



Bvumbwe market, Malawi, 2009; improved irrigation makes tomatoes a successful crop for a farmers' cooperative. Photo: Abi Trayler-Smith

# POWER, RIGHTS, AND INCLUSIVE MARKETS

## Public policies that support small-scale agriculture

By supporting small-scale agricultural producers, policy makers in governments and donor agencies can help some of the poorest people in the world to improve their livelihoods. Unfortunately, evidence suggests that most donor and government policies are currently biased towards large-scale agriculture at the expense of small-scale producers, women, and rural communities.

This briefing note draws on recent Oxfam research to describe specific examples of how policy makers can govern markets and incentivise commercial investment in agriculture that includes small-scale producers. Policy recommendations focus on three key principles: giving small-scale producers, particularly women, power in markets and in politics; protecting basic rights; and supporting inclusive markets.

# 1. INTRODUCTION

Agriculture is back on the agenda for both governments and donors. A new era of high and volatile food prices (associated with the period since the 2008 food price crisis), a growing and more affluent global population, and climate change have refocused minds on the need to invest in agriculture. Small-scale production is a critical part of the solution, providing food and employment for the poorest people on the planet. However, policy makers have fallen short in devising and implementing policies that: (i) give small-scale producers – particularly women – power, in markets and in politics; (ii) protect basic rights; and (iii) support inclusive markets. In response, this briefing note makes key policy recommendations for governments and donors to regulate and influence private investment in agriculture and the working of markets (summarised in Table 1 below).

<b>Table 1: Key principles for policies that support small-scale agriculture</b>		
	<b>Explanation</b>	<b>Checklist for policy makers</b>
<b>Power</b>	Strengthening the voice and participation of those in poverty to increase their ability to influence decisions both in markets and in politics, as well as addressing abuses of market power	<ul style="list-style-type: none"> <li>• Support for producer organisations</li> <li>• Involving marginalised communities in decision making</li> <li>• Competition policy to create fairer market conditions for small-scale producers</li> <li>• Fair dealings between agribusiness and small-scale producers</li> </ul>
<b>Basic rights</b>	Respecting, upholding, and promoting basic human rights and the rights of communities, including land and water rights, labour rights, and freedom from discrimination	<ul style="list-style-type: none"> <li>• Land rights and land reform</li> <li>• Restricted land access for investors</li> <li>• Free, prior, and informed consent, and transparent contracts in land deals</li> <li>• Labour rights</li> <li>• Family law and inheritance law</li> <li>• Gender equality policies</li> </ul>
<b>Multiple inclusive markets</b>	Support for diverse markets through infrastructure and services; helping traditional markets to evolve and compete; helping small-scale producers benefit from formal markets and gain a fair share of value	<ul style="list-style-type: none"> <li>• Overall vision and priority of agriculture, including role of women</li> <li>• Physical and policy infrastructure</li> <li>• Supporting traditional markets</li> <li>• Managing FDI or taxing imports</li> <li>• Tax incentives for investors to source from small-scale producers</li> <li>• Proper pricing of land and water for larger investors</li> <li>• Preferential access to formal markets</li> <li>• Market coordination</li> </ul>

This briefing note is directed at public sector policy makers (national governments and donors) focused on agriculture in the developing world. In doing so, it draws heavily on recent Oxfam research<sup>1</sup> to outline key principles and examples of policies that support small-scale agriculture.

