A SEAT AT THE TABLE?

ENSURING SMALLHOLDER FARMERS ARE HEARD IN PUBLIC-PRIVATE PARTNERSHIPS

A Fairtrade Foundation executive summary

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FAIRTRADE FOUNDATION

EXECUTIVE SUMMARY

Smallholder farmers are the backbone of the global food system. In Africa, smallholders grow 70% of agricultural produce[1] but many still suffer from chronic food insecurity and hunger. Millions of others live on the threshold of poverty, and struggle to make a decent livelihood from agriculture for their families.

Since the global food crisis of 2007-08 – when the cost of staple foods shot up on global and domestic markets, sparking major civil and political unrest – governments around the world have redoubled their efforts to tackle hunger and malnutrition. A key strategy within this has been to boost investment into agriculture through the formation of new partnerships between governments, private companies and farmers; along with other actors such as academic and research centres, philanthropic foundations and NGOs.

Over the past decade, public-private partnerships (PPPs) have become an increasingly common instrument in the development toolbox. This has seen their function extend beyond their traditional role within large-scale infrastructure projects to be adopted across a variety of sectors and for the purposes of fulfilling a range of socio-economic objectives.

The multiple appeals of PPPs have led to a rapid surge in the number of such initiatives in African agriculture, both at the macro-policy level, and at the project level. Many of these initiatives claim to help improve the position of smallholder farmers. However, there has been relatively little analysis conducted over how successfully agricultural PPPs are engaging with smallholder producers by incorporating farmers into the design, development, implementation and evaluation of these partnerships.

This report seeks to investigate this precise issue: if and how the smallholder food producers are engaged as equal partners within agricultural PPPs in Africa. It involved a review of the general literature on agricultural PPPs. It also incorporated a more detailed assessment of PPPs in the agricultural sector of three countries in Africa: Ghana (Ghana Commercial Agriculture Project), Malawi (sugar outgrower scheme) and Kenya (recent PPPs in the coffee sector).

The evidence gathered through this process has suggested that a number of agricultural PPPs in Africa are paying insufficient attention to the interests, needs and priorities of smallholder farmers. Few, if any, meta-level fora exist to enable smallholders to sit around the table with representatives from governments, agribusiness companies and other stakeholders and direct the evolution of PPPs as equal partners.

Within specific projects, smallholders are often perceived as ‘beneficiaries’ of the PPP, but are largely peripheral in the management of these initiatives. In addition, partnerships seem to be largely driven by pre-conceived ideas amongst governments and donor partners about the requirements of smallholders.

However, interviews with farmers’ organisations in each of the three countries revealed that there is often a disconnect between agricultural PPPs and the smallholders’ own priorities for investment.

Overall, ways and mechanisms to engage smallholders in the design of agricultural PPPs in Africa appear to be weak. Smallholders are likely to have limited engagement with PPPs where they lack a strong political voice – unless special efforts are made to ensure this happens. Lack of engagement in the design of agricultural PPPs is particularly evident where PPPs are demand-driven, e.g. shaped predominantly by the commercial interests of private sector partners. Lying behind this ‘demand-driven’ approach seems to be an implicit perspective from government and donor partners that the problems of smallholders are already well understood, and that by inviting smallholders to participate in ready-made PPPs that provide them with opportunities to access inputs, links to markets or credit, they will automatically improve their prospects and ensure a win-win outcome. However any such assumptions must take into account the specific context of those farmers, such as crops already being produced, food security needs and land use issues.

