



# **GUIDE TO INCLUSIVE VALUE CHAINS**

**Creating jobs and driving  
local development**

**Solidaridad**

**ETHICAL  
TRADE**  
DENMARK

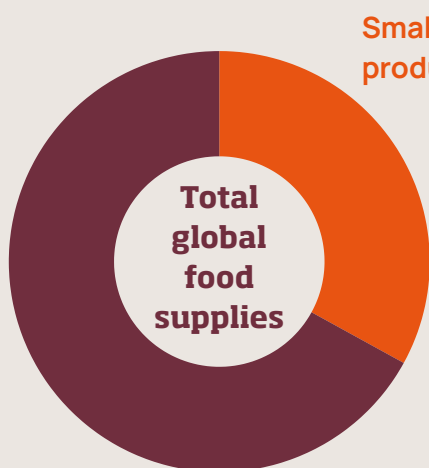
# Introduction:

## Doing the right thing for smallholders is smart business

One-third of the world's food supplies are produced by the nearly 500.000 smallholders globally.

Yet, many smallholders, especially in the global south, remain trapped in poverty, cut off from e.g., finance, markets, data related to ESG, price, and harvesting insights, as well as basic infrastructure.

This implies that it is impossible for most of them to sustain a decent living and invest in the required sustainable farming methods.



Smallholder production

At the same time, smallholders are disproportionately hit by climate change, loss of biodiversity, market shocks, and systemic inequalities. Without increased inclusion and empowerment of smallholders in global value chains, sustainability is not possible.


Smallholders occupy  
only **21%** of the  
gross agricultural area  
while producing a  
significant portion of the  
food supply [1]

For most businesses, sustainability is no longer a nice-to-have, but a strategic necessity. As mankind repeatedly transgresses planetary boundaries and ESG expectations continue to grow, businesses which depend on global sourcing face a simple choice: **Either invest in smallholders to reduce ESG risks and secure your future business model – or lose in a competitive market, increasingly geared for sustainability and sustainable solutions.**

On the opportunity side, smallholders are a powerful force for transformation. When given the right tools, training, and fair compensation, smallholder farmers can e.g., **drive innovation in regenerative agriculture, enhance biodiversity, and strengthen food security across continents**. Supporting their inclusion in global value chains can build more resilient supply chains, support climate adaptation on the ground, open new markets, foster brand trust, and ensure long-term viability in a constrained world.

Without smallholders, there will be no food security. With them, we can build a truly resilient economy. Hence, EU businesses must shift their mindset from extractive growth models to sustainable partnerships that enable smallholders to prosper and lead the transformation of global food systems.

**This 10-steps guide outlines how EU companies can better meet ESG ambitions and requirements as well as create shared value by investing in those who feed the world.**



**The guide contains 10 crucially important steps showing how a company can work to promote smallholder inclusion.** These basic steps can inspire your company to decide where to start, how to ensure the right focus, and how to structure the ESG work related to smallholder inclusion dilemmas. To ensure focus and a clear line of sight, the 10 steps are intentionally kept very short and basic. Reflecting that the world is often more complex, links to relevant Solidaridad resources containing deeper insights, background, and guidance are provided under most of the steps.

# GUIDE FOR PROMOTING SMALLHOLDER INCLUSION IN GLOBAL VALUE CHAINS

## Step 1. Conduct human rights and environmental due diligence

**Why?** Your business is required to identify, prevent, and mitigate adverse ESG impacts.

- Map your supply chain to identify smallholders and associated risks
- Include gender-disaggregated data in the mapping
- Prioritise action in areas facing extreme climate and poverty-related vulnerabilities
- Engage directly with smallholder communities and civil society organisations  
Solidaridad can connect you with representatives from smallholder communities in areas you source from and facilitate the dialogue [2]

## Step 2. Establish fair pricing models to promote living income

**Why?** Most smallholders earn below subsistence levels. This undermines long-term sustainability.

- Adopt living income benchmarks, not just minimum wages
- Shift away from exploitative pricing structures to ensure value redistribution [3], [4]
- Include premiums for regenerative or ecosystem-protecting practices [5]

# GUIDE FOR PROMOTING SMALLHOLDER INCLUSION IN GLOBAL VALUE CHAINS

## Step 3. Facilitate access to finance, land, and water

**Why?** Many smallholders cannot invest in their farms due to lack of access to basic resources.

- Partner with local financial institutions and governments to offer low-interest loans
- Support land tenure rights, particularly for women, youth, and indigenous peoples [6]
- Invest in equitable water access infrastructure and rights advocacy

