



SHARP Strategy – The Next Phase to 2020

Smallholder **A**cceleration through **R**esponsible **P**roduction and **S**ourcing

1. Why a SHARP Partnership?

Smallholder agricultural commodity production is a major component in international supply chains for food, fuel and fiber. It represents an important opportunity for rural populations around the world to generate income and improve livelihoods. At the same time smallholder production has environmental and social impacts which need to be reconciled with concerns over the sustainable management of the world's natural resources.

Many companies working in agricultural supply chains have made commitments on responsible sourcing. As they move forward on these commitments they face many challenges in working with smallholder suppliers. To engage and support these smallholders on managing risk and improving production practices they need practical solutions. These are best developed by pooling the ideas and resources of multiple stakeholders. The SHARP Partnership provides a neutral space and enabling environment for a concerted effort between companies, civil society organisations and other interested parties to develop the tools and approaches that can provide shared solutions on responsible sourcing from smallholders. SHARP serves as a catalyst, drawing together knowledge and experience across sectors, supply chains and regions to facilitate this common endeavour.

The evolving strategic context for the work of the SHARP Partnership is summarised in **Annex I**.

2. The Goal

To expand opportunities for responsible smallholder production to improve their livelihoods while reducing risks related to unsustainable production in the supply chains of agricultural commodities.

3. The SHARP Approach

The point of departure for SHARP is that sustainability of smallholder production is the concern of all companies in a supply chain. This suggests a new paradigm for engagement between supply chain actors and smallholder producers which presumes company commitment to and investment in continuous development of their smallholder supply base. Market demand for control of environmental and social risk (with or without certified standards) should act as a stimulus for improvement rather than a pretext for exclusion from responsible supply chains.

Companies need a starting point for this process, in the form of a framework for engagement with smallholders providing a first level of risk assessment, a pathway to risk control/mitigation and guidance on monitoring and communication on this work. They also need to invest in supporting their smallholder suppliers to improve their production practices and control risks.



They also need to interpret concepts and principles established or emerging through international agreements, declarations and round tables (such as HCV, HCS, FPIC) in smallholder landscapes, applying cost-effective yet robust methodologies suited to farmers' needs and capacities.

The SHARP partnership enables:

- Development of tools and approaches that can help companies to manage risks to sustainable sourcing while supporting smallholders to continuously improve production practices and livelihood security
- Convening of project specific partnerships to scale up the implementation of such tools and approaches and integrate their application with new and existing initiatives
- Translation of issues around company-smallholder engagement into landscape level approaches
- Facilitation of mutual learning and review to adapt and develop tools, identify and address emerging needs and build common understanding on good practice in smallholder supplier engagement

4. Nature of partnership

The partnership is open to any organisation committed to SHARP's objectives, which focus on sustainable livelihoods, increased yields, environmental benefits, smallholder empowerment and market integration. Implicit in these objectives is the sharing of relevant information on their work with smallholders.

SHARP partners work together to build capacity for smallholder engagement, align around common solutions, exchange information and form public-private partnerships to bring together the resources, the knowledge, skills and capacity to realise change at scale.

SHARP partners can put forward ideas to help meet SHARP objectives and lead the development of projects and implementing their ideas. The SHARP Secretariat can support such initiatives and help convene partners and sharing lessons learned.

The Proforest Initiative hosts the SHARP Secretariat. In addition, Proforest group seeks to act as a partner in its own right to support delivering the SHARP objectives through developing and implementing tools at scale.

Structure and roles anticipated in the next phase of SHARP are outlines in **Annex II**.

5. Building on Success

SHARP has already:

- Created space for discussion on company engagement with smallholder suppliers, stimulating dialogue between stakeholders on models for smallholder development.
- Realised a better understanding of barriers and solutions to smallholder inclusion in responsible supply chains.
- Prompted recognition of smallholder support needs and promoted the concept of combining demands on responsible production with measures to address support needs to realise smallholder inclusion in sustainable supply chains.
- Convened dynamic working groups to develop solutions and tools to assist in responsible smallholder production, notably a framework for Responsible Sourcing from Smallholders (RSS) and a simplified HCV approach for smallholders.
- Demonstrated proof of concept for both these tools through their application in the field.

High levels of interest from companies in adopting existing SHARP tools and approaches at scale reflect the major emerging demand to address the challenge of smallholder inclusion in responsible supply chains.

6. Summary Theory of Change for the next phase of SHARP

SHARP convenes multiple stakeholders to facilitate shared learning, informing the refinement and adaptation of RSS and other SHARP tools and approaches for smallholder engagement. Through mobilising their resources and implementation of these tools and approaches at scale, companies can help smallholders improve their organisational and technical capacity. As a result, there is continuous improvement in production practices and adoption of precautionary practices. At the same time companies and smallholders develop closer working relationships on risk control and alignment with responsible sourcing commitments. Smallholders improve the efficiency of their production and expand their opportunities to access stable and lucrative markets, to the benefit of their livelihoods.

A diagrammatic representation and more detailed version of this narrative is presented in **Annex III**.

