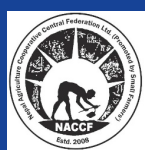


# Supporting small-scale farmer agency in commercial agriculture

Emma Blackmore, Lorenzo Cotula, Binod Gautam, Kalpana Karki, Kumvana Mtukule, Meena Pokharel, Emily Polack and Deepakar Rupakheti



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# Supporting small-scale farmer agency in commercial agriculture

Collective learning on the role of socio-legal empowerment from an international action-research project

Emma Blackmore, Lorenzo Cotula, Binod Gautam, Kalpana Karki, Kumvana Mtukule, Meena Pokharel, Emily Polack and Deepakar Rupakheti

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Cover: A member of the EcoTea Cooperative plucks the first flush of organic tea in her farm in Illam in eastern Nepal. (Photo credit: USAID/Nepal - Nepal Economic Agriculture Trade Project via Flickr, CC BY-NC 2.0)

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## List of acronyms

CSRC	Community Self-Reliance Centre
EPIC	Empowering Producers in Commercial Agriculture
FCDO	Foreign, Commonwealth & Development Office
HLPE	High Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security
IIED	International Institute for Environment and Development
IPES	International Panel of Experts on Sustainable Food Systems
LID	Living income differential
MWK	Malawian kwacha
NACCFL	Nepal Agricultural Co-operative Central Federation Ltd.
NSTGA	National Smallholder Tea Growers Association
SPP	Símbolo de Pequeños Productores
USD	United States dollar
WOLREC	Women's Legal Resources Centre

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## Abstract

Small-scale farmers in low- and middle-income countries face vastly different realities, which translate into diverse challenges and opportunities. Some businesses, governments and development agencies have been promoting smallholder inclusion in global value chains and smallholder commercialisation as an essential part of addressing challenges and creating opportunities. This is happening against a backdrop of growing corporate concentration in agri-food markets, which affords large companies influence over value chain relations and public policy. This context raises important questions over the ability of small-scale farmers or farmer groups to exercise *agency* – that is, to make choices and influence decisions that shape their worlds.

This report summarises lessons from the Empowering Producers in Commercial Agriculture (EPIC) project – an action-research initiative that combined international evidence gathering and lesson sharing with the testing of diverse agency-enhancing approaches to support small-scale farmers in Malawi and Nepal. These included efforts by producers to access information and develop collective analysis of challenges and opportunities; strengthen their representative organisations; and engage with other actors – from buyers and input suppliers to government agencies at local to national levels – in order to change trading practices and influence policies. Though these approaches are context-specific and reflect diverse political and socio-economic realities and farmers' starting points, the report shares learning generated through the project, to stimulate critical reflection by development actors working in the arenas of small-scale farming, agrarian change, agri-food markets and food systems.

## 1. Introduction

Around the world, small-scale farmers face vastly different realities. These realities differ according to crops, farm sizes, income levels and other parameters of social differentiation. These contexts in turn translate into highly diverse challenges and opportunities, including in relation to sourcing farm inputs and accessing markets, and into differing contributions to subsistence living, the market economy and food provision.<sup>1</sup> Many small-scale farmers in low- and middle-income countries rely on informal transactions in local and regional markets for the bulk of their staples trading (Vorley and Lançon, 2016). In addition, growing research highlights the important role that micro, small and medium sized enterprises – from agro-dealers to food traders and intermediaries – play in connecting small-scale producers to both inputs and markets (e.g. Reardon *et al.*, 2019; Liverpool-Tasie *et al.*, 2020). Yet, the small-scale sector from farm to fork is often overlooked by public policies, which fails to address value chain inequities and leaves producers and traders vulnerable to external shocks (e.g. Hall and Wegerif, 2021).

Some businesses, governments and development agencies have promoted the integration of small-scale farmers in global value chains through ‘inclusive business models’ that link farmers to inputs, finance and markets (Guarin *et al.*, forthcoming). However, agri-food markets are characterised by significant corporate concentration in both input supply and commodity trading, enabling large companies to disproportionately influence prices, technology, innovation and public policy (Clapp, 2021). The resulting information and power asymmetries put small-scale farmers at a disadvantage; the costs and risks associated with agricultural production and trade are often pushed onto small-scale farmers (Woodhill *et al.*, 2020; IPES, 2017). Processes of smallholder inclusion and commercialisation can also drive inequality if attention is not paid to gender differentials and other intersecting identities and sources of marginalisation (Chinsinga *et al.*, 2022).

In these contexts, there are questions about how farmers or farmer groups can exercise *agency* – their ability to make choices and influence decisions that shape their world (HLPE, 2019, 2020; Cotula *et al.*, 2019; Bonny, 2017). Many processes of inclusion of small-scale farmers are top-down and can undermine rather than enhance agency, maintaining rather than challenging the status quo. For example, they may focus on the numbers of farmers included in trade and any resulting increases in income but not consider the priorities and needs of small-scale farmers or address agricultural trade issues from the perspective of those farmers. Instead, an agency perspective would require any initiative to start from what farmers themselves are working to achieve, their own vision of agricultural

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<sup>1</sup> See e.g. the study by Woodhill *et al.* (2020), which considers differentiation among farms under 20 hectares worldwide and estimates that 30% of those farms produce 70% of all food produced by small-scale agriculture in middle- and low-income countries.

production and trade, and their existing forms of organisation and support, even more so in the context of climate change. This entry point might result in distinctive approaches for supporting farmers as they engage with global value chains or pursue alternative pathways – for example, through improved access to, and organisation of, local to regional markets.

