

The small farming sector's productive role in an age of liberalisation

Workshop Report

The workshop "*The small farming sector's productive role in an age of liberalisation*", organised by PIEB-IIED and Cedla-KIT, was held on 25-26 February 2003 in La Paz, Bolivia, and brought together researchers, professionals and representatives of international cooperation agencies from Bolivia, Peru, Ecuador, Venezuela, Argentina, the UK, the Netherlands and Belgium. The workshop had the following objectives:

1. Establish a research agenda for the Andean countries with researchers from the region and their partners in the North.
2. Identify the parameters of the Andean small farming sector's reality as an input for influencing policy.

In order to achieve these objectives, the first day of the workshop was devoted to specific observations by the participants about the Andean small farming sector's reality today, and particularly the presentation and discussion of 4 papers about this issue, two based on studies carried out in Bolivia, one from Peru and one from Ecuador. A set of underlying key themes in these studies was also identified on day one. The second day was devoted to the discussion of some of these themes, with the aim of identifying focal points that should be taken into account, both in research and in action.

This workshop report starts by mentioning some of the participants' concerns about the small farming sector today. Next, and in more detail, it summarises the discussions about how to research, and act upon, certain key cross-cutting themes. Summaries of the presentations and the list of participants are included in appendices.

Reflections on the sector

As a first exercise, participants were asked to say how optimistic or pessimistic they are about the small farming sector's productive potential. Although it was a subjective exercise, the balance of responses was striking: 11 people were rather pessimistic, only 5 were optimistic and several people declined to express an opinion. In general terms, being pessimistic did not imply any negative judgement or contempt for the small farming population; instead, it reflected a pessimism about the macroeconomic and policy context, a context in which participants perceived:

- a confusion or simply lack of interest on the part of the region's states with regard to designing policies for the sector's productive development
- the existence of macroeconomic policies that, in many cases, by permitting the entry of cheap imports, were damaging to the competitiveness of small farmers' produce, and in the end left very few windows of opportunity for small Andean producers.

Furthermore, some participants mentioned that pressures on the small farming sector might have had the effect of speeding up processes whereby people abandon farming. This would have happened anyway, both as a result of the nature of capitalist development (which, according to this view, necessarily leads to the destruction of the

small farming sector), and as a consequence of the small farming population's own aspirations ("so far I have never met a single small farmer who wants to continue being one", one participant commented).

Optimism was based on the fact that the Andean small farming sector has survived until today. Also, certain trends encouraging optimism can be seen in some places – for example, the return of young people from cities to rural areas, and the success of certain projects and some small farmers in substantially improving productivity.

Themes for research and action

The following were identified by the participants and the authors of the Cedla-KIT and PIEB-IIED studies as the cross-cutting themes and key questions that needed to be borne in mind during the workshop. They are not in any order of priority.

1. What are the conditions in the small farming sector? In empirical terms, what impact has liberalisation and the opening up of markets had on production by small farmers?
2. What role does small-scale agriculture play in rural development? This broad theme had several sub-themes:
 - a. does investment in small-scale agriculture have a multiplier effect?
 - b. is the small farming sector competitive? does it have comparative advantages?
 - c. does investment in the small farming sector have a productive justification, or rather a social justification?
3. Have state policies focused too much on export-oriented agriculture, leaving NGOs and other private bodies in charge of the small farming sector and production for the domestic market?
4. Has decentralisation had an effect on production by small farmers and indigenous peoples? Has it been the opportunity it was presented to be?
5. Do the Small Farmers Economic Organisations (OECAs) represent an appropriate response to the current context? Is too much expected of these organisations?
6. What are the obstacles – technological, legal, economic, political, etc – preventing a qualitative leap forward in the productivity of small-scale agriculture?
7. What absorption capacity do Andean rural areas have? Would it be possible for the rural farming economy to sustain a larger rural population?
8. Land tenure and natural resources.
9. What are the possibilities and needs of the population that migrates from rural areas to cities and lives with one foot in the rural community and the other in the city?

10. To what extent are trends in public expenditure consistent with public policies? Does public expenditure reflect the priorities expressed in policies, or does it reflect other priorities that manifest themselves in practice? How does consensus and dissent arise in the process of defining policies and implementing public expenditure?
11. Which could be the third generation reforms to promote greater social inclusion and poverty reduction? What possibilities are there for the state to be a strategic ally in encouraging production by the small farming sector? What possibilities are there for the private sector to be a strategic ally in encouraging production by the small farming sector?

