Against the odds: growing producer power in agricultural value chains

Commercial agriculture can take different forms and there is great variety in how small-scale farmers engage with it. But despite this diversity, farmers often have little control over trading arrangements and commodity prices. They may be trapped in lopsided agreements that can squeeze incomes and make them liable for risks, such as unpredictable weather. These arrangements destabilise livelihoods but are often difficult to change, because value chain terms may be dictated by powerful forces at local to global levels. Policies and programmes designed to support rural producer agency — their ability to make informed choices, take effective action and influence the world around them — must understand and address these structural factors. Drawing on insights from producer associations, development agencies, government bodies, advocates and businesses, we explore how farmers and their communities are being supported to navigate structural factors.

Many practitioners providing legal support to small-scale farmers recognise that structural factors dictate how agricultural value chains are organised. In response, they have developed insights on how to identify, and where possible tackle, these factors. To collect this knowledge, IIED, the Women's Legal Resources Centre (WOLREC), the Community Self-Reliance Center (CSRC) and the Nepal Agricultural Cooperatives Central Federation (NACCFL) convened a three-day lesson-sharing workshop in Malawi, in November 2019. The workshop was part of an initiative to sustain rural producer agency in agricultural value chains.² It brought together practitioners from across Africa and Asia to discuss their challenges and share experiences of confronting them. This briefing presents key points and a few examples from those discussions (see Box 1 for definitions of 'structure' and 'agency').

Factors obstructing fairer value chains

Value chains vary widely based on local realities, crop characteristics, market outlets (from local markets to global value chains) and degree of formalisation, to name but a few significant factors. While opportunities for small-scale farmers to exercise agency in the chain will vary accordingly, structural factors will often severely

<table>
<thead>
<tr>
<th>Box 1. Defining terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure</strong>: the context that shapes options for action. Relevant factors can be political, economic, social, cultural, ecological, geographical, legal, related to ideas and so on.</td>
</tr>
<tr>
<td><strong>Agency</strong>: an actor's ability to deliberately make change happen by taking action, either individually or collectively, formally or informally.²</td>
</tr>
</tbody>
</table>
While the odds are often stacked against small-scale farmers, understanding the structural factors at play can help limit farmers’ ability to influence the terms of their relationship with buyers and suppliers. These factors can include:

- **Commodity price fluctuations**, competition between producer countries and the importing of subsidised produce mean farmers may struggle to achieve a decent price for their harvest, no matter how well they negotiate.

- **Oligopolistic and monopolistic conditions** in agricultural value chains force farmers into a weak negotiating position. These conditions are partly driven by growing concentration in activities upstream (for example, input supplies) and downstream (such as processing, distribution) of farming; they often operate with government support.

- **Lack of transparency and vested interests** can affect how prices are set. For example, if national exporters agree prices with international buyers behind closed doors, farmers have no chance to negotiate better terms. Domestic businesses can also exploit their relationships with government to obtain export restrictions that depress produce prices on national markets.

- **Historical legacies** shape how sectors are organised (for example where land is mainly owned by large estates first established under colonialism) and curtail opportunity: small-scale farmers can struggle to access enough land or to diversify away from an unprofitable crop. Ongoing land fragmentation can increase landlessness and reduce opportunities to produce surplus for the market.

- **Entrenched public perceptions and negative narratives** about small-scale production — including that it has no future — present an additional challenge. These narratives shape policy and practices that can further marginalise small-scale farmers and traditional production methods, including a skewed provision of extension services. They may stem in part from a bias in education systems, which favour large-scale intensive or high-input agriculture. Even where investment in smallholder agriculture is a development priority, negative public perceptions can disrupt the delivery of appropriate support.

Structural factors can be very difficult to shift, especially in the short term. Small-scale farmers can take reactive approaches — perhaps challenging or renegotiating bad contracts — but they do so within the existing value chain structure, which inherently limits their agency. For example, when banana growers in the Philippines successfully challenged unfair contracts (via court action and a sustained local and international campaign) they won better terms. However, the new contracts ultimately cemented the farmers’ position in a value chain dominated by large agribusiness.

While the odds are often stacked against small-scale farmers, understanding the structural factors at play can help. By unpacking the value chain from production to retail, discerning how the market is structured, the political economy of the sector, global pricing mechanisms and value distribution, farmers can achieve a sense of what is possible and identify effective pressure points for action.