This report summarises lessons from the Empowering Producers in Commercial Agriculture (EPIC) initiative – an action research project that combined international evidence gathering and lesson sharing with practical approaches to support small-scale farmers in Malawi and Nepal. The project was implemented between 2018 and 2022 by the Women’s Legal Resources Centre (WOLREC), with input from Imani Development, in Malawi; and by the Community Self-Reliance Centre (CSRC) and the National Agriculture Central Cooperative Federation (NACCFL) in Nepal. IIED provided overall project coordination.

EPIC explored the types of action taken by small-scale farmers and their supporting organisations to strengthen their position in their trading arrangements, applying an agency lens to research and practice. The process explored what types of support enabled farmers to fill information gaps (theirs or those of other actors), to organise in order to learn and act collectively, and to engage actors in new ways to meet their own priorities. The work generated lessons on approaches that sustain or build farmer agency within the context of commercial agriculture.

The lessons presented in this report do not offer a comprehensive picture of the activities supported and the learning generated through the project. They are intended to stimulate critical reflection by development actors working in the arenas of small-scale farming, agrarian change, agri-food markets and food systems. The structure of this report is as follows: section 2 explores the concepts and conceptual framework used in EPIC and details its approaches; section 3 explores the lessons learnt from this work drawing on action research in Nepal and Malawi and other evidence-generating and lesson-sharing activities; section 4 offers some concluding reflections.

## 2. Concepts and contexts relevant to agency and socio-legal empowerment

### 2.1 Concepts

EPIC developed a conceptual framework linking agency, structure and socio-legal empowerment (Cotula *et al.*, 2019). This section briefly summarises these concepts.

**Agency** is the ability of people to make choices and effect change according to their own priorities, whether individually or collectively (Cotula *et al.*, 2019). Farmer agency in the context of commercial agriculture can include, for example, producers' ability to assess and seize livelihood opportunities; negotiate the terms of their value chain participation; manage weather, price or exchange rate risks; respond to stresses such as climate change or the fallout from pandemics; and influence policy and law reforms (Cotula *et al.*, 2021). An agency perspective, then, considers farmers – and their needs and realities – as the starting point in any research or practice.

Farmers may exert strong agency on a daily basis. Exerting agency may be driven by the need to earn an income and support livelihoods, but it may also be driven by a wider range of considerations (e.g. socio-cultural factors, a need for kinship or to support community relations, environmental considerations). Further, exerting agency may involve claiming better terms in a given trading relationship, or rejecting it if farmers perceive it not to be working in their favour. But while farmers often make several decisions every day, choices are almost always constrained by structural factors, for example, if few or only one buyer operates in the area. Agency is also socially differentiated: different farmers have different capabilities to engage in commercial agriculture and effect change in their own situations and are also exposed to different contexts which can limit or enable their agency. Intersecting sources of **social differentiation** commonly include landholding, income, status, gender, age and ethnicity.

An agency perspective is helpful because, compared to some other approaches, it enables a broader and more meaningful analysis of the impacts and opportunities created by particular interventions, shaped by the power relations and structural factors that determine the nature of agri-food sectors. An agency perspective may also be helpful when considering the management of risks or disruptors such as climate change, zoonosis and political turmoil, as these risks often affect small-scale farmers most. Further, the exploration of agency goes wider than the mechanics of the transactions between farmers and buyers – i.e. the commercial aspects – to also consider the social relations behind them, including the power imbalances that may hinder change.

**Socio-legal empowerment** is the process through which people make use of the law to protect their rights, promote their interests and defend what they value (Cotula and Berger, 2018). Law and rights then become the entry point for rural actors to interrogate and renegotiate the ways in which markets, policies and practices affect their lives. EPIC explored forms of socio-legal empowerment through which farmers enhance their agency. Allied organisations can support in these efforts by challenging structural or systemic factors or strengthening farmers' power within such constraints whilst also addressing barriers to fairness and agency in the longer-term. EPIC's conceptual framework outlined three spheres of socio-legal empowerment, guiding the project into how actions by producers can deepen their and others' **understanding** of their context and realities; organise for effective **collective action**; and **engage others**, to strengthen farmers' positions and support agency.

The **structural** or **systemic factors** that affect the ability of small-scale farmers to exert agency are very diverse. Many are rooted in the architecture of the global economy and global food systems. They include market price volatility, oligopolies and monopolies/monopsonies, trade rules promoting concentration, corruption, or the systemic drivers that exclude or marginalise certain groups, for example on the basis of gender, ethnicity, land ownership, caste, age or cultivation practices. Challenging structural factors typically requires innovative and long-term action, as described to some extent in this report.