## Step 4. Reward ecosystem services and regenerative practices

**Why?** Smallholder efforts to e.g. manage biodiversity and sequester carbon often go uncompensated.

- Set up compensation schemes e.g. for carbon capture, biodiversity protection, agroecological transitions, and diversification of crops
- Recognise and reward traditional sustainable practices
- Support the promotion of certification schemes adapted to smallholder realities
- Reward smallholder farmers for capturing CO2 in trees and soil [7]

# GUIDE FOR PROMOTING SMALLHOLDER INCLUSION IN GLOBAL VALUE CHAINS

## Step 5. Invest in capacity building and technical training

**Why?** Many smallholders lack access to education and sustainable, profitable farming techniques.

- Fund training in organic fertiliser use, crop diversification, and climate-resilient practices
- Include digital and financial literacy programs
- Ensure inclusion of women and youth in all capacity-building efforts

## Step 6. Restructure supply chains for increased inclusion and equity

**Why?** Power imbalances favor large agribusinesses; smallholders often have little negotiating power.

- Shift from top-down procurement to partnership models
- Integrate producer organisations and cooperatives into decision-making
- Build long-term contracts and fair-trade relationships – e.g., develop 2-way code of conduct through stakeholder engagement with suppliers and smallholder producers

# GUIDE FOR PROMOTING SMALLHOLDER INCLUSION IN GLOBAL VALUE CHAINS

## Step 7. Ensure equitable participation in the data economy

**Why?** Data is becoming a key commodity; smallholders must have fair access and agency.

- Support local data ownership initiatives
- Provide access to real-time ESG, climate, price, and agronomic data in local languages
- Avoid exploitative digital platforms – support open, inclusive tech

## Step 8. Enhance infrastructure; Cooling, energy, and transport

**Why?** Post-harvest loss and poor logistics reduce income and productivity for many smallholders.

- Invest in decentralised cooling systems and solar energy
- Develop climate-smart storage and transport systems
- Partner with local entrepreneurs to co-develop locally adapted infrastructure solutions

# GUIDE FOR PROMOTING SMALLHOLDER INCLUSION IN GLOBAL VALUE CHAINS

## Step 9. Promote market access and farm diversification

**Why?** Smallholders need resilient income streams and better links to global and local markets.

- Facilitate ESG certification and traceability to access premium markets
- Support cooperatives in marketing value-added products
- Encourage agroforestry, livestock integration, or craft production to reduce risk [8]

## Step 10. Prioritise the equality of gender, youth, and indigenous peoples to redistribute power

**Why?** These groups are critical to Agri-production - but often under-resourced and underrepresented.

- Ensure equal access to resources, land titles, and training
- Create incentives for smallholders and farms that demonstrate equity in sourcing
- Support their leadership in producer organisations

# References

[1] <https://www.fao.org/newsroom/detail/Small-family-farmers-produce-a-third-of-the-world-s-food/en>

[2] <https://www.solidaridadnetwork.org/>

[3] <https://www.solidaridadnetwork.org/publications/the-grounds-for-sharing-a-study-of-value-distribution-in-the-coffee-industry/>


[4] [https://www.solidaridadnetwork.org/wp-content/uploads/2023/03/Solidaridad\\_-\\_Price-in-global-commodity-value-chains\\_FINAL.pdf](https://www.solidaridadnetwork.org/wp-content/uploads/2023/03/Solidaridad_-_Price-in-global-commodity-value-chains_FINAL.pdf)

[5] <https://www.solidaridadnetwork.org/news/a-partnership-to-foster-regenerative-agriculture/>

[6] <https://www.solidaridadnetwork.org/story/improving-womens-right-to-land-in-traditional-communities-in-nigeria/>

[7] <https://www.solidaridadnetwork.org/wp-content/uploads/2025/04/Nature-based-solutions-Solidaridad-Explainer.pdf>

[8] <https://www.solidaridadnetwork.org/theme/market-uptake/>



**Solidaridad** is an international civil society organisation working to foster more sustainable supply chains. The organisation works in over 40 countries, on five continents, and through seven independently supervised regional offices. Solidaridad works throughout the whole supply chain to make sustainability the norm and enable farmers and workers to earn a decent income, produce in balance with nature, and shape their own future.

**Ethical Trade Denmark** is the Danish platform for sustainable value chains. The organisation works to promote sustainable development through responsible trade and strengthens knowledge, competencies, dialogue, and collaboration between businesses, trade unions, civil society, industry organisations, and public actors on social responsibility and sustainability in global value chains.

**Solidaridad**

**ETHICAL  
TRADE**  
DENMARK