
# The Farmer Effect

## An interactive and interdisciplinary workshop

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## Food for thought

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A better deal for farmers


foto Layla Aerts

In search of a better understanding of ‘sustainability’ as a key concept in its operations, Vredeseilanden decided to put three of its programmes to the scrutiny of the public and academia. At the one-day workshop The Farmer Effect, different ‘drivers of sustainability’ explained why they support small-scale farmers and help them become more resilient to the environment in which they work and live. These actors have various motives for doing so, but all acknowledge the positive effect small-scale farmers can have on the environment and in reducing poverty and feeding a growing world population. They show that agriculture is not only part of the problem, it is also part of the solution.

**If farmers can earn a decent income from sustainable agriculture, they can work themselves out of poverty, feed the world and reduce the pressure on the planet.**

# Setting the scene

Don Seville, co-director Sustainable Food Laboratory

The continuous growth of the world's population, changing diets and climate all over the globe are some of the main challenges we face now, as for the years to come. Being the world's largest industry, agriculture plays a key role in addressing these challenges: we have to increase production, reduce net emissions and ensure the sustainable use of water and soil. Moreover, we have to make sure that we take up these issues in a way to reduce poverty and improve access to health.

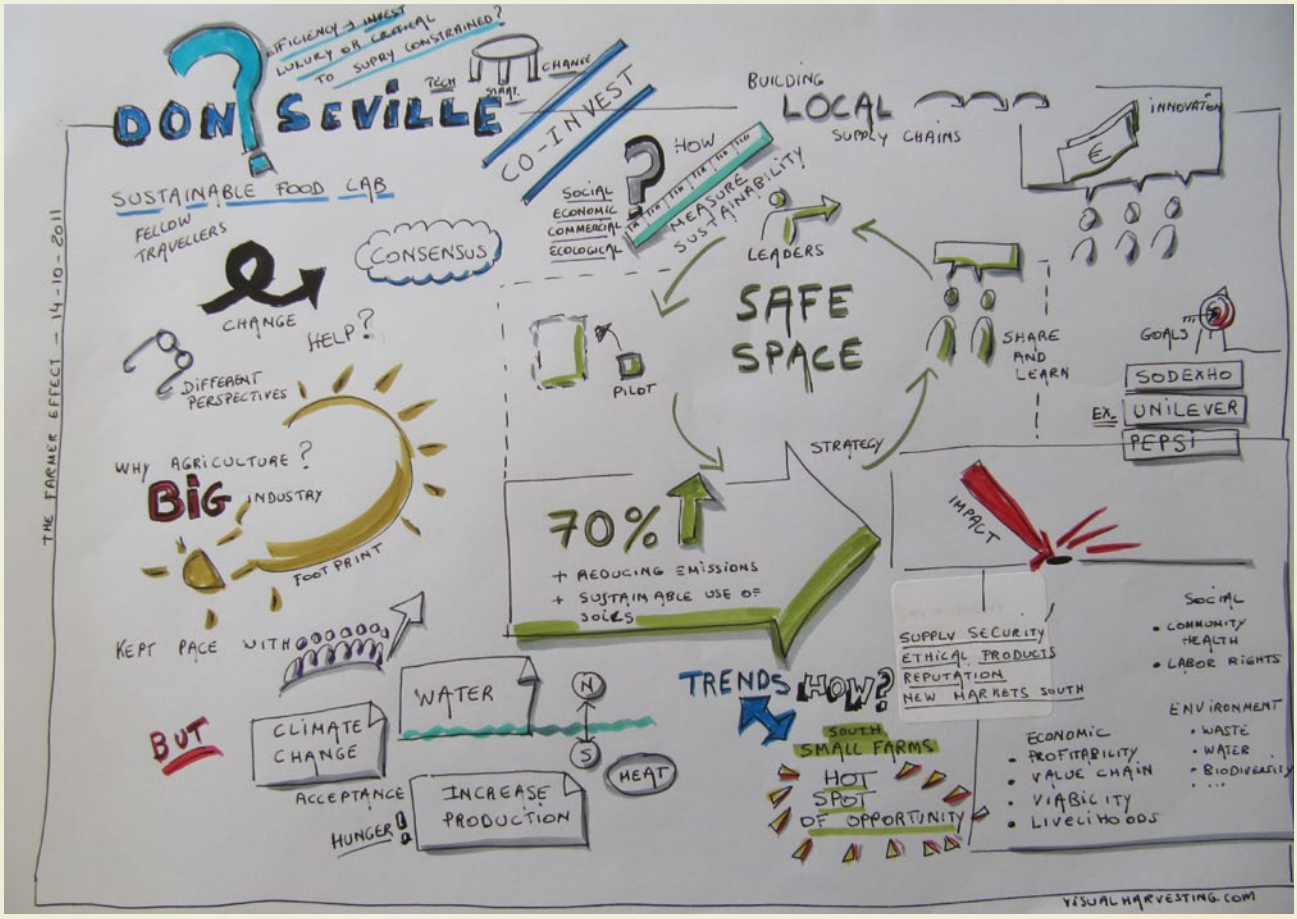
First of all, we have to forgo any polarisation of or fighting between the actors involved. We will not find any answers in settling whether organic or conventional farming will solve our problems; whether or not GMOs are the silver bullet; or, whether local or export agriculture is the panacea. Instead, we should focus on the question: 'What could a solution look like in the agricultural system you are working in?'