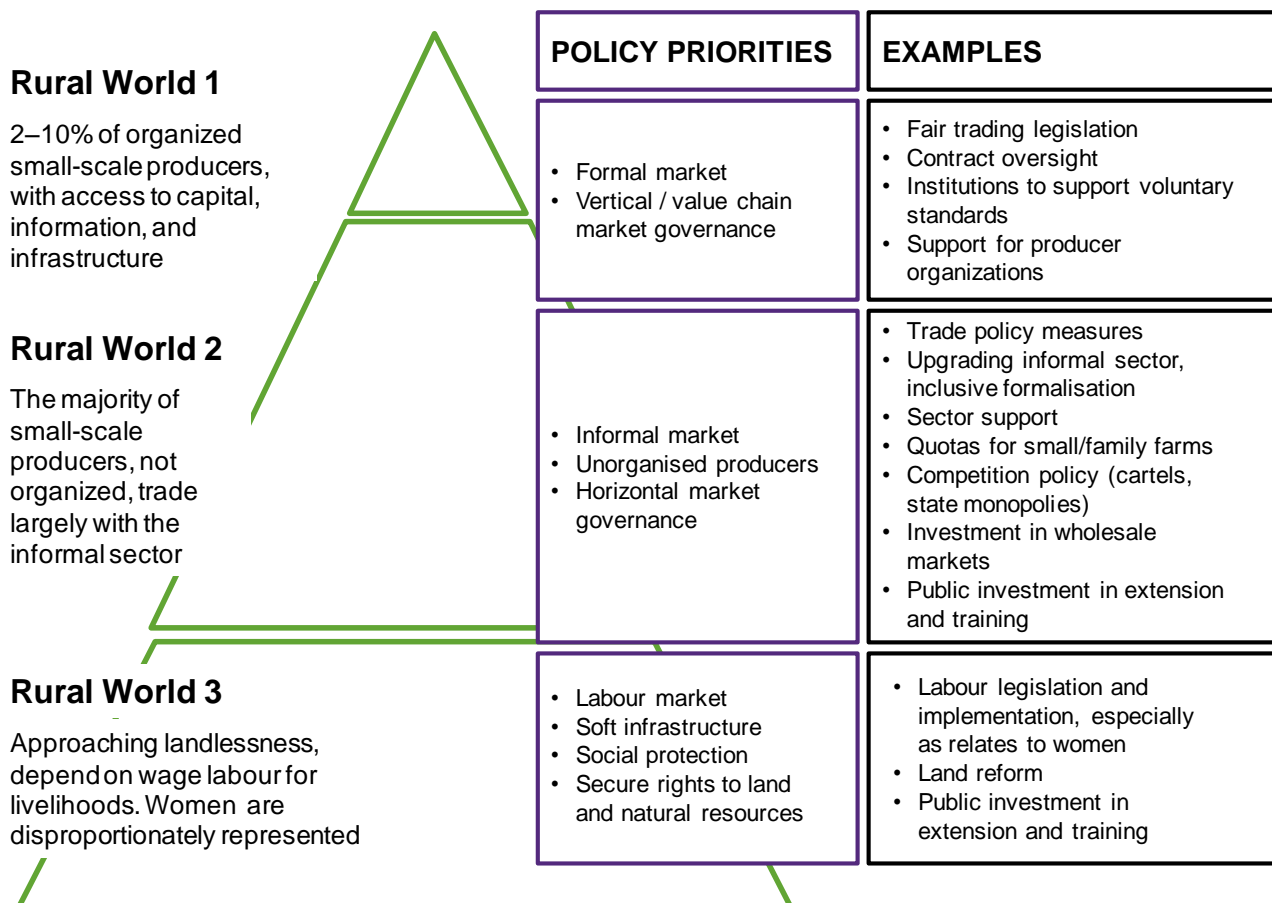
## Why support small-scale producers?

With vulnerability, poverty, and hunger concentrated in the countryside, small farms are critical for poverty reduction – absorbing labour, allowing communities to build assets, and helping local markets to flourish. Almost two billion people worldwide depend on 500 million small farms for their livelihoods and food security, and growth in this sector has twice the effect on the poorest people as other sectors.<sup>2</sup> At the same time, small farms can be commercially viable, with small-scale producers being the main investors in agriculture in many countries.

This does not suggest that policies should lock people into small-scale production – individuals may exit agriculture as the economy develops. Nor does it suggest that large-scale agriculture should be eliminated.

The food security challenge requires a mixed model of agriculture, both large and small, which can also support more inclusive development. Policies should acknowledge and address the diverse range of ‘rural worlds’ within the small-scale sector (see Figure 1).

**Figure 1: ‘Rural worlds’ in small-scale agriculture**



A lack of both appropriate policy and physical infrastructure means that investment is often biased in favour of large-scale models and formal or export markets, over small farms and diverse local markets. However, good policy, when well implemented, can drive more and better investment to small-scale producers, particularly to women and other marginalised producers.

## Unlocking the potential of women producers

Rural women play a critical role in producing food for home consumption and for sale on domestic and international markets, and their incomes play a disproportionate role in family welfare and education. Yet women are often 'hidden' in the food system or face a myriad of structural barriers. They lack access to basic services, are overburdened with care responsibilities, have weak land rights, and are under-represented in formal market structures and policy decision making. However, with access to the same resources as men, women could increase farm yields by 20–30 per cent and could reduce the number of hungry people globally by 12–17 per cent.<sup>3</sup> As with small-scale producers generally, policy makers must distinguish between the minority of women farmers who are empowered and the marginalised majority, towards whom policies should be targeted.

## Rising private investment

For companies and investors, securing access to increasingly scarce and valuable land, water, and agricultural commodities is highly attractive. Agricultural foreign direct investment (FDI) in developing countries rose from \$600m annually in the 1990s to \$3bn in 2005–07<sup>4</sup> – focused largely on agricultural land and industrial-scale agricultural production, often through public–private partnerships (PPPs – see Box 1).

### Box 1: Public–private partnerships (PPPs) in agriculture

With support from both governments and donors, there has been a proliferation of global and regional partnerships that combine public and private funds to catalyse agricultural investment. These PPPs include the World Economic Forum's 'New Vision for Agriculture'<sup>5</sup> and the New Alliance for Food Security and Nutrition announced at the G8 Summit in 2012 (with links to the African Union's Grow Africa plan). Donor spending on PPPs rose from \$234m in 2007 to \$903m in 2010.<sup>6</sup>

While most PPPs are yet to be truly implemented, serious concerns have already been raised around their:

- Lack of transparency, e.g. on benefit sharing, social and environmental impacts, and food security implications;
- Lack of accountability for social, food security, and gender impacts, in the absence of adequate monitoring and evaluation of projects or grievance mechanisms for affected communities;
- Lack of participation by governments, farmers, workers, and communities in project design and implementation, including free, prior, and informed consent (FPIC – see section 3) of affected communities and their members;
- Lack of demonstrable focus on rights, sustainability, and empowerment;
- Lack of attention to benefiting women and including them in decision making;
- Lack of alignment with international guidelines, e.g. the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, or national government policy;
- Creation of parallel policy processes that are out of step with or undermine more inclusive approaches.