**Addressing structural factors**

Small-scale producers may be well organised and able to take autonomous action to renegotiate value chain relations. In other cases, they will seek external support, in areas such as **understanding** (acquiring information on issues such as legal rights, market analysis, and how to structure business or contractual relations), **organising** (developing loose or more formal organisations for collective or coordinated action), and **engaging** (for example, in negotiation, market access or legal redress strategies).

Rural producers and organisations supporting them have developed diverse approaches to tackle, or at least navigate, structural factors. Appropriate combinations of understanding, organising and engaging will depend on the particular situation and the producers’ objectives. Looking at these approaches — both those in their infancy, and those tested over longer periods, with varying degrees of success — provides some useful insights:

- **Building dialogue mechanisms to tackle value chain problems.** Unfair pricing and trading arrangements can flourish in the absence of transparent communication channels. To challenge this, farmers are sharing information; building their negotiation skills; instigating dialogues between value chain actors on pricing and other parameters; negotiating with support from third-party mediators; and collectively generating and communicating production costs, including changes over time. In Kenya, an NGO supported green bean farmers and packhouse workers by facilitating dialogue with the exporter buying their produce and the retailer selling it in the UK. The dialogue allowed the parties to better understand each other’s issues and constraints, revise terms in key contractual relations, and ultimately address several value chain problems.

- **Bypassing intermediaries.** To avoid losing potential income to value chain intermediaries (who can play a vital role in getting produce to consumers, but also capture much of the value),
some rural producer organisations have established alternative routes to markets. Building on market analysis and collective organisation, for example, NACCFL supports small-scale farmer cooperatives to sell produce through cooperative-owned outlets. Other initiatives link producer organisations directly to restaurants, hotels and other commercial buyers. These approaches navigate structural features that make it difficult for farmers to renegotiate trading relations; by increasing available options, they could also improve farmers’ negotiating position.

- **Using technology.** Where just a few companies control the trade, producer organisations are disrupting entrenched value chain relationships by setting up alternative trading arrangements. The East Africa Farmers Federation recently established a web platform to broker direct sales between its members and buyers of staple crops.

- **Land pooling** approaches seek to mitigate land fragmentation. For example, in Nepal, landless and marginalised farmers are accessing uncultivated public land to produce food for the market. Land pooling is also a way for small-scale landholders to establish a larger collective farm and supply a crop at scale, as modelled by the Phata sugarcane cooperative in Malawi.

- **Diversifying for security.** Market analysis can inform actions to diversify land use and livelihoods and manage the risks of uncertain commodity markets. Changing consumer demand, shifting policy and global competition can threaten monocrop-based livelihoods; the Southern African sugar sector, currently being challenged by an EU-quota phase out and cheap Brazilian imports, is one example.

- **Challenging thinking and public narratives** around smallholder livelihoods could be achieved through, for example, changes in agriculture and agronomy education curricula, potentially leading to new policies and practices in the long term. Spaces for farmers to articulate their own visions of agriculture, with the support of the media and policy champions, could also play a role.

**Increasing farmer and community agency**

Producer groups and legal empowerment organisations have also developed diverse tactics to advance particular strategies in practice. Like the strategies/approaches above, these tactics involve varying combinations of understanding, organising and engaging. They would need to be tailored to the situation, and can include:

- Building an understanding of value chains and value chain actors, their interests and room for manoeuvre to help identify entry points and pressure points for change. Influence can come from knowing what is in a contract you cannot read, or in an investment agreement between a company and host government. Understanding the chain and the political economy can reveal opportunities or limitations of, for example, approaches based on constructive dialogue or public campaigns.

- **Assessing trade-offs between strategies.** Periodic (re)assessments of the costs, benefits and trade-offs of different strategies is necessary. This could be weighing up, for example, improving the terms of a given value chain relation versus seeking livelihood diversification.

- **Strengthening organisations’ autonomy and negotiating power.** This can take many forms, including farmers developing their leadership capacity and business know-how and considering some practical and symbolic aspects of activities. One issue to consider could be where a producer organisation meets; in Malawi, a tea smallholders’ association is seeking to enhance its autonomy by establishing its own meeting space, rather than using facilities belonging to the estate that buys members’ produce.