To answer this question, it is important to create a safe space with actors that can bring about change, such as large-scale companies, small-scale mission-oriented companies, non-profit organisations, governments and farm leaders. Forging cross-industry relationships is the basis of innovations single actors cannot come up with themselves. Once these innovations prove successful, all actors should look how to improve their organisational strategies across the board, following this lead towards more sustainable agriculture, not forgetting to learn from these experiences and share them.

Just as there is not one single cross-cutting solution, every context-specific solution is likely to be a combination of smaller solutions – be they practice-based standards (e.g. Rainforest Alliance), shorter supply chains, low carbon farming or developing supply chains in middle- and low-income countries.

> *" We have to increase production, reduce net emissions and ensure the sustainable use of water and soil in a way to reduce poverty and improve access to health."*

How, then, do small-scale farmers fit into this mix of solutions? First, improving farm performance is critical to improve livelihoods. Yield on many farms in sub-Saharan Africa, for example, is only 10% of that of comparable farms in the USA. Small-scale farmers, thus, present tremendous opportunities to reduce poverty and hunger. Second, the areas in which they farm are environmental hot-spots, signaling their



vulnerability to climate change. With 80% of all new land cleared for crop lands located in low- and middle-income countries, this decrease of forests has a significant impact on the ecosystems in which farmers work and live.

Given the importance of small-scale farmers, then, to face the above mentioned key challenges, there are four ways in which companies envisage their collaboration with these farmers:

- It helps them to mitigate risks and improve their reputation, as they report on progress achieved on the ground.
- It allows them to tap into a growing segment of consumers who look for 'ethical' products.
- Sourcing in local supply chains becomes increasingly the preferred option to keep up with market growth in low- and middle-income countries.
- Increasing small-scale farmers' resilience is key to ensure supply security in the face of volatile prices and worrying climatological projections.

This last point, in particular, points to the core of challenges we face. For the moment, we see that companies try to engage farmers towards boosting their resilience via round tables, third party certification and more direct trading relationships. In so doing, all supply chain actors involved look at ways in which they can share the costs of improving productivity and investments, as well as the risks farmers take as they enter more modern supply markets.

A major obstacle is looming over this process, however. How do you measure sustainability? Despite general convergence on environmental (and to a lesser extent also social) performance indicators of agriculture, there is little agreement on how to look at these indicators. In absence of a common methodology to measure the impact of innovations and check the sustainability of new agricultural systems, some companies have signaled their commitment by publicly declaring their own specific sustainability targets (usually on carbon, water and waste). In so doing, they show at least a certain openness to scrutiny of their actions; yet, measuring sustainability needs more concerted efforts to move it forward.

*" All supply chain actors should look at how they can share the costs of improving productivity and investments, as well as the risks farmers take as they enter more modern supply markets."*

The Sustainable Food Lab has developed four *sets of indicators to measure sustainability*: *social* ('are the basic needs of farmers met?'); *economic* ('are the farmers earning enough to keep on farming this crop?'); *commercial* ('are farmers realizing their potential?'); and *ecological* ('can the land sustain continued cultivation?'). To this, Vredeseilanden adds another category of *cultural* indicators ('is the crop farmers are cultivating in line with local traditions and identity?').

Regardless of this obstacle, there are three different sets of skills that supply chain actors need to master in order to move sustainability from a laudable goal to the normative way in which things are done in supply chains. First, you need *technical understanding* of issues such as climate change and the risks it poses, and its solutions. Second, you have to come up with *structures and strategies* that include small-scale farmers, mitigate risk and promote sustainable practices, both within organisations and supply chains. Third, you should be *able to lead* internal and external *change*, be it by challenging mental models or aligning actors to change unsustainable practices.

These sets of skills will prove vital as we are moving from demand constrained to a supply constrained world.

Click for the full audio recording of Don Seville's presentation.

*"How to move from easy solutions, which are cost-neutral or even reduce costs, to solutions that add costs but have clear social benefits? And, who should pay for that?"*

# Cocoa in Indonesia: business driving sustainability

Indonesia is the world's third largest cocoa producer (15%, after Cote d'Ivoire and Ghana). 1.4 million farmers, or 93% of all producers, are cocoa smallholders. It is a booming sector that involves an increasing number of big private actors (e.g. Armajaro, Kraft, Bary Callebaut), research institutes (e.g. ICCRI, ASKINDO) and newly created farmer organisations. All these actors have a forum to discuss cocoa-related issues in the Cocoa Sustainable Platform.