Agriculture is inherently a private sector endeavour. The private sector – large and small – is critical to job generation and growth, and companies can bring technology, skills, infrastructure, and access to markets. Small-scale producers, as private sector actors themselves, can thrive only through effectively using markets.

However, achieving these goals depends on the quality of investment, which is driven by the prevailing policy environment and whether markets function inclusively and equitably for the poorest members of society. Over the 20 years to 2001, only 1.5 per cent of global growth benefited people living on less than \$1 per day.<sup>7</sup> More recently, a large body of evidence<sup>8</sup> has shown that large-scale land acquisitions in developing countries, a growing form of private investment, have delivered few benefits.<sup>9</sup> Instead they have destroyed livelihoods and driven some of the world's poorest people off their lands, with forced evictions in countries such as Tanzania, Honduras, and Guatemala.<sup>10</sup>

Reversing these trends means focusing on the 'enabling environment' for small-scale farmers, not merely for large-scale agricultural interests.<sup>11</sup> Policy must deliver investment in rural development and public goods, must orient agricultural investment to include small-scale producers and women, and must regulate private investment to ensure that it does not leave communities worse off. Investment that drives land grabs or brings no local benefit is always undesirable.

While it is not the focus of this briefing note, environmentally sustainable agriculture is another priority. Policies and interventions must take into account long-term sustainability so that we do not destroy the natural environment on which agriculture depends.

It is crucial to remember that policy making does not equal effective implementation. Vested political and commercial interests can undermine implementation as they protect their own privileged positions, and policy makers need to challenge these interests and ensure that the rights of people living in poverty are protected and their opportunities to participate in markets are enhanced.



## 2. POWER

Powerlessness is at the heart of poverty. Marginalised small-scale producers are excluded from policy making that affects their welfare and are unable to hold decision makers to account. They are vulnerable to market abuses such as cartels and monopolies, and tend to bear the greatest risks in market relationships, despite being least well placed to shoulder them. Policy and market interventions made without considering these dynamics can further entrench poverty – favouring men over women, and larger producers over small-scale producers. Reversing this powerlessness means strengthening the voice and participation of small-scale producers, including women, in policy-making and inclusive markets, while stopping market abuses by the powerful.

### **Support producer organisations (POs)**

POs can link disparate and marginalised producers with more lucrative markets while allowing them to share risks and costs, meet quality requirements, and negotiate with increased market power. Businesses see the value of working through POs to aggregate produce and deliver inputs and services to farmers. Critically, POs also give marginalised producers a stronger political voice. However, not all POs have proved effective, especially at including women and other marginalised producers, and policy has a key role in helping to tackle shortcomings. Policy makers need to help POs build capacity, become more accessible, and improve the services they deliver to members. They also need to:

- Protect PO autonomy from interference by the state or non-member investors;
- Avoid double or triple taxation of POs. Transactions within these organisations are not income-earning and should not be taxed;<sup>12</sup>
- Change laws that create membership criteria that disadvantage women, such as land ownership or being the head of a household;
- Support affirmative action, such as the Co-operatives Act in Namibia, which provides for women's representation on co-operative boards.<sup>13</sup>

Since women are often disadvantaged in formal structures, policies should also apply to informal groups engaged in production or other activities, e.g. labour sharing to free up women's time for agriculture and marketing.<sup>14</sup>

### **Give a voice to the powerless**

Giving small-scale producers (particularly women) an appropriate platform to defend their rights and advocate for favourable policies is at the heart of empowerment. Such platforms connect producers to public officials and give POs greater access to agricultural policy makers and institutions. Small-scale producers must also have a say in how policy and aid are developed and implemented.

## Box 2: Indian fishing communities assert traditional rights<sup>15</sup>

Villagers in the Tikamgarh and Chattarpur districts of Madhya Pradesh traditionally had the right to fish the region's ponds, but had lost control of these valuable resources to landlords and contractors. Despite encountering violent opposition, the fishers began organising to reclaim control of the ponds. They established village co-operatives and formed a federation that gave them a strong voice.

By 2008, fisher co-operatives controlled 151 ponds, with nine run by women's groups. In 2008, their campaign persuaded the state government to revise its fisheries policy. The new law protects the rights of traditional fishing communities, and contains provisions to improve livelihoods.

Mechanisms that facilitate local communities to monitor investment impacts and confidentially voice concerns and raise disputes are also vital. The UN's 'Protect, Respect and Remedy' Framework and supporting documents provide information on grievance mechanisms in the context of human rights.<sup>17</sup>

### Competition policy

In most developing countries, cartels, monopolies (including informal alliances), and high degrees of concentration distort agricultural markets. These reinforce the poverty of both producers and consumers, yet policy regulating competition has not been widely adopted in developing countries.

Where competition law exists, it tends to protect consumers but overlooks producer welfare, despite evidence that problems caused by buyer power occur at lower levels of market share than for seller power.<sup>19</sup> Policies to tackle buyer power include the UK's 'supermarket ombudsman' mechanism, which aims to support suppliers to act against large UK supermarkets,<sup>20</sup> and South Africa's regulation of Walmart's acquisition of Massmart.