Priority themes for research and action

On the basis of these themes, the presentations and the discussions around the presentations, at the end of the first day 5 themes were identified as possibly having higher priority, both for a research programme and for policies and interventions. During the second day of the workshop, participants discussed how these themes could take shape in an agenda for research and action.

A comment on research

In discussing an agenda for research, it is important to differentiate between 3 types of research and recognise that each type is important in certain contexts and at certain times. *Applied research* refers to those studies that respond to the demands of other stakeholders and have a very specific objective related to addressing or solving some type of challenge or problem – in this case in relation to projects or policies. *Strategic research* is a type of research that, although it is related to some sort of project or policy, is not directly concerned with solving a problem. Instead, it attempts to produce information that could guide the medium- and long-term political strategies of a set of stakeholders, without offering specific recommendations. Finally, *basic research* attempts to produce basic knowledge (on the factors determining migration, for example, or the rural population's perceptions of the national state) that could be relevant to interventions but that does not directly address either action or strategy questions. It is important to note that strategic and basic research has a very important role to play in the production of teaching materials that can be used to train future generations of professionals. In the absence of such materials, these professionals will be trained using teaching materials based on out-of-date interpretations and analyses, and they will therefore undertake inappropriate interventions.

In the discussion of the following key themes, an attempt was made to differentiate between agendas for applied research and strategic and basic research. However, participants stressed that all types of research are crucially important, and commented that international cooperation's tendency to sideline strategic and basic research has had negative repercussions both on interventions and policy design and on the professional and academic training of those who work on rural development issues.

Theme 1: rural-urban relations and multifunctional livelihood strategies

While some participants suggested that more in-depth knowledge is needed about the importance of agriculture in the rural family economy today, the general opinion was that

rural-urban relations, migration and multifunctionality are key themes, both for interventions and for research.

The growing importance of rural-urban relations in rural livelihood strategies implies that in future no rural development programme should be solely agricultural or solely rural. It also implies that programmes should have resources to carry out applied research on rural-urban dynamics and livelihood strategies in their areas of work, in order to target their interventions better.

With regard to more strategic and basic research, it was recommended firstly that this should work with already existing data in the form of censuses and other sources. In some cases it will be important to carry out additional empirical studies, because censuses do not gather all the necessary information and because substantial changes may have taken place since the last census (for example, the crisis in small-scale agriculture and the explosion in international migration in Ecuador as a result of dollarisation, the increase in production costs following dollarisation and the impossibility of competing with cheaper agricultural imports from neighbouring countries). One objective of such studies would be to lead to the design of new models of rural households' economic behaviour. It would also be useful to design modules that could be included in future surveys, specifically to gather information on these issues.

There are several methodological options for such studies. They could be based on national-level comparisons between countries in Latin America, comparisons between different rural and urban spaces in one country, household-level studies (on households' livelihood strategies and the distribution of time between different activities, for example), or studies of different chains of production and how rural and urban spaces are linked.

The possible areas of empirical focus for such studies include the following: the factors that determine migration; the role of migration (including international migration) and remittances in the rural-urban economy; the effects of opening up the economy on the relations between rural areas and the city and on small farmers' strategies; changes in waged work in export-oriented agriculture; and, at a more organisational level, the factors that make integration between rural development policies and urban development policies difficult. In these studies it is advisable to include specialists in urban issues together with rural specialists.

Theme 2: obstacles to increasing productivity levels and small farmers' incomes

In broad terms, two types of obstacle limiting productivity levels in the small farming sector can be noted:

1. obstacles that have to do with constraints in the asset base controlled by the rural family (e.g. their access to education, health, credit, infrastructure, etc). These studies would identify the combinations of assets that could have the most impact on productivity and the incomes of small farming families.
2. obstacles that have to do with the relationship between the family and its economic, political, social and legal environment, and that have the effect of reducing the benefits (and aggravating the negative effects) of macro and sectoral policies in the small farming sector. This second type of barrier could be due both to the absence of the state or the market, and to faults in the way the state and the market operate.

These studies would identify the barriers of a socio-economic and political nature that impede access by small farming families (and their organisations) to markets, production support services and the political institutions used by elites to protect their privileges.

Within this theme, it would be most important to focus research on those obstacles that damage relationships between the family and the market at the regional level. Research of a more applied nature would be based on identifying nearby obstacles (e.g. the absence of market infrastructure, financial systems, roads, etc) and on defining what to do to overcome these obstacles.