This case discusses the interventions of Mars Inc. to invest in small-scale cocoa farmers in East Flores (Nusa Tenggara province). Some of these farmers are represented by local farmer organisations JANTAN, SIKAP and AMANAK, which VECO Indonesia supports.

**Ingmar Streese, director global programs and partnerships Mars Inc.**

## A business perspective

A few years ago, Mars Inc. had a wake-up call.

Deteriorating tree and soil conditions along with continuing pests and diseases affect farm productivity. Therefore, yield should be increased, but not at the cost of deforestation. Not only quantity, also the deteriorating quality of production has to be tackled. These improvements should result in a higher income for farmers, hopefully stimulating the next generation to keep on growing cocoa.

Expecting a continued growth in the sector, Mars Inc. decided to undertake actions to secure its supply chain: certification and focused programmes. There are three pillars to these programmes - productivity, community and policy -, meant to improve the environmental, social and economic aspects of farmers' livelihoods.

Typically, such interventions include setting up Cocoa Development Centres to conduct research on planting material and train people. The trainees then become trainers themselves at Cocoa Village Centres, sharing their knowledge on technology and material with farmers.

Click for the full audio recording of Ingmar Streese'spresentation.

**Rogier Eijkens, representative VECO Indonesia**

## A farmer perspective

Impulsed by Mars Inc.'s investments, farmers started organising themselves, quite innovative considering that such organisations did not exist in that area. Through collective marketing systems, farmer field schools and developing an internal control system, farmers are boosting the quality and quantity of their production. Furthermore, these organisations are also involved in socialising the various chain innovations in which they are engaged.

In 2010, they sold 100 tons of wet beans to Mars Inc., really kick-starting these organisations. But, as processing wet beans on this small a scale was not sustainable, Mars Inc. decided this year to only buy dried beans, relying again on local traders for its supply. Nonetheless, it continued its training programme and insists on greater transparency and sustainability from its traders. The farmer organisations, in the meantime, are gearing up to do the fermenting and drying of beans themselves, so they can sell again larger volumes to bigger buyers. They are also preparing to have their beans certified by Rainforest Alliance and UTZ.

## Results

After four years, farmers were able to harvest on average 40 instead of 30 fruits per tree and saw the price they get for cocoa rise from 0.9 to 1.13 USD per kilo. Depending on the farm, this roughly meant a 50 to 70% increase in revenues.

Through raising awareness on improved techniques and planting material, organisations see more farmers wanting to join them to improve their own market position. Also, lobbying the local governments has resulted in support for innovations in the processing and marketing of cocoa.

## Success factors

Key to these good results have been:

- the good educational levels and leadership skills that the farmers already had;
- access to training and mentorship (Mars Inc. and VECO Indonesia);
- the continued sustainability and market-oriented policies of Mars Inc.;
- a booming market.

## Challenges to sustainability

### Social

There is an interesting case to be made for including more women in the business of cocoa; trainings should also focus on this, while taking the particular societal context into account.

Farmers should guard the balance between growing cash crops and food crops, to ensure food security at household level.

### Economic

How to stimulate similar investments in the sector, not only by privately held companies such as Mars Inc., but also by public held ones?

Farmer organisations need to build their own capital funds to make investments, perhaps by levying membership and marketing fees.

### Environmental

Although it is not possible to zero the CO2 footprint of the whole cocoa chain, production as such has a limited footprint. Cocoa also needs a lot of water, and is therefore grown in areas where natural supply of water is abundant. Much attention is paid not to expand the agricultural frontier by cutting down forests.

This is not the case, however, with other crops in the area (e.g. coffee) or with the cocoa production in other countries.

### Institutional

Despite the looks of it, there is actually little risk of a dependency relationship between the farmer organisations and Mars Inc. There is no contract that binds farmers to sell exclusively to Mars Inc. Actually, the fact that Mars Inc. no longer buys wet beans, has fired up the organisations to change their strategies, thereby contributing to their organisational strengthening.

# Rice in West Africa: governments driving sustainability

The 15 countries that make up the Economic Community of West African States (ECOWAS) harbour over 20 million rice farmers. They try to meet the ever increasing demand of their domestic markets, as traditional diets have shifted towards a significantly higher consumption of rice.To do so, they have to import almost half of the total rice demand (10m tons). After the global food crisis in 2008 and the subsequent export bans for rice in many countries that supply the West African markets, governments made food sovereignty a priority target of their regional integration.

This case discusses the interventions of ECOWAS to invest in small-scale rice farmers in West Africa. Many of these farmers are represented by ROPPA, a regional network of farmer and producer organisations in West Africa, which Vredeseilanden supports.

### Alain Sy Traoré, responsible production chains and markets, agriculture and rural development ECOWAS

## A governement perspective

The population in West Africa is growing steadily, as is their demand for rice. Moreover, as people are increasingly leaving the countryside to live in urban areas, questions arise how local production –already insufficient– can keep up with demand.