While the trend worldwide has been to harmonise competition policy around the US/EU regulations, there is no 'best model'. The key is to devise competition policy based on the realities of the local context and the stage of a country's development.<sup>21</sup>

### Fair dealings between agribusiness and small-scale producers

Contract farming<sup>22</sup> has been promoted as an alternative to land acquisitions, leaving land rights and farming livelihoods intact. While contract farming offers opportunities, it can lock small-scale producers into long-term relationships in which they bear an unfair share of the risks for limited returns, as powerful firms force down farm-gate prices.<sup>23</sup> Unequal power relations limit farmers' ability to negotiate, resolve disputes, or withdraw from a contract. Women are often particularly disadvantaged.

Governments can improve these dynamics by ensuring that dispute resolution mechanisms exist and are accessible to small-scale producers and that market information is available. They can also supervise or regulate contracts, including providing model contracts, to help small-scale producers negotiate a fair deal.

**In Tanzania**, the Sisal Board is a market institution that makes space for the representatives of small-scale producers and women's groups, and has brokered disputes between companies and producers.<sup>16</sup>

**South Africa** has attached conditions to its approval for the acquisition of a stake in retailer Massmart by global giant Walmart, in the form of a supplier development fund to empower local suppliers to respond to the challenges posed by the merger.<sup>18</sup>

**Philippines Department of Agrarian Reform, Administrative Order No. 9 of 2006** promotes contract growing and supports agrarian reform beneficiaries (ARBs) to benefit from it.

It includes a mechanism to review and approve investment agreements, to settle disputes, and to ensure that terms of contracts are fair. Unfortunately, while the intent of the policy is to support ARBs, specific provisions within it mean that implementation has not matched its intent.

### 3. BASIC RIGHTS

Respecting, upholding, and promoting basic human rights and the rights of communities are a prerequisite for tackling poverty. These rights include land and water rights – which for small-scale producers are intricately linked to the human right to food; labour rights; and the right to be free from discrimination. States have a duty to protect human rights and to regulate the private sector, which itself must respect human rights in its activities.<sup>24</sup>

#### Land rights

Land and other resources such as water are critical to small-scale agriculture and the right to adequate food. Security of land tenure also affects the ability of small-scale producers to increase their productivity, since relevant investments impose short-term costs, with benefits realised only if farmers remain in control of the land. Existing land rights, including customary rights, need protection. For instance, policies can support simple, low-cost, and accessible land records,<sup>26</sup> support for registration of customary rights, and protection of rights even if they are not formally registered. The implementation, through multi-stakeholder platforms, of the Committee on World Food Security's Voluntary Guidelines on Responsible Governance of Tenure will be another critical step.<sup>27</sup> Finally, restricting land access for foreign investments can also protect local control and encourage investment models supportive of small-scale producers, though that alone may not be a solution. In Ghana, for example, foreigners may not own land, while in DRC strict nationality requirements were introduced in 2011.<sup>28</sup>

Gender discrimination, such as land titles being held only in the name of the head of household (usually a man), also needs to be addressed. Eliminating complicated bureaucracy and paperwork can remove barriers to rural women registering land.

Where land is highly concentrated, land reform and redistribution are needed – although in practice many such efforts have often been hampered by poor implementation. Criteria have also discriminated against women by referring to male-dominated categories such as permanent agricultural workers (while women are concentrated in the seasonal and temporary labour force).

**Mozambique Land Act 1997:** Mozambique protects and allows for the registration of the land rights of legally defined 'local communities' and grants customary rights the same legal status as other land rights.<sup>25</sup>

**Tanzania** has encouraged joint titling of land, supported female household heads to receive land titles in their own names, and supported married women to gain sole title of land where appropriate. The country has also introduced gender quotas for local land administration committees.<sup>29</sup>

#### Box 3: Guatemala

In Guatemala, for example, land ownership is highly concentrated, despite the 1999 Land Fund Act (Fontierras), which was intended to redistribute land to landless peasants. Many of the new owners have sold out to large-scale palm and sugar cane growers. In the Petén Department, for example, 46 per cent of land has now been 'reconcentrated'.<sup>30</sup> Incentives for private investment (linked to biofuels) have created pressure from investors to buy land, and the policy preference for individual rather than collective or family ownership has facilitated sales. At the end of 2011, there were 1,288 known conflicts over land in Guatemala.<sup>31</sup>



Where large-scale land investment takes place, local land users must have a say, based on the principle of free, prior, and informed consent (FPIC). Agreements should be non-coercive, carried out prior to new operations, and based on full and accessible information.<sup>32</sup> There must be appropriate screening with impact assessments that incorporate gender criteria,<sup>33</sup> as well as proper monitoring. Contracts should be transparent.<sup>34</sup>

In practice, however, FPIC often falls short – with deals negotiated behind closed doors and ‘consultations’ restricted to hastily convened, one-off meetings with local (male) elites, rather than processes to determine community consent. Contracts are rarely publicly available. This is a breeding ground for corruption, speculation, and deals that undermine local livelihoods.

## Labour rights

Good labour legislation and enforcement – underpinned by the International Labour Organization (ILO) conventions – are critical to protect agricultural workers, who are particularly vulnerable to exploitation. There are around 450 million agricultural workers globally, 200 million of whom cannot meet their basic needs. Women in particular have poor access to land, so wage labour opportunities – especially in packhouses and processing units – present an important source of income.

