
L. German, A. Bonanno, K. Gibson, L. Cotula, J. Quan
Background

- Growing commercial interest in land, concerns over “land grabs” & the search for solutions

- Key ideas that have emerged to frame ambitions:
  - “Good Land Governance”
  - “Inclusive Business”

- LEGEND Annual State of the Debate reports
  - 2016: land governance (VGGT implementation)
  - 2017: inclusive business (a work in progress)

- Under what conditions can private investment foster inclusive growth in agriculture?
  - Growing recognition that the answer must link to land governance
Methodology

- Private sector
- NGOs
- IFIs
- Inter-governmental
- Regional farmer organizations

Discourse Analysis

- Perishability
- Bulk
- Labor intensity
- Ability to mechanize
- Markets
- Finance & investment

Supply Chain Typology

- Literature Review, Interviews (supply chains)
- Supply chain structuring
- Implications for inclusiveness

[tentative]

Lessons, Leverage Points
Stakeholder Perspectives: Discourse Analysis

“Inclusive Business”

- Unlike VGGT, no global consensus on what this means
- Sought to understand how issues are framed across key actor groups
- Identification of differences under common language allows us to identify, and debate, alternative visions of the future
Stakeholder Perspectives: *Discourse Analysis*

**Common Language:**

1. Local representation, participation and voice
2. Inclusive supply chain relations
3. Respect for land rights
4. Respect for labor rights
5. Food security
6. Social and environmental impact management
7. Wider governance, legal and market conditions
Stakeholder Perspectives: 
*Discourse Analysis*

**Common Language:**
1. Local representation, participation and voice
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**Diverse Visions:**
1. **Targeted beneficiaries**

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**Diverse Stakeholders:**
- Employees, SMEs
- Consumers
- Retailers
- Supermarkets
- Restaurants
- Aggregators
- Processors
- Manufacturers
- Exporters
- Distributors
- Farmers
- Ranchers
- Fishermen
- Seeds
- Pesticides
- Agri tech
- Traits
- Fertilizers

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Stakeholder Perspectives: *Discourse Analysis*

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**Diverse Visions:**

1. Targeted beneficiaries
2. Which “smallholders” to include: The *poorest of the poor* vs. *those with potential to succeed* as commercial farmers
Stakeholder Perspectives: Discourse Analysis

Common Language:
1. Local representation, participation and voice
2. Inclusive supply chain relations
3. **Respect for land rights**
4. Respect for labor rights
5. Food security
6. Social and environmental impact management
7. Wider governance, legal and market conditions

Diverse Visions:

**Safeguarding land for use by customary rights holders**

vs.

**Responsible transactions**
(adherence to key procedural elements for “responsible” land acquisition, consultation, resettlement, compensation)
Stakeholder Perspectives: Discourse Analysis

Common Language:
1. Local representation, participation and voice
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5. **Food security**
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Diverse Visions:

**Smallholders underpin global food security**
(diverse & resilient farming systems)

vs.

**Agribusiness-driven productivity increases to ‘feed the world’**
(growing more, bringing prices down, industrially-fortified foods)
Stakeholder Perspectives: *Discourse Analysis*

- Common language
- Some convergence around what this means, but also important differences
- Some of these differences suggest *distinct visions* for the sector
- Discourses do not break down along specified stakeholder groupings, but vary by actor and theme
Supply Chain Analysis: *Staple crops with local and national markets*

- **Unique advantages & disadvantages for inclusiveness:** embeddedness in local farming and food systems & flexible end use; market gluts

- **Number of small-scale producers & marketing options** a disincentive to contractual relations (ease of side-selling, reliability of supply)
  - Investments in increasing smallholder bargaining power (farmer organizing, product quality, meeting market demands)

- **For fully mechanizable crops,** there may be *trade-offs between local and national food security* and benefits (smallholder production vs. commercial farms)
  - Investments to help smallholders, SMEs overcome barriers faced in meeting national food security aims, while safeguarding customary tenure?
  - *Depends on the specific vision of “food security” to be pursued*
Supply Chain Analysis: *Fresh vegetables & flowers for export market*