## 2.2 Contexts explored through EPIC

### 2.2.1 International evidence gathering and lesson sharing

EPIC's international evidence and lesson-sharing work interrogated agency-enhancing support to small-scale farmers engaged in commercial agriculture, to better understand the extent and diversity of such actions and to identify lessons for public policies and programmes. The geographic scope was global, and the project sought to explore a range of small-scale commercial agriculture contexts. The research included cases that covered different levels/scales or intensity of commercialisation, different geographies and different market contexts and transaction types – along the formal-informal spectrum from loose informal spot transactions in territorial markets (Blackmore *et al.*, 2020) to complex and highly formalised 'chains of contracts' (Cotula *et al.*, 2021). Lesson sharing involved practitioner-oriented webinars and publications, covering case studies ranging from regoverning green bean value chain relations linking Kenya to the United Kingdom (Kariuki and Kambo, 2019; Berger and Polack, 2019), to experiences with commodity exchanges in Ethiopia (Mas Aparisi, 2020), digital trading platforms in East Africa (Berger and Polack, 2020a), producer companies in India (Singh, 2022) and prices intended to support living incomes for cocoa growers in Ghana and the Ivory Coast (Blackmore and Berger, 2021), all the way to renegotiating banana outgrower contracts in the Philippines (Berger, 2019).

EPIC also developed and implemented practical socio-legal empowerment approaches in partnership with farmers in two contrasting contexts in Nepal and Malawi. In Malawi, EPIC primarily worked with an outgrower association whose members produce tea and sell to international markets via a nucleus estate. In Nepal, remote small-scale farmers were selling primarily vegetables to traders via spot transactions, through other informal arrangements and in local markets. Some were predominantly subsistence farmers who faced challenges in producing commercially due to limitations in accessing land, credit, input and markets. Others were initially selling organic vegetables to a regional buyer under a contract farming arrangement.

In both contexts a range of tools and approaches were used for socio-legal empowerment. These include farmers organising themselves; informing themselves of contextual issues and policy or market opportunities; analysing these issues and opportunities, in particular on power relations and levers for change; strategising on approaches and setting goals and action plans to drive change; and securing technical support from external actors (NGOs, local government bodies). In doing so, producers were able to engage with new and existing offtakers, and influence policy more strongly than they had done in the past. These actions had the enhancement of agency at their heart: in both the way socio-legal empowerment work took place (i.e. the processes) and as the ultimate objectives or outcomes of action taken.

The project worked to create strong linkages between the international evidence and lesson sharing on the one hand, and the action-research in Malawi and Nepal on the other, for example with themes for international research (informal markets, renegotiating contracts) responding to issues emerging in the two country contexts.

### 2.2.2 Malawi

Tea is one of the most significant cash crops in the country. The tea sector is one of the country's largest formal employers and also supports an estimated 17,000 smallholder farmers, of which approximately 65% are women (Courbois *et al.*, 2022). However, small-scale farmers face several specific challenges which constrain their agency, including a number of structural factors. For example, small-scale farmers receive lower prices for their tea as compared to estates, in part due to the lower quality tea produced. Alongside other factors, sporadic rainfall patterns linked to climate change have recently hindered quality. The price-setting process used in Malawi may also contribute to low prices received by small-scale producers but there is a lack of transparency with which to make a robust evaluation of the price setting mechanism and its impact on smallholders (*ibid*).

Smallholders are poorly represented at the national level, as their representative body the National Smallholder Tea Growers Association (NSTGA) has not been sufficiently functional to engage and influence decision-making in the sector, limiting their ability to participate in the Tea Association of Malawi and its price setting processes. In addition, Malawi's buying market – particularly the auction –

has a few large buyers and many small and largely unorganised sellers, resulting in limited bargaining powers for sellers. Furthermore, structural factors at the international level negatively affect smallholder tea prices. Purchasing power and negotiation leverage ultimately lie with international tea buyers, who can buy from anywhere (global supply of tea that typically exceeds consumer demand) and dictate the prices for tea across the sector, influencing the prices at which tea estates can afford to purchase tea from smallholder outgrowers (*ibid*). The sector also lacks gender equality due to a lack of implementation and enforcement of relevant policies by companies, donors, government-led tea projects, and small-scale farmer tea associations (*ibid*).

In Malawi, EPIC worked with the Nsuwadzi Tea Outgrowers Association. The association comprises 234 members (140 male, 94 female), organised into 'blocks' according to their village location. Farmers had a direct trading relationship with a single offtaker, a tea estate who bought and processed their tea (and provided services to farmers). EPIC's work focused on strengthening the organisation, in particular in their offtaking arrangement, and systemic challenges characterising the tea sector in Malawi, such as national representation of small-scale farmers in decision-making on issues (e.g. pricing) that affect their lives.

### 2.2.3 Nepal

In Nepal, many small-scale vegetable farmers struggle to stay afloat, with men and youth migrating or seeking off-farm opportunities. Prices are often too low for farmers to make a living, partly due to cheaper imports from neighbouring India and tight control of trading by intermediaries. Families rely heavily on microlenders and can get trapped in debt spirals; borrowing from one to pay debts to another (CSRC, 2021). Policies tend to emphasise support for production and productivity over market linkages, which limits the positive livelihoods impacts of any productivity improvements. They also tend to reflect limited consideration of social differentiation among farmers, for example based on ethnicity, landholdings, caste or gender, which often shapes the most difficult market linkage challenges for remote rural communities (Pradhanang et al., 2015). Nevertheless, national policy sees cooperatives as a pillar of development (Constitution of Nepal, 2015), and in urban areas there is increasing appetite for homegrown agroecological crop production. Further, Nepal's federal Constitution presents opportunities for rural citizens to engage in law and policy formulation on issues that affect them.