Where labour is easy to exploit it can incentivise large-scale agricultural models that discriminate against small-scale producers so, in addition to protecting vulnerable workers, fair labour relations can promote more inclusive investment.<sup>35</sup>

## Gender equality

Rural women face discrimination in access to basic services (education and health) and productive assets (land, credit, agricultural extension, training, and inputs). They are under-represented in producer organisations and over-represented in precarious and low-waged jobs.

Addressing discrimination means having the right laws and policies to support women in agriculture. But it also requires addressing cross-cutting gender policies that affect women’s roles and status.

For example, family law affects intra-household distribution of power and resources, and often discriminates against women by recognising only men as heads of household. This affects women’s ability to access credit or participate in contract farming. Inheritance law often restricts women’s ability to inherit land.

Some countries have introduced gender reforms. Ethiopia revised its Family Code of 2000 to grant spouses equal rights in managing the family and property. Mozambique and Eritrea have incorporated explicit guarantees that women and men have equal rights to inherit land.<sup>36</sup> Countries such as the Philippines have taken positive steps by adopting specific national frameworks with commitments and goals to mainstream gender. In all of these reforms, however, implementation has been weak as the bodies responsible for implementing them lack status, power, and resources.<sup>37</sup>

**The Philippines’ Women in Development and Nation Building Act (RA 7192 of 1992)** commits all government agencies to develop and submit annual gender and development plans and budgets. It also commits the government to allocate a minimum of 5 per cent of its budget to implement plans. By 2004, 61 per cent of key implementing agencies were submitting plans and reporting on implementation.

## 4. MULTIPLE INCLUSIVE MARKETS

Policies that support diverse markets and mixed agricultural models respond best to the diverse rural worlds described earlier. This means helping traditional markets to evolve and compete, helping small-scale producers to access and benefit from formal markets, and ensuring that small-scale producers get a fair share of value from agricultural markets.

### Help traditional markets evolve and compete

Most small-scale producers deal with traditional and informal markets – from street vendors to local fresh food markets to national wholesale markets. Policy makers need to help traditional markets evolve and compete.

This includes regularising grades and standards to raise quality and facilitating investment in market infrastructure, calibrated weighing scales, and even toilets. In India, providing toilets and drinking water removed a constraint that particularly affected women, and increased market participation by women traders by 18 per cent.<sup>38</sup>

It can also mean restricting modern retail in favour of traditional retail (and supporting the suppliers of traditional markets), or taxing commodity imports to support producers in the face of competition from cheap or subsidised imports. Even under free trade agreements, governments usually have policy space to use border measures such as tariffs to protect developmentally sensitive areas.

**Kilimo Kwanza** ('Agriculture First') is Tanzania's vision of agricultural modernisation based on both small- and large-scale farming. In practice, though, many feel that the real thrust of policy lies behind large-scale agriculture. For example, Pillar 5 of the initiative involves amending the progressive Village Land Act of 1999 to make it easier for village land to be transferred to large-scale investors.

#### Box 4: Farmers' cooperatives in Ethiopia

**The Assosa Farmers Co-operative Union (AFCU) in Ethiopia** operates in a context of high gender inequality and strict division of labour between men and women; the latter are burdened with both productive and reproductive tasks.

When AFCU decided to develop a factory to process sesame seeds into edible oil for local consumers, women were expected to engage in seed farming, without having control over land, farming, or household decisions.

Oxfam supported women to develop an alternative role as exclusive marketing agents of edible sesame oil in local markets. It also facilitated women's access to services and promoted more equal gender relations through workshops, communication, and campaigns.<sup>39</sup>

## Help small-scale producers benefit from formal markets

Formal export markets are risky, exposing small-scale producers to fluctuating demand and international price competition, and can lock them into long-term relationships for limited returns. However, with support to address power imbalances (see section 2), and to access inputs, infrastructure, and services, formal markets offer higher and more diverse incomes.

Decisions by investors to work with small-scale producers will be influenced by costs. Proper pricing of land and water, tighter conditions on land acquisition,<sup>41</sup> and protection of labour rights can encourage companies to work with small-scale producers. Policy makers can also help small-scale producers meet sustainability or safety standards by providing training, subsidised audits and certification. They can also promote elements in standards that make them more applicable for small-scale producers, such as group certification. For women to benefit, standards need to include gender equality objectives.

It is also important to understand the roles that women play, to improve market opportunities without overburdening women. Gender equity measures include increasing the number of women extension workers, and providing infrastructure that frees up women's time – e.g. access to water, basic health and education, and social protection.<sup>42</sup>

Finally, policy makers can provide small-scale producers with more direct access to formal markets, including domestic markets. Belize, for example, has provided local fishing co-operatives with a monopoly on lobster exports<sup>43</sup> and Brazil's Food Acquisition Programme procures from small-scale producers.

## Ensuring that small-scale producers get a fair share of value

Low prices paid to small-scale farmers, along with price volatility, mean that farmers face low or uncertain gains. There is a renewed interest in state co-ordination of markets to help manage producer risk, through commodity exchanges or marketing boards. Such instruments can stabilise prices and increase producers' share of value – encouraging investment. This can be further supported through access to training and inputs or social programmes funded, for example, through an export levy.