- **Creating coalitions for action.** When shifting value chain relations call for engagement with challenging political configurations, national and transnational coalitions can both support broader based campaigns and generate solidarity to mitigate fear of political backlash. This is important in countries where national associations or organisations may be repressed, but also where the factors are global in nature; in these cases, long-term struggles may be required, necessitating new financial resources to support campaigns and direct action.

**Box 2. Conflicts of interest and accountability in project design**

Where value chain projects involve alliances between a diverse private sector, NGOs, producer organisations and governments, actors often perform multiple roles to ensure gaps are filled (for example extension services, legal aid, credit, brokering, producer organisation formation and capacity building).

However, multiple roles may give rise to conflicts of interest; for example, if an organisation aims both to support producers as they engage in commercial agriculture and to broker arrangements between producers and buyers. Further, those entities helping farmers to drive forward a vision of agriculture also have their own self-interest. Workshop participants agreed that, whatever the configuration, transparency on roles and responsibilities and on whom actors are ultimately accountable to, is very important.
Interventions, innovations, and capacity development on the agronomic side can boost farmers’ negotiating position, through sales of higher quality or quantities of produce. Consideration of current and future shocks and stresses to farming, including those driven by climate change, is central to building resilience into chosen production systems or livelihoods.

Whatever the approach chosen, practitioners seeking to provide support in the face of severely limiting structural constraints must ensure their project design works with the full complexities of the situation, including those affecting project design (see Box 2).

A focus on gender and generation

All contexts in which farmers operate will be characterised by complex social dynamics that affect opportunities for women and men to engage with agricultural markets (for example, differing agriculture-related decision-making opportunities and work burdens amongst men and women). In some contexts, commercial farming and cash crop production will drive a shift in agency and benefits from female to male farmers; in others, male out-migration may mean that producer cooperatives are led by and comprised of women. Overlooking social differentiation risks reproducing or creating new inequalities; close attention to the gender dimensions of value chains and value chain relations, from household to headquarters, is essential. Tools to address power relations from the household level upwards, such as the Gender Action and Learning System, can be springboards for change but are resource and time intensive.

Understanding intersectionality and identifying groups of people that are systematically excluded from opportunities and value capture (such as labourers on smallholders’ land, or those with weak tenure security) requires an explicit emphasis and appropriate tools, time and resources. Setting quotas for women and young people’s representation in local governance bodies, companies and cooperatives can complement and strengthen efforts towards equality but are insufficient on their own. Work with small-scale tea farmers in Malawi demonstrated the benefits of working on gender issues with the entire membership, rather than limiting ‘gender mainstreaming’ to the associations’ governing bodies.

One benefit of involving young men and women in managing producer organisations, and in initiatives that support farmers, is the potential for innovation. Young people may think differently and be more willing to try new things, including technologies, in ways that tackle some of the structural factors which elders have come to accept. Paying attention now to youth engagement, inter-generational dimensions and youth entrepreneurship may help organisations with planning for the future and proactively engaging with policy debates.

Reaching scale by working together

To really disrupt ‘business as usual’, innovations must be at scale. Technology can play an important part, but scaling change ultimately requires the reform of policy and law. Indeed, the withdrawal of the state under structural adjustment policies is one root cause of small-scale farmers’ disenfranchisement (as, for example, extension services have become harder to access).

While policy is a structural factor, greater agency can aim to change policy — though this can be a long and frustrating path. When pro-producer policy is made, it must be followed by implementation. Building alliances and trust with likeminded or other actors is essential in promoting reform; this requires time, hard work, a shared vision, transparency on motivations and persistence. Sharing lessons from experience can help identify effective strategies for real change.

Lorenzo Cotula and Emily Polack

Lorenzo Cotula is a principal researcher and Emily Polack is a senior researcher in IIED’s Natural Resources Group.

The authors would like to thank all workshop participants for generously contributing their experiences, and Barbara Adolph, Blessings Chinsinga, Gift Mauluka and Brendan Schwartz for their helpful comments; the views expressed are the authors’.

Notes

4 In which few companies, or a single company, dominate the local market, respectively. 5 Berger, T (25 May 2018) Supporting small-scale farmers in negotiations with agribusiness. www.iied.org/fr/supporting-small-scale-farmers-negotiations-agribusiness
8 See https://e-granary.com