Governments are, therefore, teaming up to back national policies with regional ones. These include investment plans and production support (e.g. tariff reductions and subsidies for agricultural supplies) to boost output quantity and quality. They also focus on regulations to shield markets from cheap imports (CET) and reduce price volatility (e.g. better storage facilities). Furthermore, they seek to improve access to food for the poorest (food coupons) and to information (e.g. AGRIS).

Regional integration is considered as the key to help smallholders modernise and increase their production in a sustainable manner, improve irrigation systems and chain structures, and promote adding value to basic products.

Click for the full audio recording of Alain Sy Traoré's presentation (in French).

**Djibo Bagna, president ROPPA**

## A farmer perspective

Farmers have long felt a lack of political commitment to support their work. That is why organisations such as ROPPA lobby governments at ECOWAS to better regulate agriculture, prop up the sector with investments, enhance cooperation between sectors and shield markets from unfair competition.

Furthermore, they are engaged in identifying those farmers who fall out of the reach of governmental programmes. They help them improve the quantity and quality of their output with research and responsabilisation programmes as well as by advocating better transport and storage infrastructure in the region. Another focal issue of their work is awareness raising via women's colleges to demonstrate the economic possibilities of rice as a crop.

## Results

The drive for sustainability has only begun recently, making it hard to assess results. In any case, rice production has increased significantly, contributing to the overall goal of food sovereignty. Intra-regional differences in production and demand make it difficult to agree upon common region-wide tariff bands on rice and other agricultural products.

## Challenges to sustainability

### Social

Although women are involved in the rice chain, their role is often downplayed or undervalued. There is a growing market for agricultural products with added value, to which women can make substantial contributions. However, as soon as it becomes a profitable business, men tend to take over the wheels.

### Economic

Regional cooperation and trade is hard to achieve with sky-high intra-regional transportation costs and poor storage infrastructure.
It is difficult to attract private investments for small-scale farmers and governments should act upon the national and regional investment plans.

### Environmental

There is certainly no lack of natural resources, such as water and sunshine. Moreover, research institutes such as the Africa Rice Centre are developing new varieties, adjusted to the different climatological contexts in the region. Rice has an impact on the environment, but so do other crops if people were to shift their diets; the new rice varieties that are being developed help to reduce this impact.

### Institutional

As of now, organisations such as ROPPA are heavily dependent from outside funding. To diversify revenues, they started supporting farmers also outside the political realm.

# Plantain on coffee farms in Ecuador: farmer organisations

The majority of farmers who grow plantain in Ecuador (not to be confused with the ubiquitous sweet banana), do so in combination with other crops. Coffee farmers, as well, often decide to intercrop coffee with crops that provide shade, such as plantain. Most of these farmers, however, do not make any economic profit out of growing plantain. In part, this is because it is not very profitable to export plantain and it is difficult to compete with big plantain farmers. Also, farmers often lack economic and political support mechanisms to commercialise this crop.

This case discusses the interventions of Fapecafes, a farmer organisation supported by VECO Andino. It found a partner in Ethiquable, a French fair trade association, to bring its plantain chips (chifles) on the Belgian and French market.