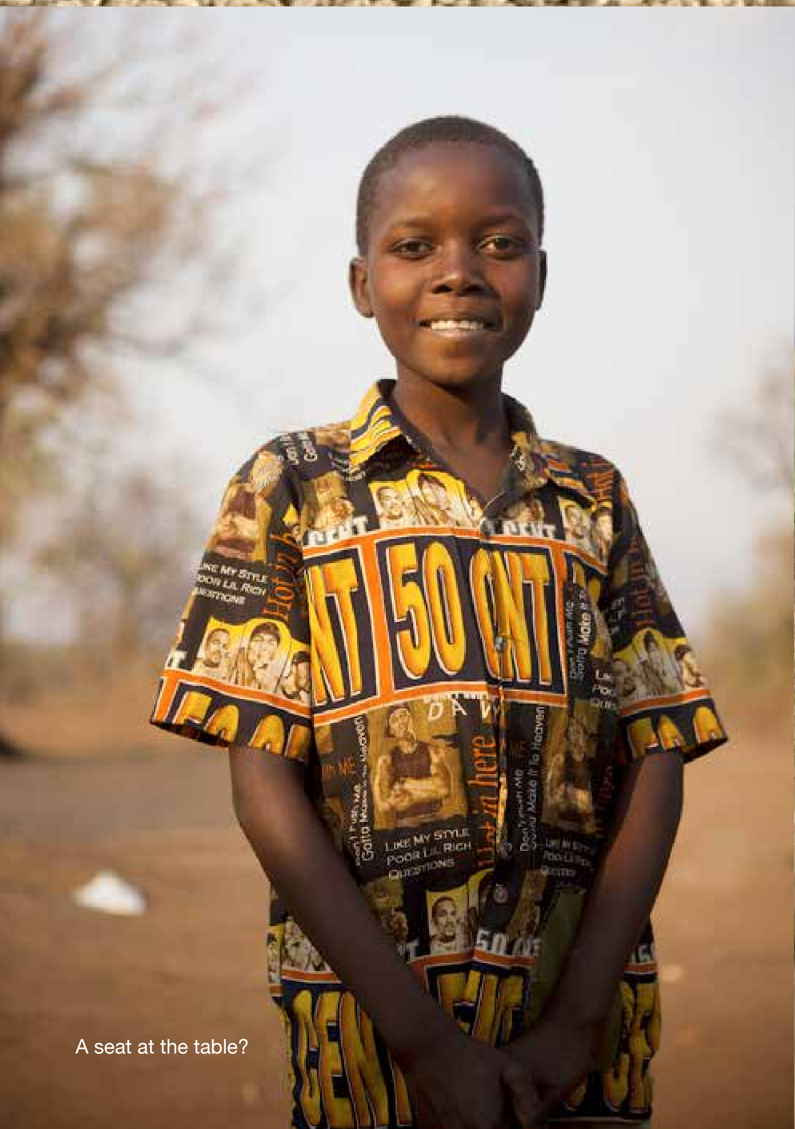
Arguably, this also requires that smallholder farmers be well organised and ensure that ground-level interests are effectively communicated in the appropriate forum by their representatives.

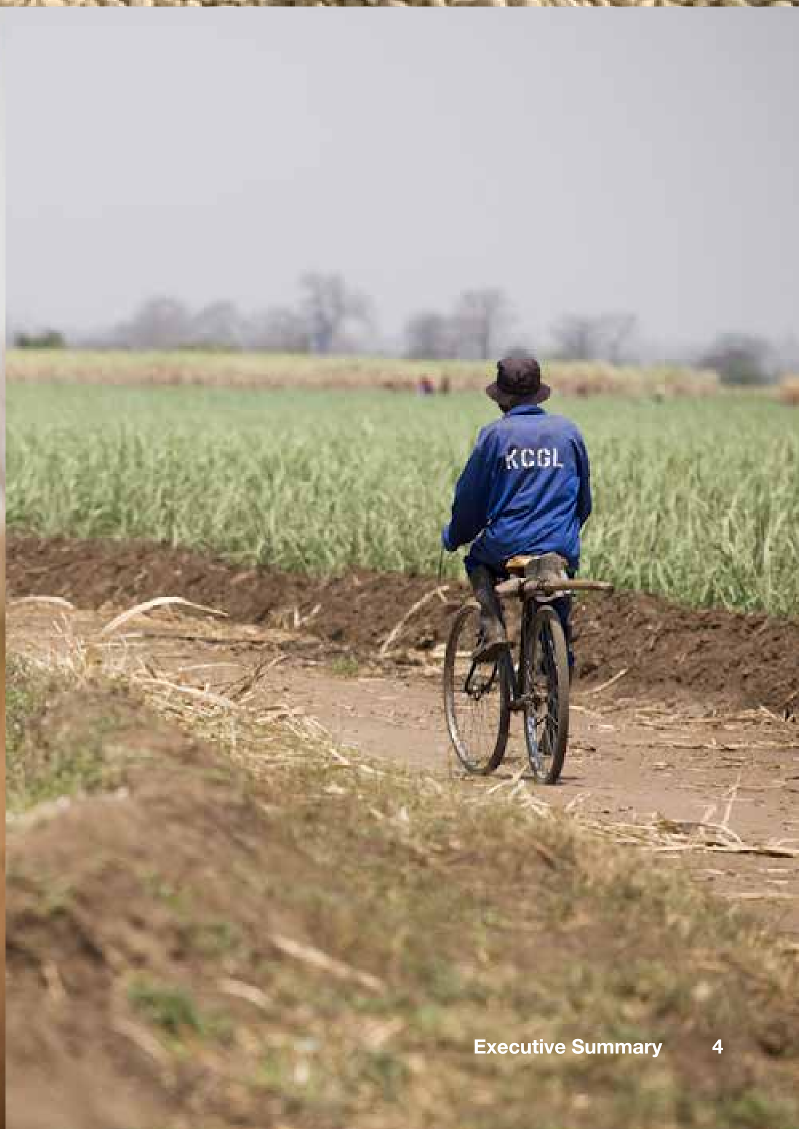
> **AGRICULTURAL PPPs DO NOT OPERATE WITHIN A VACUUM. THEY ARE FRAMED BY THE POLITICAL ECONOMY OF THEIR LOCATION**