Strategic and basic research would focus on factors of a more structural nature that explain these obstacles (factors that might have to do with macroeconomic arrangements, inter-ethnic relations, power and gender relations, etc). This strategic-basic research will also have implications for public action, but in the long term. In both cases there is an important role for comparative research.

Theme 3: decentralisation and new rural institutionalality

Although decentralisation is very much in vogue, there were many doubts about its benefits. In many cases municipal governments are seen to be simply managing poverty. They do not have the resources needed to carry out interventions with a greater impact on production by small farmers.

In this context, a more empirical research agenda, somewhere between strategic and basic, was proposed. The objective would be to produce knowledge that could be presented to the state and international cooperation (especially the World Bank) to inform more prudent progress with the decentralisation agenda.

Themes identified for research were:

- a more descriptive analysis that would document what has happened to date under decentralisation, and look at the implications it has had for different types of local stakeholders.
- an analysis of the relationship between efforts (e.g. by many NGOs) to promote local democracy and changes at the level of the economy of small-scale production – with the aim of analysing the impact of social inclusion at the municipal level on rural poverty.
- an analysis of the conditions under which decentralisation leads, or does not lead, to an increase in corruption at the municipal level.
- an analysis of how national policies for rural development link up with municipal governments – in a context in which ministries have almost no presence in rural areas.

Two points requiring caution were identified:

- as decentralisation is more advanced in Bolivia, this would be a research agenda for Bolivia more than for other countries

- in any comparative study, it will be important to design the research very well, ensuring that it has proper controls in place.

Theme 4: the role of the state in rural development, and the possibility of it being able to take on new roles in encouraging production by small farmers

It was clear to all that the state has to take on new roles to promote rural development. Even so, it was felt that there was not much leeway for the state to take on these new roles (due to budgetary constraints, amongst other reasons). At the same time, there was a certain amount of caution about suggesting which policies should be aimed at overcoming the types of barrier or obstacle identified in theme 2. In other words, the results of research on theme 2 would therefore be very relevant to policies.

There was also agreement that, as a basic principle, the state has to take on more of a leading role to bring about equal opportunities in society, so that everyone (especially small farmers and indigenous peoples) can participate with equal possibilities under the rules of the game of the reigning economic model. One example of this sort of intervention would be land reform, but following models such as those in Brazil where land redistribution mechanisms continue to respect the basic principles of private property. Another example would be the provision of public goods, such as education or health services and nutritional support for children in the first few years of their life.

For research (especially strategic research) it would be most important to study the state in its current guises. Four themes were identified:

- study of the state's pronouncements in the area of agricultural development, and the consistency, coherence and implications of these – with the aim of informing the public.
- study of the nature, efficiency and quality of public expenditure in the rural sector – with the aim of identifying inefficiencies, informing the public about them and suggesting how to overcome them.
- study of the state's practices in implementing public spending – in order to identify whether or not practices diverge from formal policies and how, amongst other objectives.
- study of how the rural population perceives the state – with the aim of understanding how to strengthen the state's legitimacy (this was identified as a political issue of prime importance at a time when the state's legitimacy is so weak).

In each case emphasis was placed on the need to make the results of these studies available to the public (e.g. via a sort of public policy observatory) so that people can demand greater efficiency from the state.

Theme 5^a: How do the key ideas that influence the definition of public policies take shape? 5^b: How can research have a greater impact on public policies?

Although theme 5^a arose several times during the first day, after discussing it in more detail it was decided that it was not a priority theme for research because it was too “esoteric.” However, some participants recognised that:

- research has a responsibility to analyse and criticise the theoretical coherence and consistency of public policies
- it is important that we understand how public policies are formulated and how the ideas that influence them are directed at the small farming sector
- research has a role in building new theories that could influence public policies.

The impact of research on policy (theme 5b) continues to be an issue of great concern and it was clear that there was not much agreement or clarity about how to achieve this objective. The following were suggested as possible strategies:

- the re-creation of “*think tanks*” (centres of excellence in research for development). One lesson from the 1950s and 60s – when Latin American research had a great deal more influence on policy – is that these “*think tanks*” played a leading role. Today many of these centres have been closed down or are now much weaker due to the lack of funding.
- dialogue with several different stakeholders (social organisations, decision-makers, ...) about research results. In the opinion of some participants, it is most important to seek dialogue with the social organisations so that they can (if they want) take the research results on board in their own lobbying strategies.
- Greater creativity in seeking ways and means to disseminate research so that it reaches various stakeholders.