Session 2 - Inclusive agricultural transformation and rural transition

After formulating an overarching Dutch policy on aid, trade and investments in 2013, Dutch policy-makers turned their attention to food security policy – a domain in which the Netherlands and some of its partner countries could transform their relationship from ‘aid to trade’.¹ Because of the desire to combine food security policy with private sector development, most projects in the Dutch portfolio focused on market-oriented agricultural development. To a lesser extent, programmes also targeted poorer farmers with less commercial potential, for example through multi-donor productive safety nets and through IFAD. The dilemma is to what extent one should continue to support smallholder (subsistence) farmers with little commercial potential, whose farms are expected to be no longer viable in the near future.

IOB recommends using a differentiated targeting of farmers, anticipating agricultural transformation and rural transition. Some farmers may be helped by enabling them to transition to commercial farming (stepping up). For others it would be better to leave agriculture and to find off-farm employment (stepping out). In addition, policies should also acknowledge that for many others, subsistence farming remains their only livelihood option for the time being (hanging in). For the commercially-oriented farmers, it is important to focus on helping them to be assured of income, while for subsistence farmers, a stronger focus on nutrition will be important. By emphasising commercial agricultural development, the Netherlands tends to address mainly the stepping-up farmers, yet an inclusive policy for development in a broader sense also needs a strategy to address the farmers who are stepping out or hanging in.

Propositions

1. *Anticipate to agricultural transformation and rural transition: help people to step out of (smallholder) farming.*

Besides working for (i) (smallholder) farmers with potential to produce for the market (‘stepping up’), the Dutch development policy should also support (ii) people leaving (smallholder) farming (‘stepping out’), to work in food related areas (e.g. in enterprises in agro-processing, transport, packaging, agro-technology etc.), or other economic sectors.

2. *Don’t neglect smallholder farmers that remain dependent on subsistence farming in the near future.*

The Dutch development policy should not neglect (iii) the large group of farmers for whom stepping up or stepping out is no option, and who remain dependent on subsistence farming in the near future (‘hanging in’). This group of farmers need a different type of support, e.g. in agriculture, more focused on nutrition than on income, or social safety nets.

¹ The Dutch partner countries considered to be ‘transition countries’ that could move from an aid relationship to a trade relationship were Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique, and Uganda.

Session 3 - Public-private partnerships

Public–private partnerships (PPPs) are increasingly used as a funding mechanism. They have several potential advantages, including the leverage of private sector knowledge and finance, a reach extending to large groups of producers, employees and consumers, and their financially sustainable market-based solutions. However, PPPs also have the risk of limited additionality, private interests overshadowing public interests, and limited inclusiveness of smallholder farmers.

Several of the PPPs are value chain development projects, some of them led by a lead firm. These have demonstrated the advantages of reaching large numbers of farmers and of leveraging private sector resources. However, there are also risks relating to the effectiveness of this approach in meeting development objectives. First, public funds transferred to lead firms to develop the value chain might not be additional to what the private sector would have contributed in the absence of the funds. Secondly, misalignment of private and public objectives might result in lower social and environmental benefits than expected. Thirdly, these value chains often work with a selected group of market-oriented, well-organized farmers who are often the ‘better-off’ farmers, leaving the majority of smallholder farmers unserved. The impact of these lead firm value chain project projects on overall income of poorer farmers or environmental sustainability is therefore often limited.

More research is needed, to find (i) the right conditions for different types of public–private partnerships to contribute to public objectives effectively and efficiently, and (ii) the optimal balance between directly supporting the private sector through such partnerships and supporting the enabling business environment.

IOB recommends continuing with public–private partnerships for leverage and impact, but additionally ensure awareness of potential conflicts between public and private interests, and that the public interests are anchored in project design and monitoring. A study comparing different partnership designs and financing modalities of public–private partnerships, investigating the optimal balance between supporting the private sector directly and supporting the enabling business environment, could guide future private sector instruments for food security.

Propositions

- 1. Without a not-for profit actor in the lead, public private partnerships may contribute too little to public objectives.**

The IOB review notes the risk that private interests may overshadow public interests in the current PPP practice. Therefore, PPPs should be led by a not-for-profit actor, acting as an intermediary that can balance various interests.

- 2. Dutch ODA should not be spent on supporting specific companies, but only on the enabling business environment (roads, infrastructure, etc).**

Rather than supporting private sector in specific agricultural sectors in which the Netherlands have a particular strength, Dutch ODA should be spent on enabling business environments (e.g. roads, infrastructure, education, policy). This also facilitates partner country’s ownership of the development agenda.

Session 4 - Environmental sustainability of food systems (and inclusiveness)

The second global food security goal, besides the goal of addressing hunger and malnutrition, is to develop sustainable food systems that are able to feed the world also beyond 2050. The IOB report has found very little information in the available evaluations about the sustainability aspects of agriculture. Natural resource management for sustainable and climate-smart agriculture includes several water management projects which have had substantial effects on farm production and income. However, there is no evidence of positive effects on environmental sustainability. There are no impact evaluations yet of the recent Dutch-supported IFAD climate change adaptation programme. Furthermore, across the portfolio, there is no information about project effects on long-term environmental sustainability. This is partly due to the absence of a country analysis of the sustainability issues that need to be addressed, and to difficulties in capturing sustainability by monitoring and evaluating.

IOB recommends making a greater contribution to sustainable food systems to feed the world in the future. The strengths of developing a value chain that considers the whole food system from production to consumption should be combined with seeking solutions for long-term challenges to sustainability: production efficiency, inclusiveness, climate resilience, sustainability, nutrition and health, and a conducive business environment. This requires a good context analysis plus a context-specific strategy and programme, backed up by systematic monitoring and evaluation.

Propositions

- 1. Don't support agricultural sectors that have large negative environmental and climate effects.**

Rather than limiting the potential environmental damage that certain agricultural sectors may have (e.g. water use, deforestation, pollution), limit the choice of sectors to be supported by Dutch ODA, based on an environmental context analysis at country or global level, and environmental impact assessments for the various sectors (e.g. irrigated rice, horticulture, dairy).

- 2. To reach environmental sustainability goals, the Netherlands should only invest in long term programmes (more than 10 years),**

Improving the sustainability of agricultural production systems requires (i) a good context analysis of the environmental challenges, (ii) context-specific strategies for agricultural development, backed up by (iii) systematic monitoring and evaluation. This cannot be done in a period less than 10 years.