### Box 5: Ghana

**Cocobod, Ghana's cocoa marketing system**, has delivered high levels of cocoa production with consistently high quality, and has increased producers' share of value. The producer share of the net 'free on board' (FOB) price reached 78 per cent in 2012/13, and has been increasing compared with Ghana's liberalised neighbour, Côte d'Ivoire.

Cocobod has a track record of professional and efficient management, a lack of corruption, and a strong credit record. Other success stories include the Kenya Tea Development Agency and the Colombian Coffee Growers Federation.

**Nigeria has introduced duties on commodity imports** (starch, sugar, wheat, and rice) to support domestic producers. History suggests that obstruction of policy by vested interests is a major risk that would undermine implementation. If so, prices of food staples may rise, hurting poor consumers. If well implemented, however, small-scale farmers will increase production of these commodities, helping to keep prices stable.<sup>40</sup>

**Brazil's Food Acquisition Programme (PAA):** In north-eastern Brazil, the PAA offers farmers secure markets and guaranteed prices, while improving food security for poor consumers. Higher purchase prices and stable purchasing have fostered investment by small-scale producers, increasing quality. The PAA is costly – although public financing of family farms is dwarfed by government support provided to agribusiness.<sup>44</sup>

The challenge is how to make these instruments succeed both practically and ideologically in liberalised markets, especially given the poor reputation of many former parastatal marketing boards for abuse and exploitation.

Features of successful examples, such as the Ghana Cocoa Board (Cocobod), include: control over exports; price stabilisation (via a stabilisation fund); maintaining quality and therefore premium in the world market; levies to provide services and infrastructure; and competition within the domestic market.

These instruments should not be seen as a 'silver bullet' or as a replacement for extension services, producer organisation, and basic infrastructure. Recent experiments with commodity exchanges in Kenya and Malawi have failed to live up to the hype, functioning more as rudimentary market information services.<sup>46</sup>

## 5. CONCLUSIONS

Small-scale agriculture provides food and livelihoods for many of the world's poorest people, despite operating in a policy environment that is often stacked against them – sometimes explicitly and often implicitly. Women farmers are particularly disadvantaged. Unless policy makers address this bias, commercial investment in agriculture and agricultural markets will not deliver on the potential to support food security, poverty alleviation, and development for the majority of the world's farmers, but will rather deepen inequality and exclusion.

This does not have to be the outcome. With favourable policies, small-scale producers can effectively feed themselves and their communities, and improve their livelihoods. However, achieving this will require policy makers to take a step back and refocus priorities on the quality of economic growth and investment by: (i) giving small-scale producers (particularly women) power in markets and in politics; (ii) protecting basic rights; and (iii) supporting inclusive markets. The examples given in this briefing note show ways in which policy makers have done just that.

Of course, policy making does not end with the passing of a new law or policy directive. That is just the start. Many of the good examples of policy intent presented here have, unfortunately, failed to live up to their potential due to poor implementation. There are many reasons behind this, including lack of capacity of government agencies and regulators, and insufficient budget allocations. Perhaps most importantly, policies favouring small-scale producers fail because they are undermined by powerful actors with vested interests in the status quo.

Poor implementation is not inevitable, though. Events such as major shifts in competition dynamics (e.g. a new company gaining market share), new technologies, environmental changes (e.g. changes in water availability), and the introduction of other new regulations can challenge powerful interests and provide opportunities for policy reform. Enabling the participation of small-scale producers and women in policy design and implementation raises their voice and power to defend their own interests. Policy makers must be both innovative and politically astute in devising and implementing policies to support small-scale producers.

**The Cashew Board of Tanzania** illustrates what can go wrong. The cashew sector in Tanzania represents 5 per cent of the country's GDP. A Warehouse Receipt System was introduced to raise quality and reduce the role of middlemen, with farmers selling produce through the system based on a price set by the Board. Buyers, however, have gone elsewhere, due in part to a declining world price for cashew nuts, leaving a large quantity of nuts unsold both on farms and in warehouses.<sup>45</sup>

