

S.14 Empowering Smallholders as Informed Market Players: Farm Business School Approach

1. What, in brief, is the solution?

The Farm Business School (FBS) is a curriculum-based participatory approach developed by FAO to strengthen capacities of service providers and farmers in transitioning towards market-orientation and “farming as a business”. FBS aims to build farmers’ capacity in farm business management and develop their entrepreneurial skills making farm operations profitable and responsive to the market demands. The Farm Business School approach is based on an unconventional and conducive learning space where small groups of farmers exchange knowledge, experiences, and practices. The learning takes place at the village level and at farmers' pace based on a "learning by doing" approach. The simple, yet comprehensive, FBS curriculum is designed to guide farmers over the full farm business cycle, with basic concepts and exercises on business planning, farm management, and financial literacy. FBS are generally organized by extension workers and lead farmers who facilitate relevant sessions. The FBS contents and approach are meant to foster participants’ critical thinking so they can analyse their situation, identify opportunities for improvement, make strategic decisions to enhance their farm business and implement them. By fostering the use of key decision-making tools like farm business plans, the FBS approach enhances farmers’ ability to be in control of their farm business, to assess their production and management practices, and to enhance their access to market for increased income and enhanced livelihood. The FBS approach was systematized in a comprehensive FBS training package serving as a master reference for the design, implementation, and evaluation of FBS as well as for the development and contextualization of training materials in different countries. The information included in the FBS “universal” training package is therefore general in nature, however they capture the essential features of farming as a business for FBS practitioners to review, restructure and adapt to the local context.

2. What was/were the source(s) from which this solution emerged?

FAO developed the Farm Business School Approach in 2004 to support extension services and, in turn, smallholder farmers to cope with major global dynamics emerged over the last thirty years and which contributed re-shaping the rural landscape from an economic, demographic, institutional and environmental perspective. These include:

- globalization, economic liberalization, structural adjustments, decreasing role of the state in managing national economy and consequent difficulties for farmers to enter formal markets
- Volatility in the supply of basic food
- Demographic changes: rural-urban migration (rise in urban wage rates)
- Increase demand for (higher value) food in urban areas
- Decreasing land holding size of smallholders also due to conversion of agricultural land to other uses
- Weakening of public extension/ advisory services, rise of private sector as service provider, more complex access to services

The above changes heavily affected the way food system worked and required an exceptional adjustment and repositioning efforts by both public extensions and small-scale farmers. Particularly, they entailed a profound shift of focus from production solely to market-oriented farm management to ensure the profitability of farming enterprises and make sure that farmers achieve better control over them. This transition required the acquisition of new knowledge and capacities in market-oriented farming and entrepreneurial attitude towards enhanced farm commercialization.

3. What problem is it trying to address within food systems?

The Farm Business School approach addresses those information asymmetries and power dynamics preventing smallholders' participation in value chains and profitable markets, and constraining their livelihood and income, with women, youth and other vulnerable groups being at a particular disadvantage. These challenges include, inter alia, limited access to information and advisory services (financial and non-financial) to enhance competitiveness and profitability, limited networking, voice and bargaining power and limited participation in collective action. These factors limit farmers' decision making power and entrepreneurial attitude. Notably, despite their fragmentation and small size, smallholders' farms provide food for a large part of the world's population and play a key role in ensuring food security and nutrition. This paradox points to the need of addressing inequalities and patterns of exclusion characterizing food systems and the disproportionate distribution of benefits along the value chain. It also signals the importance of supporting extension and rural advisory services in providing farmers with relevant advice and actionable solutions, to be able to drive inclusivity in the food system.

4. Why is addressing that problem important for achieving the goal of your working group?

By addressing the above challenges, the FBS approach empowers smallholders to gain control over their farm business, enabling them to make informed decisions and act upon them to sustain and expand their livelihoods. Farm Business Schools elicit smallholders' understanding of their farm business positioning in food systems and of existing market dynamics. Also, the FBS approach triggers farmers' collective action and participation in rural organizations. In this perspective, FBS enhance smallholders' voice and participation in policy debates. As a place-based initiative, the Farm Business School constitutes one of the territorial drivers that contribute influencing the way actors operate and make decisions in the food chain, with potential outcomes at socio-economic, environmental, and territorial governance levels as well as in terms of food security and nutrition.