In Nepal, EPIC worked with farmers who are marginalised due to their ethnicity, caste, gender, and/or landlessness. The starting point was for farmers to explore their participation in commercial agriculture, identifying what was working well but also the barriers to accessing agri-food markets. EPIC explored how socio-legal empowerment can support a small-scale farmer-driven approach to commercial agriculture, providing an alternative to prevailing models.

In response to the structural constraints small-scale farmers faced in establishing equitable trading, EPIC supported multifaceted processes in three rural

municipalities in the south and south-east of the country. These included: raising awareness about constitutionally protected rights and relevant laws and policies; promoting grassroots-level analysis of the opportunities and challenges small-scale farmers face in relation to commercial agriculture; supporting organisations of small-scale rural producers to strengthen solidarity, knowledge sharing and capacities for articulating and advancing issues collectively (in the form of learning centres, land rights forums and small farmers agricultural cooperatives); and supporting the engagement of small-scale rural producers with private sector actors and with local, provincial and federal governments, to jointly develop or negotiate practical or policy solutions to their challenges (for an example see Gautam, 2022).



## 3. What have we learnt?

This section presents the lessons learnt according to five arenas of enquiry:

1. Whose agency do we need to consider and in relation to what?
2. Who drives the action if taking an agency perspective seriously?
3. Addressing structural issues to improve agency.
4. Tackling pricing as central to farmer agency.
5. Considering gender and social inclusion in pursuit of agency.

A summary table at the end of the section presents highlights from the reflections shared.

### 3.1 Whose agency and in relation to what?

**An agency perspective recognises farmers as the central actors in agriculture, and focuses on their needs, as defined by them.** By contrast, 'inclusive business' approaches typically take the corporate entity (i.e. the lead firm sourcing produce) as the entry point and driver of change: how can businesses improve how they source from small-scale farmers? How can the business be more inclusive? The risk of this business-centred approach is that inclusion can end up being very narrowly defined. It can focus solely on commercial elements and be limited to more measurable and straightforward indicators of success, such as the number of farmers included in the trading relationship, or the volumes of produce sourced from farmers. This focus can entail assumptions about what farmers want and what might be 'good' for them. An emphasis on inclusive business can miss opportunities for the large-scale private sector, donors and investors to acknowledge and better support diverse (or diversified) trading relationships that might already be promoting farmer agency. The firm-level entry point can also miss actions needed to influence structural factors affecting the entire value chain, while an excessive focus on (private) value chain relations risks neglecting public policies that substantially affect outcomes.

**Small-scale farmers and their communities are not a homogenous group, and much social differentiation exists within them.** This requires attention to who is exercising agency, how and with what results, and to the ways in which social differentiation shapes agency – including the role of women, ethnic minorities, indigenous and other intersecting identities, landless tenant farmers, and labourers. Dominant narratives in commercial agriculture and rural development policies emphasise what smallholders lack over what they may have, or what their collective interests are, neglecting how diverse and intersecting identities, in diverse contexts, can shape different extremes of success and hardship. Making sense of

this diversity requires working with small-scale farmers in different contexts (e.g. informal local markets in Nepal vs a heavily regulated global value chain setting in Malawi), and tailoring local-level approaches of socio-legal empowerment to cater for diverse constituencies of small-scale farmers and their wider communities.

**Small-scale farmers can enhance their agency by engaging with issues and actors in different arenas in different ways: from value chain relations to structural factors in markets, to wider public policies.** The ways in which a particular commodity market is structured at a global level (e.g. oligopsony in the case of tea in Malawi or UK supermarket power cascading terms onto producers in Kenya) and commodity price volatility can manifest in power asymmetries which limit farmer agency. This could mean engagement with other actors to negotiate the terms of trade is necessary, for example with offtakers/buyers, or those actors further downstream who may determine the terms of contracts upstream (Kuriuki and Kambo, 2019; Cotula *et al.*, 2021), or it could mean disengagement from that trade: in Nepal, farmers sought to diversify their market access routes in order to reduce dependency on an uncertain offtaking arrangement and strengthen their negotiating power in relation to that arrangement. In EPIC Malawi, crop diversification was a response to structural challenges such as global oversupply of tea.

At the same time, public policy and local to international laws can significantly affect business operations and smallholder opportunities. Relevant issues include access to land, pricing mechanisms or regulations relevant to prices, laws around inputs production or importation, intellectual property, seeds or marketing legislation, investment policies, business regulations and competition law (Cotula, 2022b).

**To promote agency, public narratives may also need tackling.** Public and policy narratives that consider smallholder farmers as homogenous or in some ways negatively in terms of their contribution to the economy or food production run the risk of not fully assessing the implications of large-scale investments, sector-wide policy changes or climatic change on particular groups. These narratives may also overemphasise the benefits that larger-scale private sector investment and linking to global value chains can bring. In Nepal, entrenched public narratives that portray small-scale farmers negatively reduces the government's prioritisation of them in policy or limits appropriate tailoring of policies to particular groups. This includes investment in infrastructure and technical services for farmers and traders. EPIC's work illustrated how public budgets and technical services intended for poorer groups often need to be claimed 'from below', with socio-legal empowerment first playing an important role in contesting public narratives.