Agricultural PPPs do not operate within a vacuum. They are framed by the political economy of their location. As such, the likelihood of any given partnership meeting the needs of smallholders will depend on a variety of factors including the existing and preferred livelihood activities of smallholder producers; the strength of local community institutions; security of land rights; existing market participation and relationships; the state of local infrastructure; presence of extension services, etc. There is also the question of how relationships between women and men, and power relations at the community level are likely to shape how PPPs create (or deny) opportunities for benefit sharing both within and between households. A failure to adequately consider such factors, and tailor PPPs accordingly, can lead to partnerships that miss or ignore smallholder farmers' priorities; or in the worst case scenario, actually aggravate local social and economic disparities and inequalities and exacerbate poverty.

Smallholder involvement in the design of PPPs is therefore crucial from the outset – they should be seen as partners and not just beneficiaries.

Although they may be appropriate in certain circumstances, an exclusive focus on demand-side-driven PPPs risks closing down the space for alternative partnership models built on farmers' visions and priorities.

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RECOMMENDATIONS

The findings of this study suggest that governments and international development partners can do much more to ensure that smallholder farmers are given the opportunity, space and information to play an active role in the design and development of agricultural PPPs – should they wish to participate in them. Below we offer some initial ideas on how each of the case study PPPs could be improved in this regard, as well as some general thoughts and recommendations for improving future engagement of small-scale food producers in agricultural partnership initiatives.

General Recommendations to Governments, Donors and Companies

Framework PPPs

- Ensure any use of government or donor money is directed to deliver development goals through identification of clear target groups and indicators on sustainable livelihoods and poverty eradication, together with effective monitoring and evaluation
- Ensure that governments have a functioning land policy and legislation in place. This will clarify land tenure arrangements in customary land and formalise rights for local communities. The FAO Voluntary Guidelines on the Responsible Governance of Tenure and the African Union Principles of Land Tenure should be used as a guide
- Ensure framework PPPs are designed through a transparent and participatory process.
  This should include:
  - Joint conceptualisation and design of PPPs with smallholder farmers through existing or new national and local fora for representatives of smallholder organisations and relevant stakeholders
  - Clear and upfront objectives, roles, responsibilities and dispute resolution mechanisms
  - Make information on PPPs publicly available in local languages to assist in the transparency and accountability of these arrangements. Governments and companies should ensure full stakeholder consultation and public transparency before committing to any agricultural PPP.
    This should include:
    – Investment commitments from all companies
    – Donor and national government commitments (policy, regulatory, financial and in-kind)
    – Disclosure of information on the Memorandum of Understanding, or Shareholder Agreement
    – Any financial liabilities held by the public sector or donor.