# NOTES

- 1 These are primarily: B. Vorley, L. Cotula, and M. Chan (2012) 'Tipping the Balance: Policies to shape agricultural investments and markets in favour of small-scale farmers', Oxfam and IIED, at: <http://policy-practice.oxfam.org.uk/publications/tipping-the-balance-policies-to-shape-agricultural-investments-and-markets-in-f-254551>; E. Sahan and M. Mikhail (2012) 'Private Investment in Agriculture: Why it's essential and what's needed', Oxfam, at: <http://policy-practice.oxfam.org.uk/publications/private-investment-in-agriculture-why-its-essential-and-whats-needed-245671>; E. Sahan and J. Fischer-Mackey (2011) 'Making Markets Empower the Poor: Programme perspectives on using markets to empower women and men living in poverty', Oxfam, at: <http://policy-practice.oxfam.org.uk/publications/making-markets-empower-the-poor-programme-perspectives-on-using-markets-to-emp-188950>; and L. Wagner and G. Zwart (2011) 'Who Will Feed the World? The production challenge', Oxfam, at: <http://www.oxfam.org/en/grow/policy/who-will-feed-world>
- 2 IFAD (undated) 'Food prices: smallholder farmers can be part of the solution', <http://www.ifad.org/operations/food/farmer.htm> quoted in Sahan, E. and Mikhail, M. (2012), p 2 and FAO (2009), 'How to Feed the World in 2050': <http://www.fao.org/wsfs/forum2050/wsfs-background-documents/hlef-issues-briefs/en> quoted in B. Vorley, L. Cotula, and M. Chan (2012) p.12.
- 3 <http://www.fao.org/docrep/013/i2050e/i2050e00.htm> quoted in B. Vorley, L. Cotula, and M. Chan (2012), p 14.
- 4 B. Vorley, L. Cotula, and M. Chan (2012), *op. cit.* p 12.
- 5 See B. Vorley, L. Cotula, and M. Chan (2012), *op. cit.* p.20 for a description of Southern Agricultural Growth Corridor in Tanzania, which is participating in the New Vision for Agriculture, and concerns expressed.
- 6 For OECD DAC members, [http://www.ccic.ca/\\_files/en/what\\_we\\_do/2013-01-11\\_The%20Business\\_of\\_Development.pdf](http://www.ccic.ca/_files/en/what_we_do/2013-01-11_The%20Business_of_Development.pdf)
- 7 D. Green (2008) *From Poverty to Power: How active citizens and effective states can change the world*, Oxford: Oxfam International, <http://policypractice.oxfam.org.uk/publications/from-poverty-to-power-how-active-citizens-and-effective-states-can-change-the-w-115393> (last accessed 1 November 2011), quoted in E. Sahan, and J. Fischer-Mackey (2011) p.5.
- 8 B. Vorley, L. Cotula, and M. Chan (2012) *op. cit.*
- 9 L. Cotula (2010) *Investment Contracts and Sustainable Development – How to Make Contracts for Fairer and More Sustainable Natural Resource Investments*, London, International Institute for Environment and Development (IIED). <http://pubs.iied.org/17507IIED.html>
- 10 See B. Vorley, L. Cotula, and M. Chan (2012) *op. cit.* p.13.
- 11 Multilateral lenders, development agencies, and knowledge institutions have supported policy reform in poorer countries to increase their market-friendliness, while the World Bank's 'Doing Business' indicators have also increased pressure on countries to become more business-friendly. See Oakland Institute (2010) '(Mis)Investment in Agriculture: The Role of the International Finance Corporation in the Global Land Grab', Oakland, Oakland Institute. <http://www.oaklandinstitute.org/node/2622> quoted in B. Vorley, L. Cotula, and M. Chan (2012), p 20.
- 12 This is not the same as suggesting that POs should get special tax privileges, which the ILO, for example, explicitly opposes. The point is that there is a fundamental difference between transactions within a co-operative and those between the co-operative and non-members, which policy makers need to recognise. There is a history of policy makers misunderstanding this, and seeing the supplying of produce to the PO as an economic transaction rather than what it is – a means of aggregating produce to be able to supply the market. See P. Develtere, I. Pollet, and F.O. Wanyama (2008) 'Cooperating Out of Poverty. The renaissance of the African cooperative movement', Geneva: International Labour Organization. [http://www.oit.org/public/english/employment/ent/coop/africa/download/coop\\_out\\_of\\_poverty.pdf](http://www.oit.org/public/english/employment/ent/coop/africa/download/coop_out_of_poverty.pdf) quoted in B. Vorley, L. Cotula, and M. Chan (2012), p. 52.
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  - 19 B. Vorley, L. Cotula, and M. Chan (2012), *op. cit.* p.60. See also Porto, G., N.D. Chauvin, and M. Olarreaga (2011), 'Supply Chains in Export Agriculture, Competition, and Poverty in Sub-Saharan Africa', Washington DC: World Bank. [http://siteresources.worldbank.org/INTRANETTRADE/Resources/Supply\\_Chains.pdf](http://siteresources.worldbank.org/INTRANETTRADE/Resources/Supply_Chains.pdf).
  - 20 B. Vorley, L. Cotula, and M. Chan (2012), *op. cit.* p.60.
  - 21 DFID (2001) 'Competition Policy, Law and Developing Countries', Background Briefing, September 2001. Available at: <http://webarchive.nationalarchives.gov.uk/+http://www.dfid.gov.uk/Documents/publications/itdcompetitionbrief.pdf>
  - 22 Contract farming can be defined as agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products. Typically, the farmer provides agreed quantities of a specific agricultural product. These should meet the quality standards of the purchaser and be supplied at the time determined by the purchaser. In turn, the buyer commits to purchase the product and, in some cases, to support production through the supply of farm inputs, land preparation, and the provision of technical advice. This can be a way of assuring a market for farmers and assuring quality and quantity of supply for buyers, while theoretically reducing risks for both parties. However, in practice asymmetries of power in supply chains often mean that risk is offloaded to the weaker party – i.e. farmers. Other relevant and related models include farmer-owned businesses, joint ventures, leases, and management contracts. See <http://www.fao.org/ag/ags/contract-farming/faq/en/>; A. Fraser (2009) 'Harnessing Agriculture for Development', Oxfam.
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  - 24 For a framework of the duties of governments and of the private sector towards human rights, see The UN's 'Protect, Respect and Remedy' Framework (*op. cit.*), which rests on three pillars: the state's duty to protect against human rights abuses by third parties, including business, through appropriate policies, regulation, and adjudication; corporate responsibility to respect human rights, which means acting with due diligence to avoid infringing on the rights of others and addressing adverse impacts that occur; and greater access by victims to effective remedy, both judicial and non-judicial.
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  - 27 For more information on the CFS Voluntary Guidelines see <http://www.fao.org/docrep/016/i2801e/i2801e.pdf>
  - 28 B. Vorley, L. Cotula, and M. Chan (2012), *op. cit.* p.39.
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  - 30 Grünberg, Grandia, Milián et al. (2012), 'Tierra e Igualdad: desafíos para la administración de tierras en Petén, Guatemala', (Page 44-45)
  - 31 Guillermo Díaz (forthcoming), 'Opciones de política para las inversiones agrícolas y la gobernanza de los mercados en apoyo de la agricultura a pequeña escala', Instituto de Investigaciones Económicas y Sociales (IDIES)