### 3.2 Who drives the action if taking an agency perspective seriously?

**Agency-enhancing approaches should be reflective and emphasise farmer ownership, leadership and strategic orientation.** Inclusive business and development projects, for example, should focus less on rolling out large-scale interventions to reach large numbers of farmers and focus more on meaningful engagement that creates spaces for deliberation, reflection and (re)orientation based on farmers' needs and aspirations. Several approaches can facilitate farmer-led design of interventions. For example, the REFLECT<sup>2</sup> approach used in both Malawi and Nepal allowed farmers to identify priority challenges to tackle through socio-legal empowerment. In Nepal, the REFLECT work, coupled with participatory context analysis, led marginalised farmers (landless, indigenous, women, bonded labourers) to establish Land and Agriculture Learning Centres (LALCs), which then proved instrumental to filling knowledge gaps and supporting negotiations with local government and, in one case, with a private offtaker. The collective discussion fora also enabled farmers to claim resources, process production data, assess input and output market options, seek technical support and access business development support. Additional tools supported the submission of proposals to relevant government agencies for specific support in land or market access, and the development of tailored market research and business development.

**Iterative processes that build in space for reflection and flexibility may mean that socio-legal empowerment processes evolve in unexpected directions** (see also Cotula, 2022a). Farmers may want or need to identify opportunities for securing resources to enable action in arenas or directions that were not originally envisaged. In Nepal, EPIC acted as a catalyst for action, but farmers mobilised additional finance directly from the government once it was clear what their aims and objectives were. In Malawi, after Nsuwadzi identified their strategic priorities, they were able to establish a regular dialogue with their offtaker, allowing for the trading arrangements to evolve over time. The outgrowers resolved to establish an autonomous office space for association meetings independent of the estate, further reducing their dependency. Similarly, the 'ways of working' approach used in the Kenya green beans supply chain allowed for an iterative dialogue process, which farmers were in a position to shape (Kariuki and Kambo, 2019).

**Effective farmer organisation is essential to ensuring strength in numbers and effective representation.** Organisations can range from farmers organising themselves around a particular issue (e.g. land rights or credit and savings groups) or more formalised, encompassing producer cooperatives. Organisation

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2 REFLECT is an approach that aims to involve everyone, including the least literate, in discussion, analysis and decision-making regarding important issues in their lives. REFLECT provides a democratic space where a community meets and discusses issues relevant to them. The participants choose the topics themselves, according to their own priorities, and are supported by a local facilitator. The main terms associated with REFLECT are communication and power. REFLECT helps to improve people's ability to communicate in order to develop their power within their actions (for more detail see Archer and Cottingham, 1996).

also enables collective action at different levels with subnational and national networks and federations reaching central policy-making spaces and national and international economic opportunities. The Nsuwadzi outgrower association in Malawi strengthened its internal arrangements and capacities, which enabled farmers to engage with off-takers and policy actors from a stronger position. In EPIC Nepal, forming Small Farmer Agricultural Cooperatives Limited (SFACLs) also offered finance and business development opportunities, including market linkages through the national federation, while national networks of farmer organisations inputted into the formulation of policies such as the Integrated Agriculture Act and laws related to foreign direct investment in agriculture. In EPIC Malawi, Nsuwadzi also worked with the National Smallholder Tea Growers Association to increase its effectiveness, though this work is ongoing. In the Kenya green beans case (Kambo and Kariuki, 2019), contract farmers were aspiring to move towards a more formal cooperative structure to sustain the engagement with downstream actors. Farmer organisations can also build internal legal capacities to challenge unfair trading terms without relying on external organisations, as in the Philippines (Berger, 2018).

**There can be tensions between building genuinely bottom-up, representative organisations that advance farmers' own priorities, and what outsiders wish to achieve through farmer organisation.** Agribusinesses' own conduits for managing transaction costs or facilitating communications with farmers, for example producer/outgrower groups established and managed by companies' outgrower managers, can operate in top-down ways. As a result, farmers may not see them as an effective vehicle for exercising agency. Formal groups may also suffer from political co-option over time which can affect their level of social inclusion, reach and effectiveness. Further, producer organisations cannot be assumed to be representative of all farmers (e.g. women farmers<sup>3</sup>).

**Establishing farmer organisations that enhance agency requires having an open mind to allow for institutional innovations within these organisations.** Even where there is an enabling national policy environment for the establishment of producer organisations, challenges can arise from an agency perspective and from standardised guidance or policy directives that do not sufficiently emphasise the building of trust, ownership or sustainability within organisations, or that do not allow for sufficient flexibility in design – as reflected in the process that led to the development of 'farmer producer companies' in India where efforts to go to scale risk undermining these critical agency-enhancing processes (Singh, 2022). The roles and accountability of organisations promoting farmer organisations or supporting them in their market linkages also need careful scrutiny, particularly when resources are available to take models to scale (Singh, 2022; Cotula and Polack, 2019). Lack of attention to issues of internal agency through legitimacy building, member ownership, inclusivity and effectiveness ultimately create

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3 In Ethiopia's coffee cooperatives, women comprise 20% of membership and 18% of leadership (Mas Aparisi, 2021); while in India, women-only FPCs comprise just 7.7% of the total and women make up very low proportion of mixed-membership FPCs (Singh, 2022).

risks for businesses sourcing from a farmer's organisation, as well as for the farmers themselves.