The following recommendations apply to both framework and project PPPs:

- Ensure agricultural PPPs strike a fair balance between the market access needs and priorities of small-scale producers and farmer-based organisations and market demand whilst also reinforcing national development plans
- PPP processes should recognise the value of smallholder farmer engagement and invest in producer organisations to strengthen their governance and representative capacity
- Develop PPPs within a reasonable timeframe to allow sufficient time for thorough and meaningful consultation processes
- PPPs should seek to reinforce and abide by public policy frameworks that ensure inclusive approaches to new partnerships
- As part of the current review of co-operation frameworks under the New Alliance for Food Security & Nutrition, donors, governments and companies should ensure full engagement of smallholder communities in determining the future direction of PPP initiatives

- Companies participating in agricultural PPPs should apply the highest existing labour, environmental and human rights standards to their operations in line with the United Nations Guiding Principles on Business and Human Rights (Ruggie Principles) and the United Nations Principles for Responsible Investment. Companies should begin by conducting rigorous social impact assessments of proposed investments so as to identify and mitigate potentially harmful impacts
- Project partners – particularly external ones – should build their understanding of how local political economy factors shape how particular community members might be affected by a PPP
- Develop, build on and strengthen the institutional capacity of farmer-based organisations and cooperatives by engaging directly with communities and farmers.

Case-study specific recommendations

Ghana Commercial Agriculture Project (GCAP) in the SADA region
The methods and mechanisms that both the Government of Ghana and donors use to engage smallholders in the design of agricultural PPPs appear weak.

- Before issuing any further contracts, the Government of Ghana and donors should:
  - Undertake timely and in-depth consultations with established farmer-based organisations already involved in the production of commercial crops in the north of Ghana to see how the GCAP can build on and diversify existing relationships between farmers and private sector actors
  - Restructure its executive committee to include elected representatives of smallholder organisations in the SADA region.
- Develop new multi-stakeholder fora at national, provincial and district levels through which smallholder farmer groups could engage with public and private bodies to voice their opinions about their needs and priorities and shape the direction of agricultural PPPs such as GCAP to ensure that their needs are met.

Outgrower sugarcane PPP in Dwangwa, Malawi
In order to ensure smallholders can actively engage with, choose to participate in and influence PPP initiatives – such as the outgrower sugarcane PPP in Dwangwa and Malawi's wider G8 New Alliance framework agreement – the Government of Malawi and key donors such as the EU, USA and UK, should:

- Build the capacity of outgrower trusts and companies to represent the interests of smallholders and strengthen the effectiveness of their management and advocacy before the next phase of the PPP commences
- Ensure full engagement with the national level apex sugarcane outgrower body, including understanding who is best placed to represent ground-level issues/concerns and therefore must be engaged in the process

- Further development of the sugarcane PPP should respect land rights including effective implementation and enforcement of the Customary Land Act 2013
- Ensure full transparency and smallholder engagement in the G8 New Alliance through enhanced monitoring, participation and scrutiny of the New Alliance and its reform commitments, including the annual review of the Co-operation framework.

Coffee PPPs in Central Kenya
Power imbalances in the value chain are preventing farmers from developing strategic partnerships to realise the potential value of their crop. For future PPPs in the coffee subsector:

- Establish more open and transparent relationships between coffee societies, government officials, coffee millers and marketers (whether public or private) that can empower coffee farmers and create the basis for more equitable benefit sharing
- Government agencies and development co-operation partners should seek out and engage well-organised co-operative societies to develop supply-led partnerships, and to help to strengthen governance systems and professional capacity within coffee societies
- Establish participatory fora at which smallholder coffee farmers can meet with national and county government officials, coffee millers and marketers, donors, NGOs and other actors to jointly discuss issues in the sector, and potentially create more equal partnership arrangements.

GLOSSARY

FARMER ORGANISATIONS

Rural businesses which engage primarily in collective marketing but also in other collective activities such as processing and production.

OUTGROWER SCHEME

A contractual partnership between growers or landholders and a company for the production of commercial products. Outgrower schemes vary considerably in the extent to which inputs, costs and benefits are shared between growers and companies. Also, growers may act individually or as a group in partnership with a company, and use private or communal land.

SMALLHOLDER PRODUCER

A producer who is not structurally dependent on permanent hired labour and who manages their farm mainly with their own and their family's labour. In the context of this report, which includes a case study on sugar cane, Fairtrade standards provide for the context where due to the nature of the crop, farmers are dependent on hired labour to carry out certain activities. However, farmers must still meet criteria on the size of land they cultivate and the number of permanent workers they hire to be considered small producers.

PUBLIC-PRIVATE PARTNERSHIPS (PPPs)

Collaborative mechanisms in which public organisations and private entities share resources, knowledge, and risks in order to achieve more efficiency in the production and delivery of products and services.