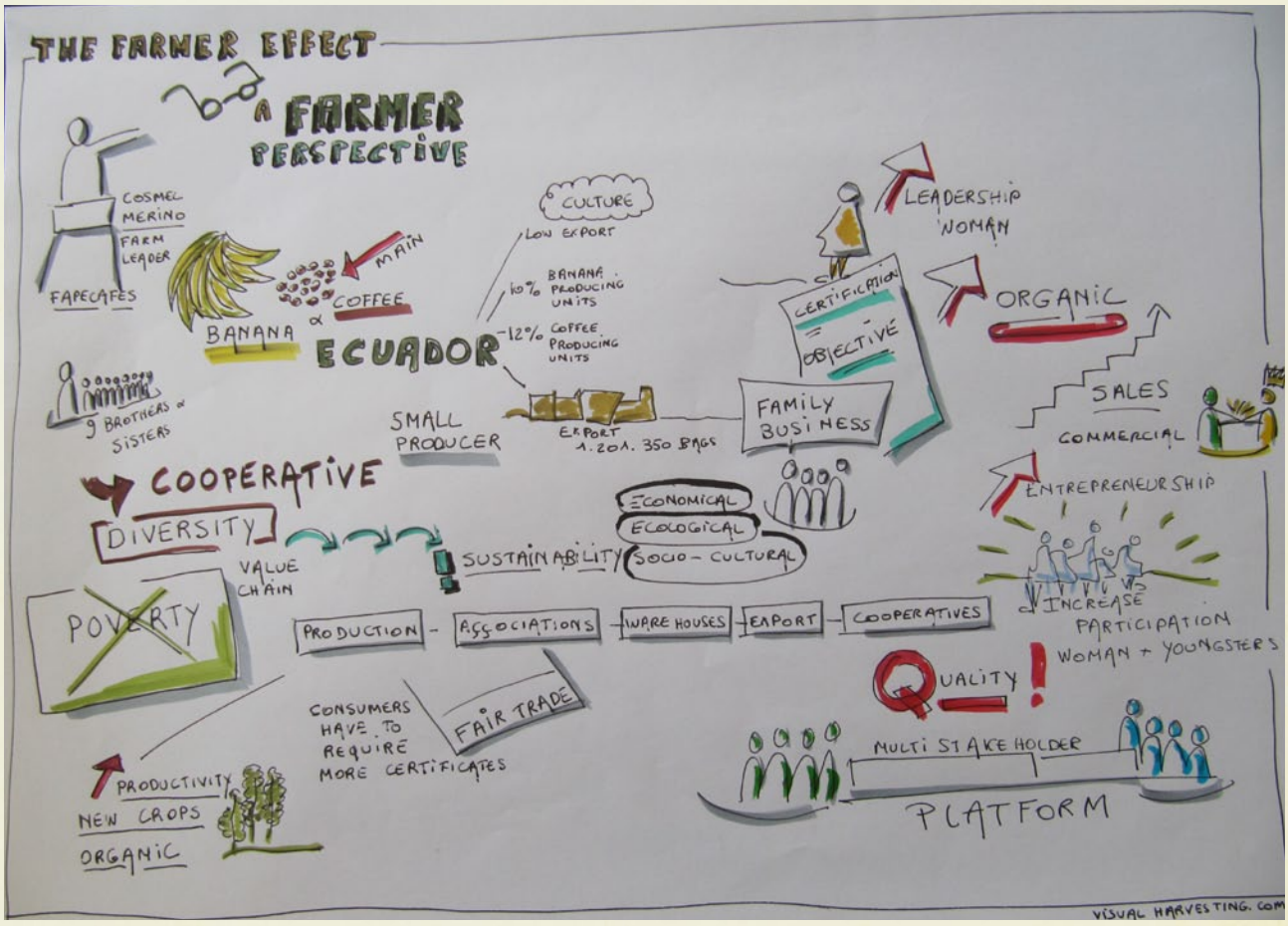
**Cosmel Merino, director Fapecafes**

## A farmer organisation perspective

Fapecafes took the lead in looking for ways to diversify the income of coffee farmers in the face of volatile coffee prices. As the majority of its members also grow plantain on their farms, this crop provided opportunities to do so without expanding the agricultural frontier.

After the plantain is collected, washed and peeled, it is transported to Guayaquil (15-18 hours) to be processed into chips, destined for export. Because they cannot certify their chips as organic (only fair trade) and the high transportation costs, Fapecafes wants to build a local processing plant to fully control the whole process of adding value to their produce. This way, they can increase the number of farmers who can commercialise the plantain they grow, as well as approach more traders to export their chips to other markets.

Click for the full audio recording of Cosmel Merino's presentation (in Spanish).



**Christophe Eberhart, co-founder Ethiquable**

## A fair trade perspective

Ethiquable seeks to promote small-scale family farmers' interest by importing and distributing their fair trade products on the French and Belgian markets. It seeks not only to pay those farmers a fair trade premium as an incentive to improve the quality of their products. It also wishes to support farmer organisations as drivers of social change (as opposed to buying directly from the farmers). This is why it has partnered with Fapecafes to export its plantain chips on top of the coffee beans they produce.

## Results

For the farmers involved in the project, plantain has become their second biggest source of income.

This bottom-up approach has also attracted more political support for this kind of drive to sustainability.

Fapecafes is making significant progress towards becoming a self-sufficient organisation.

## Success factors

Key to the success of this project is the partnership with Ethiquable, which is the only trader at the moment to ship plantain chips from Fapecafes to foreign markets.

Also important has been the socio-cultural embeddedness of plantain in the region – most farmers were already growing the crop on their coffee farms.

## Challenges to sustainability

Social

Women and youth should be more involved in the organisational and business related aspects of the plantain-to-chips chain; now they are mainly involved in the production, harvest and post-harvest phases.

Economic

Fapecafes should reduce its dependence on the external (and far-away) processing plant and diversify its export partners and markets.
It is questionable in how far there is a local demand for plantain derivatives with added value (ie. organic and fair trade).

Environmental

Farmers should improve the management of their waste and sub-products, to reduce their impact on the environment.

Fapecafes should consider what to do when international demand drops as a result of a growing concern about 'food miles' (the ecological footprint of food transport).

Institutional

There is much concern regarding the generational takeover within the organisation (lack of youth participation).

The business capacity of Fapecafes and its members should be strengthened to ensure more diversified strategies.

# Academic reflections

To complement the debate, four academics from the Catholic University of Leuven reflected upon sustainability in the three cases as they accompanied the group discussions.

Ann Cassiman, professor of anthropology, academic coordinator master of cultures and development studies

## An anthropologic perspective

Do farmers really have to learn how to be good farmers? Aren't they already the experts who know what they are doing and how to adapt to changing environments?