**External support to farmer organisations should build on producers' own initiatives, and not assume formalised structures are necessary.** Even if clearly discernible farmer groups do not already exist, there may be 'hotspots of energy' – locations where farmer frustration, anger or incipient organisation and activism has built up around a specific issue – which, though hard for outsiders to see, can be leveraged as part of an approach (Vorley *et al.*, 2020). These may benefit from additional resources or technical support, provided that farmers are still in the driving seat of action and approaches. Many organisations which end up being sustainable in the long run are founded on pre-existing groups with strong identities, cohesiveness and momentum. Where supporting agencies are promoting the establishment of a new organisation, it is important to explore whether this is really needed in the eyes of potential members, and for what purpose (Blackmore *et al.*, 2020).

**To take an agency perspective seriously, time and resources should be allocated to the monitoring and evaluation of agency with farmers in the driving seat.** Stronger agency is an end in its own right. Conventional measures of impact – changes in income, for example – may say little about whether farmers' agency or their capacities to manage changes over time have been enhanced. Measuring agency will require different methodological approaches (Blackmore *et al.*, 2020). Monitoring should be rooted in people's own perceptions of what it means to have agency, to have control over their own lives, and find ways for them to recognise when or how change has occurred. One aspect to measure, of relevance to off-takers and their understanding of the impact of their trading relationships on farmer agency, is how demand-driven input and output market services are. Are they meeting farmers' differentiated needs and aspirations? On policy development or change, an agency-centred approach to monitoring could explore how responsive agricultural policy making is to the needs and priorities of different categories of farmers.

### 3.3 Addressing structural issues to improve agency

**Engaging with downstream value chain actors to change the terms of trade can require adversarial approaches as well as constructive dialogue, and different types of alliances and action.** Small-scale farmers in both the Philippines and Kenya mobilised to gain agency over trading terms determined by global commodity markets and final buyers in distant markets. In the Philippines, union strikes against a direct buyer – a global corporation – and a global campaign linked to consumer groups succeeded in changing contracting processes and terms (Berger, 2018). In Kenya, a value chains dialogue approach brought farmers and workers together with an exporter and a UK-based retailer to learn about the functioning of the global value chain, discuss the challenges of the trading

relationship and identify ways forward. This learning process and the convening of supply chain actors generated a set of commitments to improve the terms of trade for small-scale farmers and the working conditions of farm workers, for which the retailer and exporter could be held to account (Kariuki and Kambo, 2019; Berger and Polack, 2019).

**Successes can be fundamental for those affected but also piecemeal if the market structures or policy context remain unchanged.** In effect, these actions in Kenya and the Philippines recognised that contract terms between farmers (and workers) and the direct offtaker are often set elsewhere in a value chain, namely at the retailer end, which requires farmers and their allies to engage with other actors in the chain (Cotula *et al.*, 2021). In the case of green beans in Kenya, the activities secured changes, including a commitment on minimum orders and a price increase. However, there were questions as to whether the approach was scalable, due to the time and resources the retailer had to invest in the process, relative to its vast and wide-ranging supply chains worldwide (Berger and Polack, 2019). This calls for actions that can address market structure problems more systemically.

**Disrupting the value chain using institutional or technological innovations can shift market dynamics for more transparency, accountability and stronger position for small farmers.** Significant restructuring of commodity markets at the national level, for example in the Ethiopia Commodities Exchange for coffee, can open opportunities for small-scale farmer agency through increased transparency in trading and pricing. However, this requires attention to be paid to the specific needs of the more marginalised producers and a consultative process that facilitates their participation (Mas Aparisi, 2021). In East Africa, the e-granary platform was established to link farmers to services and buyers on a wider scale and 'bypass' the lack of competition and negotiating power that comes with only being able to access limited numbers of buyers (Berger and Polack, 2020a).

**Building farmer-led enterprises, innovative distribution and shorter supply chains can be risky but may be a more resilient long-term strategy.** Where structural factors governing value chains are hard to shift, and where traders and intermediaries are not serving local farmers well, starting from the ground up to establish more direct-to-consumer trading relationships can achieve stronger agency among small-scale farmers. In Nepal, NACCFL sources from its members to sell to shops ('agri-marts' in the capital) dedicated to distributing small farmer agricultural produce. In EPIC, farmer cooperatives integrated into this structure, but also established direct retail outlets locally and pursued inter-cooperative trading across regions to reduce dependence on intermediaries and company offtakers. These outlets were fed by landless farmers supported in accessing and cultivating land collectively. For tea outgrowers in Malawi receiving persistently low prices, livelihood and crop diversification emerged as a key response, leading to the trialling of new enterprises to generate additional revenue streams for the farmers and their communities.

**By influencing law and policy, farmers can assert agency to create more favourable spaces in which to operate.** Policy spaces exist at differing 'levels' or scales. In Malawi, policies relevant to Nsuwadzi tea outgrowers exist at the sectoral level, with the Tea Association of Malawi being a key actor in the sector's governance structure. For rural vegetable producers in Nepal, a territorial (rather than sectoral) approach to policy engagement was needed at both local and national levels. Nepal's small farmer networks were able to lead rallies, make submissions and provide data to government bodies relevant to land rights policies, the proposed Agribusiness Promotion Bill, legislative reforms concerning foreign direct investment in agriculture, minimum support price mechanisms for staples, and the formulation of the Integrated Agriculture Act. Nepal's federal structure also created opportunities for farmers to influence local-level law-making: EPIC supported the development of a Local Agriculture Promotion and Farmers Empowerment Act in Gadhwara district, based on a consultative process and by setting up a template now being used at the national level (Gautam, 2022). International legal instruments are relevant too, for example trade treaties. Federations of small-scale farmer organisations have advocated for changing such treaties, for example in Kenya (Bilaterals.org, 2021; Odari and Cotula, 2022).