PPPs can be characterised as either initiatives aimed at setting up new **policy or economic frameworks (framework PPPs)** to stimulate private sector activity in the agricultural sector, or they can be targeted to one or more **projects (project PPPs)** where each actor has a specific role to play in achieving a shared objective.

REFERENCES

[1] IFAD (2013) Smallholders, food security and the environment: http://www.unep.org/pdf/SmallholderReport_WEB.pdf

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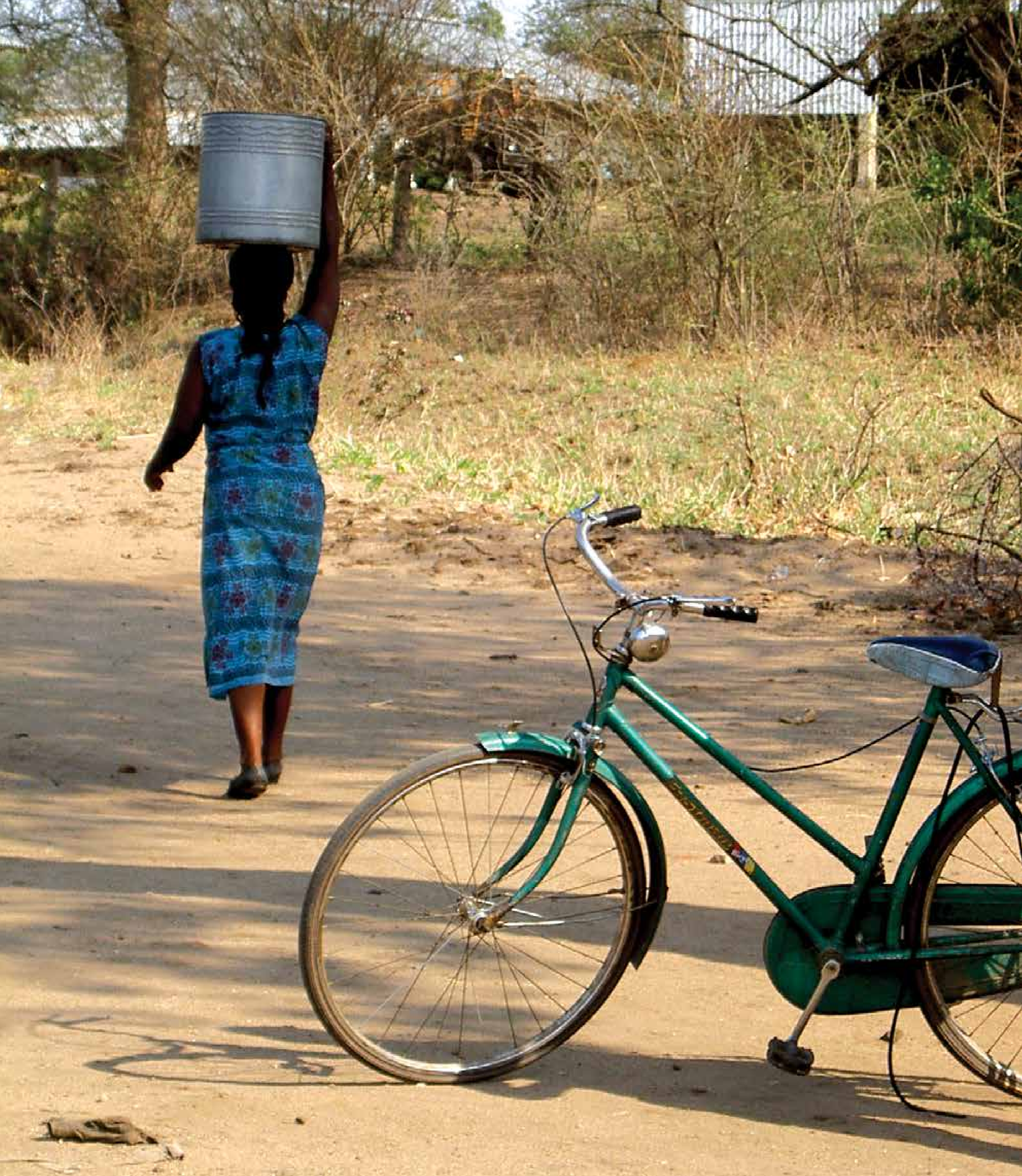

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