- *Tight integration in the value chain* due to perishability, stringent quality standards, chain of custody requirements

- *Exporter-owned farms and commercial outgrowers*: high levels of female employment, yet poor labor standards and occupational hazards:
  - Mandatory contracts, minimum wage, occupational health & safety standards (e.g. Colombia)

- *Small-scale farmers* who manage to enter *tend to reap rewards; yet market restructuring* around stringent quality standards is *causing many smallholders to exit*
  - Support small-scale growers to overcome constraints to market entry; focus on crop- and market-specific factors driving exodus (e.g. electricity)
Supply Chain Analysis: \textit{Oil palm}

\textit{Perishability \& bulk:}
\begin{itemize}
  \item Mills close to plantations (< 50 km)
  \item Need for continuous throughput; incentivizes vertical integration
\end{itemize}

\textit{Supply chain structuring:}
\begin{enumerate}
  \item \textbf{Early stages:} Large, nucleus estates; variable smallholder engagement
    \begin{itemize}
      \item High social \& environmental disruption
      \begin{itemize}
        \item Target already converted landscapes (\textit{ongoing})
        \item Focus smallholder integration on sedentary communities
      \end{itemize}
      \item Monopsony reduces smallholder bargaining power/benefits; “adverse incorporation” common
      \begin{itemize}
        \item Minimize social disruption through voluntary engagement; low-risk entry (\textit{land, debt})
      \end{itemize}
      \item Poor employment conditions on nucleus estates
      \begin{itemize}
        \item \textit{Job quality interventions?}
      \end{itemize}
    \end{itemize}
\end{enumerate}
Supply Chain Analysis: *Oil palm*

**Perishability & bulk:**
- Mills close to plantations (< 50 km)
- Need for continuous throughput; incentivizes vertical integration

**Supply chain structuring:**
1. **Early stages:** Large, nucleus estates; variable smallholder engagement
2. **Advanced stages (only some locations):** Smallholders growing independently for multiple mills
   - Significant livelihood gains
   - High barriers to entry without state/PS support
     - Accelerate the transition to independent smallholder production & processing (*but how?*)
     - Low-risk forms of support to smallholders
     - Safeguards against “adverse incorporation”
   - Land markets displace other land uses
Supply Chain Analysis: *Sugarcane*

**Perishability & bulk:**
- Sucrose content susceptible to management, transport
- Mills close to (< 15-30 km) / integrated with plantations

**Supply chain structuring:**
1. **Large, irrigated estates with mills**
   - Employment benefits undermined for the majority (cane cutters) by *poor employment conditions*
     - Address migrant workforce, employment contractors, performance-based pay (*mechanized harvest - Brazil*)
2. **Nucleus estate – outgrower** (SSA)
   - Trade-off between livelihood benefits (irrigated block farms) and scalability (rainfed)
     - Concentrated support to smallholder expansion in rain-fed areas: primary supply base; address factors undermining benefits (monopsony, risk, associations)
     - Support independent smallholders? (*e.g. S. Africa*)
Lessons, Leverage Points

1. Discourse Analysis:
   - Appearance of consensus masks importance differences in perspective
   - Need to bring alternative visions to the surface; understand trade-offs involved; and pursue a deeper level of dialogue centered on values

2. Value Chain Analysis:
   - Barriers to entry and permanence are ubiquitous, and have grown with market liberalization and good governance agenda (e.g. certification)
     — “Enabling environment” for smallholders (address specific barriers, support alternative market outlets, identify niche crops, secure land rights, ...??)
   - “Adverse incorporation” linked to coerced participation, monopsony, excess risk:
     — Need for greater discretionary space (terms of engagement of land, labor)
     — Regulatory safeguards for smallholders under conditions of monopsony
     — Low-risk forms of support (insurance, contract terms)
   - Better spatial & social planning of commercial scale investments (context matters in shaping social and environmental outcomes)