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ECONOMIC INCLUSION

Agri-Services

Making rural services work for
small-scale producers and poor
family farmers

The issue

About 75 percent of the world's poor live in rural areas and depend on agriculture for their livelihoods. Most are small-scale producers – farmers, pastoralists, fishers or forest users. They often operate in scattered or marginal areas and have little voice or organization when it comes to their own or local development. They face major constraints, hampering their ability to scale up their operations and take advantage of new opportunities to improve their livelihoods and get out of poverty. Beyond access to productive resources such as land and water, a critical factor affecting the livelihoods of small-scale producers is their capacity to manage limited resources and assets in a profitable and sustainable way.

Scalability of production and small enterprises is fundamental to economic growth. Producers need to develop the agility to harness rapid advances in agricultural knowledge and technologies and to adapt practices in response to new opportunities for greater income and diversification. Critical to making this leap are services that enable small-scale farmers and producers to acquire new knowledge and skills and benefit from suitable technologies. In addition, they need access to financial services and the know-how to manage their farms as sustainable businesses, as well as the ability to organize themselves into cooperatives to enhance their operations and market their produce efficiently.

The action

The Agri-Services programme builds on the premise that for poor rural households to move and remain out of poverty, women and men need equitable access to resources and services. They also need links and networks to reach markets, diversify and benefit from wider socio-economic opportunities. Evidence shows that access to services is greatly facilitated by engaging multiple service providers from the public and private sectors, producer organizations and civil-society groups (pluralistic service systems). Such systems and networks draw on the comparative advantages of each actor and the complementarity of services they provide, with producer organizations playing a key role in service provision and market access. The programme will (1) analyse the status of rural services from a systems perspective, (2) inform and facilitate national dialogue and policy development, (3) develop institutional capacity to ensure inclusive access to rural services and (4) foster exchange and learning across countries and regions on scalable strategies.

Note: Rural services within this programme cover advisory, financial, business and market support.

The issue in numbers



Over **70%**

of the world's very poor people live in rural areas and 75% are smallholders



Over **75%**

of farms have no interaction with extension agents



46%

of adults in developing countries (most of them women) do not have a transaction account

Programme targets



10

national strategies in place, with institutional capacity to offer inclusive rural services



200

producer organizations per country increase their capacity to deliver services and link to markets



20 000

small-scale producers benefit from improved services

The budget



USD 35 million



5 years



10 countries

Expected results

- Create an enabling environment and viable institutional arrangements for pluralistic services that are responsive to rural poor/small-scale family farmers, including a strengthened role for producer organizations;
- Develop institutional capacities and coordination mechanisms among service providers from the public and private sector and producer organizations;
- Strengthen producer organizations to achieve their potential in service provision, business management and market access, creating linkages for collaboration with the public and private sectors;
- Facilitate global dialogue and cross-country and inter-regional exchange and learning on improving access to services.

Geographic focus

In the first phase, the programme will be implemented in 10 countries, selected based on national priorities.

In partnership with

Partners will include government institutions at different levels, the public and private sectors, producer and civil-society organizations, academic and research institutions. Special emphasis will be placed on producers' organizations, which will have a dual role to play, as direct providers and mediators to other service providers and value-chain actors. South-South Cooperation and triangular exchange within and between regions will also provide learning and exchange opportunities for the engagement of diverse stakeholders.

FAO has an ongoing collaboration in this field with the International Fund for Agricultural Development, the Self Employed Women's Association, the International Cooperative Alliance and its regional office in Africa.



SDG contribution



Access to services equals opportunity

The provision of productive inputs, services, help in linking to markets and training for poor rural women has allowed 11 percent of the programme's target group in Bangladesh to move out of extreme poverty. Labour productivity is up 15 percent and earnings have risen 38 percent. Similar findings have been observed in Ethiopia, Ghana, Honduras, India, Pakistan and Peru. Investing more resources in better access to services means boosting rural people's agency to improve their livelihoods. In the Philippines, FAO has been helping to develop the competence and skills of frontline agricultural technicians and provincial specialists in farm business management and marketing. The project aims to support agribusiness, increasing farmers' agricultural profit through stronger market linkages. The approach has been mainstreamed into the work programme of national institutions.



Why invest?

To feed the growing population, investment in developing-country agriculture needs to increase 50 percent by 2050. Ending hunger cannot be achieved without first meeting farmers' needs, however. There is abundant evidence that when small-scale producers have access to information, technical advice, quality inputs, business and organizational skills, and marketing support, their productivity and incomes increase. This results in new investment and wealth within their communities. Experience shows some 20 percent return on investment in the majority of rural advisory-service initiatives. Further investment in this programme can develop new opportunities, respond to market demand and create long-term economic benefits for both farmers and service providers.

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