7. Themes for the next phase of SHARP

- Develop, refine and disseminate practical open-source tools and approaches that enable companies to engage with their smallholder suppliers on risk control and improvement of production practices. RSS will be at the heart of this, complemented by the simplified HCV approach for smallholders and other tools.
- Convene partnerships and collaborations to scale up application on responsible sourcing from smallholders to supply shed level.
- Continue to facilitate the flow of pre-commercial information and shared learning between partners to address emerging issues around smallholder integration into responsible supply chains.

Annexes

Annex I

Strategic Context

- Growing demand for food, fuel and fibre from industrial crops, especially in emerging markets which have (to date) been less discerning on responsible sourcing
- National governments looking for elevator industries to create opportunities for rural populations to improve their livelihoods
- Policy makers' recognition of social and economic returns from pursuing smallholder development
- Climate change threat to production systems and livelihoods
- Concerns over climate impact of forest conversion to agriculture
- Growing international alignment on company commitments to responsible sourcing
- Efforts of certification bodies in adapting their standards for application to smallholder producers

Annex II

Structure, roles and responsibilities within the SHARP Partnership

All SHARP Partners

- Contribute to ongoing learning and development on SHARP themes according to the specific interests of each partner:
 - Share lessons learned of implementing SHARP tools, including the RSS and HCV for smallholders, in order to help further improve the tools.
 - Launch new ideas, initiate the development of further tools and initiate collaboration to work on solutions related to supporting responsible smallholder production.
 - Channelling inputs through SHARP practitioner groups wherever appropriate.
- Support uptake and scale up of RSS and HCV for smallholder approach through awareness raising, development of training materials and building global capacity for implementation.
- Seek to integrate SHARP tools and approaches in their own programmes, projects and working practices.
- Develop models that help mobilise resources from companies along the supply chains to support smallholders in responsible production.
- Identify emerging issues and themes they wish to see addressed by the partnership as a whole, or for discussion between individual partners
- Look for opportunities to use partnership in their local contexts, with or without direct involvement of the SHARP Secretariat

SHARP Practitioner Group(s)

- Convened to respond to common interests of certain SHARP partners in a specific issue or theme, or around the application of a given SHARP tool or approach
- On the issue, theme, approach in question:
 - Exchange ideas and practical experience
 - Facilitate ongoing learning, consolidation of lessons
 - Coordinate/plan for future cooperation between SHARP partners
 - Conceptualise new tools and approaches and/or adaptations or improvement to existing ones



SHARP Advisory Committee

- General purpose of this committee is to support the ongoing development of the partnership.
- Specific roles:
 - Strategic advice, notably in review and development of future strategy for the SHARP Partnership.
 - Technical advice to guide the work of the SHARP Secretariat, which may include review of effectiveness and efficiency of individual SHARP tools and approaches.
 - A source of specialist knowledge and political perspectives on emerging/changing agendas in their respective sectors (business, social, environmental).
 - Networking and disseminating information, on behalf of the partnership generally and the Secretariat in particular.
 - Acting as think-tank, proposing and reflecting ideas between each other to generate proposals for new initiatives.

SHARP Secretariat

- Convene partners interested to:
 - Develop tools and approaches that can help companies to manage risks to sustainable sourcing while supporting smallholders to continuously improve production practices and livelihood security
 - Scale up the implementation of such tools and approaches and integrate their application with new and existing initiatives
- Reviews and adapts tools based on lessons learned and feedback from partners
- Shares lessons learned and promotes mutual learning, including building common understanding on good practice in smallholder supplier engagement.

Annex III

SHARP Theory of Change

Narrative

The SHARP Secretariat leads on development of tools and approaches for smallholder engagement, supported by SHARP partners. It achieves this through serving as a neutral convener to facilitate shared learning by SHARP partners. It can instigate the mobilisation of supply chain resources to deliver support to smallholders in the context of the RSS framework.

The RSS framework provides a new paradigm for engagement between supply chain actors and smallholder producers, working on the assumption that sustainability of smallholder production is the concern of all companies in these supply chains. It provides these companies with a framework for engagement with their smallholder supply base, a first level of risk assessment, a pathway to risk control/mitigation and guidance on monitoring and communication on this work. It requires that supply chain companies commit resources to this process, this being a significant intermediate outcome for SHARP.

The application of the RSS framework, as described in RSS Guidance Documentation, anticipates ownership of the process by an Implementing Entity (IE). This IE is usually a mill, crusher, dealer or producer association. The IE should correspond to the first point of aggregation for smallholder produce and should be in direct contact with smallholder producers. It is this IE that will frame the scope of application and set the agenda for framing objectives for the process.

Application of the RSS framework is a recursive process, with monitoring and review informing an evolution of priorities. As measures to control risk are introduced and production practices are continuously improved, smallholder support is re-targeted accordingly.

Risks to core issues of sustainability are controlled through adoption of precautionary practices and exclusion of unacceptable practices by smallholders themselves. This is the change in behaviour that lies at the core of the SHARP Theory of Change. It presumes that smallholders organise themselves into groups able to institute internal control systems and serve as a conduit for support and capacity building on production practices.

With their production practices aligned to company responsible sourcing requirements smallholders will secure access to more reliable and lucrative markets. At the same time improved production efficiency will increase yields. Together these factors will increase financial returns and security of income for smallholder farmers.



SHARP

SHARP Theory of Change Diagram