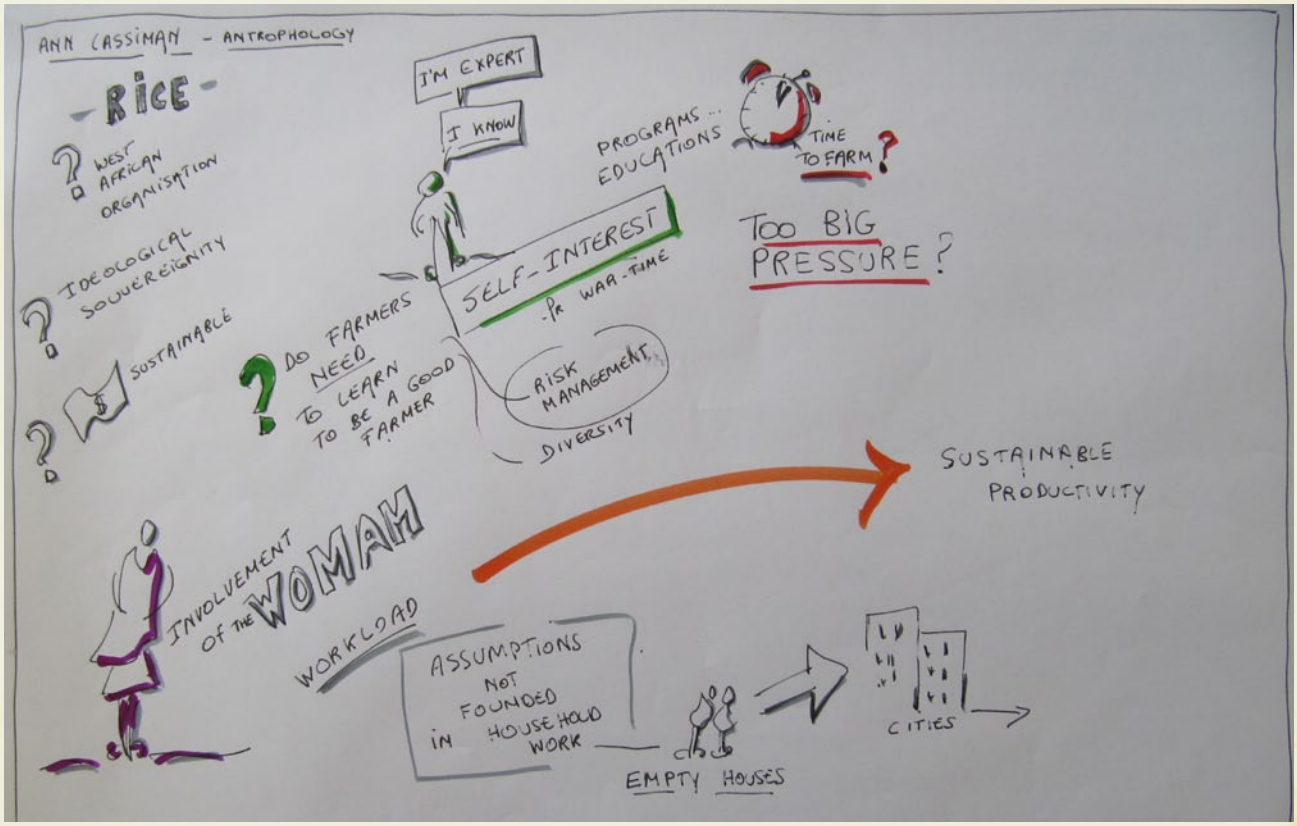
A lot of responsibility is put on farmers to provide solutions for pressing food concerns: to increase output, they should attend trainings, engage in lobby activities, etc. But, when will the farmer have time to farm?

More and more programmes incorporate empowering women in agricultural chains and have them actively participate. Yet, what happens with the burden of household and other tasks women are (supposed to be) carrying out? Do women really have the time to get more involved?

Rural youth are increasingly moving towards urban settings. However, the remittances they send back home do not compensate for the loss of labour – who will fill their gap?

It is clear that subsidies and technological improvements cannot fully solve problems of growing labour shortages.

Click for the full audio recording of Ann Cassiman's presentation.



Erik Mathijs, professor of agricultural and resource economics

## An agronomic perspective

Although the fair trade label, to name but one, appears fairly transparent, the reality is that most people, including farmers, are not enough aware of the full dimension of operations behind the scene.

In this respect, farmers face a trade-off when choosing between engaging in a free market or supply chain model: do they want access to high value markets – with price premiums, knowledge sharing, capacity building, lower transaction costs – at the cost of losing (part of) their independence?

Even in the supply chain model, there is a tendency to keep risk outside the supply chain, or push it down the chain, instead of sharing it evenly.

Diversifications seems warranted – not only for economic reasons, but also environmentally it is important to rotate and diversify crops, or look at soil ecology and biodiversity.

Key to sustainability is to look at the whole picture, not only at sets of separate indicators.

Click for the full audio recording of Erik Mathijs' presentation.