### 3.4 Tackling pricing issues as central to farmer agency

**An agency perspective is central to driving change in pricing and can help identify opportunities for action.** A lack of farmer agency manifests itself in inability to challenge unfair trading practices. These practices usually result in low prices or poor payment terms for small-scale farmers. In turn, this affects farmers' agency, by limiting the decisions that producers are able to make. Many of the actions described above indirectly address pricing through tackling trading arrangements and policies that affect trade. This section dives deeper into actions taken to shape pricing arrangements more directly. An agency perspective analyses power and who shapes the trading relationship and dictates the parameters of pricing (Cotula *et al.*, 2021). Pricing is shaped by several different factors – many of them structural and persistent. It is therefore also important to acknowledge that some aspects may be simply too challenging to overcome. The analysis of pricing issues will also be highly specific to the sector, the value chain, the socio-cultural dynamics amongst producer communities, the vested interests, power relations, options and opportunities.

**Persistent structural factors will create barriers to better pricing arrangements and ultimately incomes.** As discussed, value chain-specific dialogues can deliver improvements in contracting terms, including pricing, but ultimately cannot address the structural factors that shape commodity markets. Effective implementation of competition laws may be necessary to address the concentrated market power which currently enables lead firms to exert disproportionate influence over pricing (Cotula *et al.*, 2021). Farmers may also consider exiting, or diversifying from, value chains that are characterised by persistent low prices.

**Strengthening farmer organisation can enhance producer voice in national price setting, and ultimately increase prices.** In Malawi, the Nsuwadzi association explored measures to improve their trading arrangements with the estate, such as input provision (fertilisers, seedlings). But their ability to negotiate the tea price was constrained, as the price is determined nationally at an industry level. However, efforts to strengthen producer representation at the national level – through reforms of the NSTGA – have enhanced producer voice in national price-setting processes and sector dialogues, which led to the tea estates agreeing to a price increase for tea: from 121 Malawian kwachas (MWK) (0.15 United States dollars, USD) per kilogram to 136 MWK (0.17 USD) per kilogram. Though this was a small increase, it was the first in six years, and would not have come about without a stronger NSTGA.

**Sustainability certification can have positive livelihood benefits for small-scale producers through higher prices, but these are far from guaranteed.** Fairtrade and other sustainability standards have been based around the payment of premiums to ensure something closer to a living income, but this has faced many challenges, in part because of the low share of certified production that is sold as such (on this issue see Elliott, 2018). Farmers' limited voice within certification schemes and an increasing number of global brands developing their own standards may also limit positive livelihood impacts (Berger and Blackmore, 2021). The Símbolo de Pequeños Productores (SPP) certification takes a smallholder-led and market-based approach to tackling pricing issues across various agricultural commodities.<sup>4</sup> In SPP, producers determine minimum prices based on their first-hand knowledge of production costs. SPP works to persuade consumers that true fair trade and higher/minimum prices are a necessity, and it partners with companies who support this (Berger and Blackmore, 2021). In general, though, buyers are reluctant to include a minimum price that reflects the true costs of production, and SPP calls for government interventions to regulate prices and challenge competition law.

**Minimum support prices set by governments can enable higher producer prices but can be challenging to implement, especially outside of bulk commodities.** Government action on pricing can play a central role in enhancing farmer agency. In Nepal, the government established a minimum support price for rice in 2020; but the approach is harder to apply to the vegetable sector. Another example concerns the 'living income differential' (LID) being applied in two key cocoa producing countries, Ghana and Ivory Coast. In 2019, the government agencies managing their respective cocoa sectors (the Ghana Cocoa Board and Côte d'Ivoire's Conseil du Café-Cacao) collaboratively established the LID pricing mechanism to help producers earn a living wage and ameliorate some of the effects

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<sup>4</sup> SPP is a *network* of small organic producers from Latin America, Africa and Asia. The SPP certification is producer-led and -owned and responds to the exclusion of producer voice from international certification schemes and thus seeks to enhance producer autonomy and agency. Smallholder ownership becomes a selling point in the market.



of global price volatility. Despite its significant potential to enhance farmer agency and livelihoods, the LID has faced challenges concerning not only enforcement and implementation but also farmer voice and agency in the design stage (Blackmore and Berger, 2021). And though the two West African states have significant negotiating strength due to their dominance as cocoa producers, a number of multinational cocoa buyers were able to reject or circumvent the relevant markets to avoid paying the premiums (Blackmore and Berger, 2021).