5. How can this solution address that problem (theory of change)?

The FBS theory of change holds that capacity development inputs, complemented with facilitation of access to market and services, empower smallholders in making informed decisions and to act upon them to effectively operate in the marketplace (individually or collectively), hence increasing profitability and expanding their livelihoods. The above description of causal linkages offers insight into various and relevant impact dimensions spanning the short, the medium and the long term. The FBS approach favours smallholders' ability to make strategic choices and to act upon them to produce desired outcomes, in a context where this ability was previously limited or non-existing.

6. Why does this solution align to the definition and criteria for a 'game changing solution' developed by the Summit?

According to the Food System Summit, a "game changing solution" is a feasible action which can be sustained over time that would shift the capacity of food systems to advance global goals." The Farm Business School Approach is designed to reduce dependence on external support sources. Also, it is designed to be embedded in the public and non-public advisory service system, to ensure methodological and developmental sustainability. Sustainability is also favoured by the peer to peer learning dimension fostered at field level, hence promoting knowledge generation within farming communities with a diffused approach. The FBS Approach is based on a synergistic effort encompassing different dimensions including the policy level (macro), the service provision level (meso) and the farm level (micro). The Farm Business School Approach embraces these three dimensions to ensure ownership, sustainability, replicability, scaling up and institutionalization.

7. Existing evidence supporting the argument that this solution will work, or at least achieve the initial outcomes

FBS have been consistently promoted by FAO in a variety of countries in South East Asia, Africa and the Near East. Countries where the FBS approach has been institutionalized by public extension and advisory services so far include the Philippines and Malawi.

FAO has recently undertaken a review of FBS experiences, considering 18 FAO FBS projects implemented since 2004 . The review indicates FBS contribution in terms of enhanced market-orientation and advisory capacities of service providers. As per farmers, FBS have contributed enhancing the following:

- Access to information, business advisory and financial services
- Farmers' market-orientation, farm management knowledge (business planning/risk assessment), skills, better practices
- Farmers' financial literacy and credit worthiness
- Group organization and collective action
- Market access, participation in value chains
- Competitiveness and profitability

In the Philippines (2012 -2014) FAO piloted 72 FBS targeting 1615 farmers. The project fostered contract farming and the creation of favourable and sustainable market linkages. There, the FBS approach was taken to national scale through institutionalization by public extension services. FBS are now present in all the 12 regions of the country and have evolved to address resilience and innovation through "Climate Smart FBS". In the Philippines, FBS participants have established fruitful collaborations with social enterprises. For instance, some 300 FBS participants regularly supply the socially engaged company OrganicOptions Inc. Monthly supplies amount to 40-45 tons fruits and vegetables. Organic Options Inc. guarantees an additional 10 percent premium to the amount. These supplies derived farmers a 64 percent income increase as compared to trading in regional wholesale market. The Company engages in the free of charge training of farmers in quality and organic production, encourages farmers to consume organic products and to sell to different marketing companies to reduce the risks attached to dealing with a single buyer. It also invites farmers to become shareholders in the company for a more equal distribution of value .

In Lebanon, in 2019, FAO established 9 FBS pilots which trained 91 farmers (25 percent women). There, FBS were conducive to farmers' change of focus, from production solely to profitability, through the adoption of key management practices, such as farm business feasibility plans. Also, FBS contributed to enhancing entrepreneurial skills and market-orientation of farmers. In addition, FBS strengthened farmers' capacities to cope with shocks and disruptions like COVID-19, including, inter alia, the valorisation of local networks, markets, and resources. The experience is being taken to scale through integration in new programmes with the establishment of 50 additional schools and curricula adaptation for 150 women-led cooperatives and 250 women groups . The FBS approach is gradually being implemented in other countries in the Near East Region.

8. What is the current and/or likely political support for this idea?

The Farm Business School Approach has been institutionalized in the advisory service system in the Philippines and in Malawi. The Approach has garnered the interest of public sector institutions across several countries as well as of non-government organizations.

9. Are there certain contexts for which this solution is particularly well suited, or, not well-suited?

The Approach is suited in all contexts where there is a need to enhance farm business management skills.

Sources:

Empowering smallholders as informed market players: practices and lessons from Farm Business Schools in Asia, Africa and the Near East. (FAO, forthcoming)

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