Hans Bruyninckx, professor international relations and director HIVA

## A governance perspective

When forming governance institutions, such as sustainable agricultural chains, it is important to bear three elements in mind:

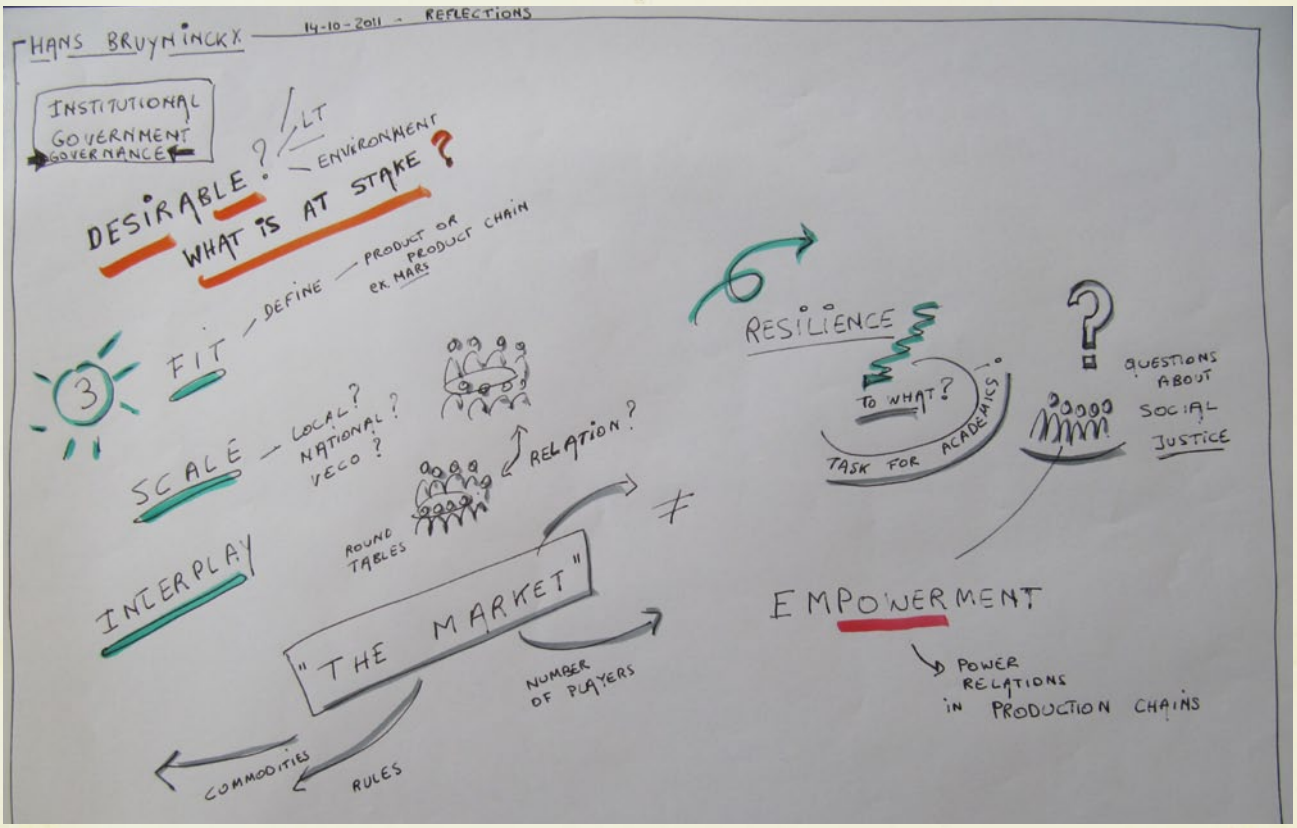
- Do they fit the problem or goal they are intended for? How big/narrow is that goal?
- On which scale do they function – is it local, national, Vredeseilanden or broader?
- How do they interplay with other institutions, such as free trade rules, environmental or product norms, etc.?

There is no such thing as 'the market' – it varies greatly from product to product. It is also important to recognise that with commodities, there are often only a few big players who dominate that particular market. This can lead to twisted extremes where at one end of the chain big profits are collected, whereas farmers on the other end rely on subsidies to build even the most basic processing infrastructure.

One should be careful when using a certain discourse, so as not to get carried away by the normative expectations that it carries within it:

- Empowerment often loses its connection with power and power-relations between actors; it is important to keep equity and social justice at the front of sustainable chains.
- Resilience has a different meaning depending on the context and level you apply it to; also, one should not forget that some places simply cannot escape the effects of climate change and drastic new solutions are needed.

Click for the full audio recording of Hans Bruyninckx's presentation.