- 32 Relevant information includes contracts, impact assessments, proposed benefit sharing, and legal arrangements. This is an ongoing process, since projects take many years to plan and implement, and the principle applies throughout. FPIC for indigenous peoples is enshrined in international law; in recent years the principle has increasingly been used in relation to other affected communities, though it is still rarely strictly enforced. Oxfam Australia (2010) 'Guide to Free, Prior and Informed Consent', [http://resources.oxfam.org.au/pages/view.php?ref=528&k=&search=&offset=0&order\\_by=relevance&sort=DESC&archive=0](http://resources.oxfam.org.au/pages/view.php?ref=528&k=&search=&offset=0&order_by=relevance&sort=DESC&archive=0) (accessed May 2013)
- 33 Such as the extent to which plans include women in consultation and negotiation, how far compensation schemes that directly benefit women as well as men, and how far mitigation plans address women's specific needs. J. Bugri and R. King (forthcoming) 'Gender Dimensions of Agricultural Investments: Case studies from Ghana', IIED, London; C. Wonani, W. Mbuta and A. Mkandawire (2012) 'Gender and Equity Implications of Land-Related Investments on Labour and Income Generating Opportunities: Zambia Country Study', draft report June 2012 quoted in B. Vorley, L. Cotula, and M. Chan (2012), p.40.
- 34 See also L. Cotula (2010) *Investment Contracts and Sustainable Development*, op. cit.
- 35 Note, however, that there is a risk that stronger labour legislation will push investment towards more capital-intensive large-scale farms, rather than supporting small-scale producer models. Therefore, considering the balance of incentives is also important: e.g. do tax breaks favour capital importation or working with small-scale producers? See E. Sahan and M. Mikhail (2012), p. 9 for more details on key labour rights.
- 36 B. Vorley, L. Cotula, and M. Chan (2012), op. cit. p.25.
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- 39 <http://growsellthrive.org/page/sesame-ethiopia>.
- 40 Nigeria introduced the following measures with effect from 1 July 2012: Nigeria introduced the following measures with effect from 1 July 2012: an effective duty of 100 percent on wheat flour, 20 per cent on wheat grain, 30 per cent on husked brown rice, and 50 per cent on polished rice. In an interesting precedent, the country was able to progressively build up local production of cement, while managing its price by allowing importation within an agreed period, in continuous consultation with importers and local producers. B. Vorley, L. Cotula, and M. Chan (2012), p.40, p.64.
- 41 For example, ceilings on permissible land transactions and parliamentary approval for land deals above a certain size. See B. Vorley, L. Cotula, and M. Chan (2012), p.39.
- 42 Such infrastructure and social protection help free women from their roles in household reproduction, including caring for children and other family members, fetching water and firewood, etc. This allows them to play a greater role in production and other economic activities, without increasing their burden or leading to poorer family care.
- 43 I. Monnereau and B. Helmsing (2011), 'Local embedding and economic crisis: comparing lobster chains in Belize, Jamaica and Nicaragua', in A.J.H. (Bert) Helmsing and Sietze Vellema (eds) *Value Chains, Inclusion and Endogenous Development Contrasting Theories and Realities*, Routledge quoted in B. Vorley, L. Cotula, and M. Chan (2012), p.62.
- 44 Brazil's public budget in 2009–10 allocated over six times more resources to agribusiness than to family farming. See D. Chmielewska and D. Souza (2010) 'Market Alternatives for Smallholder Farmers in Food Security Initiatives: Lessons from the Brazilian Food Acquisition Programme', Working Paper Number 64, International Policy Centre for Inclusive Growth, United Nations Development Programme quoted in B. Vorley, L. Cotula, and M. Chan (2012), p.61.
- 45 UNIDO (2011) 'Tanzania's Cashew Value Chain: A diagnostic', United Nations Industrial Development Organization, Vienna, quoted in B. Vorley, L. Cotula, and M. Chan (2012), p. 58. Structural characteristics of commodities may make them more or less suited to marketing board co-ordination. Successful examples like cocoa tend to have a long time horizon, export dominance, importance of quality, dominance of smallholders, and volatile world prices.
- 46 P. Robbins (2011) 'Commodity Exchanges and Smallholders in Africa', New Business Models for Sustainable Trading Relationships project, IIED and Sustainable Food Lab. <http://pubs.iied.org/16028IIED.html> quoted in B. Vorley, L. Cotula, and M. Chan (2012), p.57.

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