## An institutional perspective

Huib Huyse, research manager of research group on sustainable development HIVA

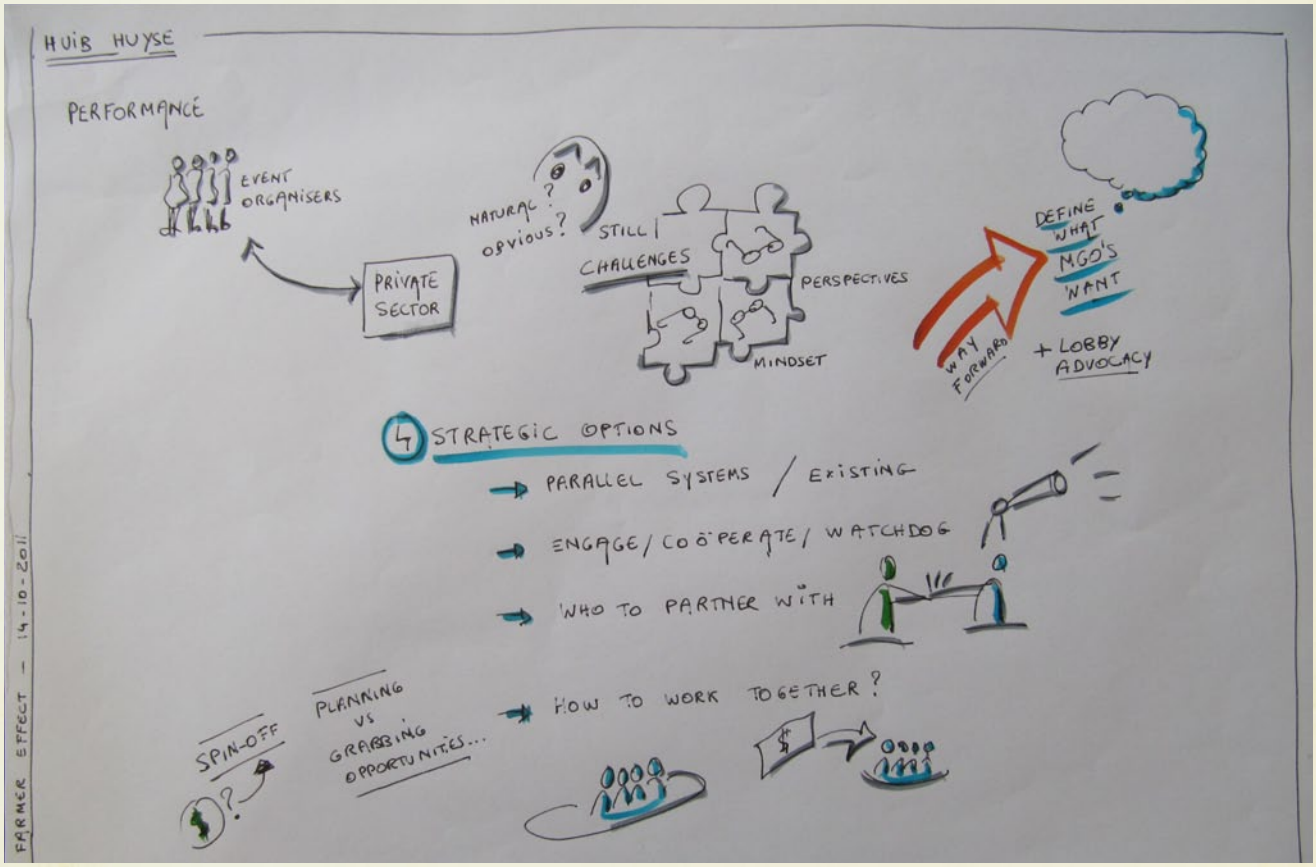
When NGOs interact with the private sector, different mental models are in fact working together. NGOs should consider the following strategic options to define their position in this interaction:

- Will you focus on setting up parallel systems (e.g. fair trade) or do you want to facilitate change from within?
- What is your overall stance towards the private sector – do you seek to engage and cooperate, or would you rather play a watchdog role?
- Would you rather partner with companies that see Corporate Social Responsibility as an add-on or as part of their core-business?
- Do you want to work together as partners with joint interest or are you merely seeking funding for activities you would do anyway?

A few critical notes on this interaction:

- Can NGOs combine roles? It seems difficult.
- Are the overall logical frameworks of both parties compatible (long-term planning vs. short-term gains)?
- Will the more business-oriented spin-offs of NGOs find money for their operations? It is not clear whether companies are willing to pay for this kind of services, or would rather stick to those of 'traditional' consultants.

Click for the full audio recording of Huib Huyse's presentation.



# The way forward

Don Seville, The Sustainable Food Laboratory

In the face of these critical reflections, the challenge is to find a way to celebrate incremental progress on the ground while not forgetting the bigger picture, the long-term goals. Whatever road you take to create inclusive modern markets that reward farmers for investing in sustainability, it will most likely fit the following framework of focal points:

- capable farmers, who have access to knowledge and services, who are able to reinvest in their own farms, as part of more diversified and sustainable households;
- willing buyers, who move from simple transactions to co-investment in long-term sustainability, thereby responsibilising consumers;
- an enabling environment, the institutional structure that supports farmers and provides incentives for sustainable behaviour, as part of good governance.

There is no strategy that is the only right one to make it all work within the overarching context of our eco-system.

Every environment warrants a different analysis that looks at the weak links and at which leverage every actor has to make sustainability happen in that particular context.