### 3.5 Gender and social inclusion in pursuit of agency

**Agency-enhancing work needs to consider gender and other forms of social differentiation.** Many of these aspects were already discussed in the previous sections; this section highlights a few additional points. Agency differs across people, time and space. Weak agency may often be a symptom of, or be exacerbated by, structural discrimination and marginalisation. And as discussed, producer organisations do not necessarily represent marginalised groups of small-scale farmers. The EPIC project explicitly engaged with social differentiation and issues concerning marginalised groups in particular, in order to explore actions for social inclusion within commercial farming, for example by working on gender issues with the tea outgrowers' association in Malawi, and with farmers in both Nepal and Malawi who have been marginalised on the basis of ethnicity, landholdings, age, or scale of commercialisation.

**A gender-transformative approach to organisation building and advocacy takes time, resources, skills and flexibility.** A gender focus in socio-legal empowerment is essential to supporting women's agency in commercial agriculture. Any reflections on farmers' challenges and opportunities need to explicitly explore women's specific circumstances, for example in relation to negotiating or challenging unfair trading terms. Women's own analysis is central to developing this collective understanding: if women are expected not to speak out, the action will have minimal impact on addressing their priorities (Mtukule, 2022/ forthcoming; Berger and Polack, 2020b). Similarly, the constraints on participation due to an excessive work burden placed on women, in particular in the context of a feminisation of rural poverty, such as has taken place in Nepal, need to be fully understood and solutions incorporated into the action. Ideally every intervention or investment should consider how to unpack and change existing gender dynamics through a range of tools and approaches in a way that supports women's agency.

In both countries, the REFLECT approach enabled the learning groups to tackle specific issues relating to their engagement in commercial agriculture, as well as issues such as joint land ownership, violence against women and reserved budgets for women in Nepal, and child marriages, health care services, equal opportunities in employment and violence against women in Malawi. These issues would not have been raised without careful consideration being given to women's leadership (in EPIC Nepal, 50% of learning centre facilitators were women, while the Nsuwadzi

association opted for 50:50 representation on the executive) as well as the timing and set-up of the REFLECT meetings. Similar considerations may be developed as regards representation of minority or marginalised groups.

**Reaching youth requires tailored interventions.** Younger farmers often experience different challenges from those of their elders – and they may also have distinctive views and aspirations. For example, land fragmentation can make it difficult for youths to access sufficient land and stay in farming; plot sizes in Nepal are often very small. At the same time, the work in Nepal highlighted how younger farmers can bring a new entrepreneurial spirit, and a different attitude to networking and risk-taking. Support interventions would need to be tailored to these specificities if they are to reach youths and promote their agency. Similarly, support for youth participation in farmer organisations might need to pay particular attention to the concrete benefits the organisation can provide, such as access to training, internet, transportation and recreational activities (see also Macqueen and Campbell, 2020).

**Social inclusion should be a success criterion to be taken seriously.** While India's FPCs have unlocked new opportunities for many small-scale producers, they have thus far been unable to overcome the gender inequality widespread in Indian rural society: sociocultural restrictions on women in many of India's states ultimately restrict women's membership of FPCs (Singh, 2022). Membership is typically based on proof of landownership or other land rights, which is generally in the name of male household members. Tenancies are even harder to get documentation for. These constraints highlight the weight of systemic factors such as cultural norms, while processes of change inevitably take time, such as the abolition of bonded labour practices in Nepal for certain groups. Incorporating social inclusion of marginalised groups, recognising intersecting identities, in key indicators of success may be necessary to help focus efforts over long time periods.

**Addressing social inclusion requires deliberate action, recognising intersecting identities and sources of marginalisation, when farmers set up and run producer organisations.** Criteria for membership in formalised producer organisations can be a persistent barrier to participation of marginalised farmers and women, in part due to the point raised above about proof of landholdings. In EPIC Nepal, village land forums overcame these problems when designing the 'land pooling' of newly accessed public lands. Meanwhile, EPIC in Malawi demonstrated the importance of safe spaces in which to discuss key issues, for example, at women-only fora.

### 3.6 Summary of lessons

<b>Whose agency in relation to what?</b>	An agency perspective recognises farmers as the central actor in agriculture and focuses on their needs, as defined by them.
	Small-scale farmers and their communities are not a homogenous group; much social differentiation exists between them. Attention should be paid to this.
	Small-scale farmers can enhance their agency by engaging with issues and actors in different arenas in different ways: from value chain relations to structural factors in markets, to wider public policies.
	To promote agency, public narratives may also need tackling.
<b>Who drives the action if taking agency seriously?</b>	Farmers, through reflective approaches emphasising farmer ownership, leadership and strategic orientation.
	Iterative and open-ended processes are needed to allow for reflection and flexibility to respond to farmers' needs but may mean that socio-legal empowerment approaches evolve in unexpected directions.
	Effective farmer organisation is essential to ensure strength in numbers and effective representation.
	Tensions can exist between building genuinely bottom-up, representative organisations that advance farmers' own priorities, and what outsiders wish to achieve through farmer organisations.
	Establishing farmer organisations that enhance agency requires having an open mind to allow for institutional innovation.
	External support to farmer organisations should build on producers' own initiatives, and not assume formalised structures are necessary.
	Time and resources are needed for monitoring and evaluating agency by farmers.

<p><b>Addressing structural issues to improve agency</b></p>	<p>Engaging with downstream value chain actors to change the terms of trade can require adversarial approaches as well as constructive dialogue, and different types of alliances and action.</p> <hr/> <p>Market structures and policy contexts often need systematic attention to ensure success in enhancing agency.</p> <hr/> <p>Disrupting the value chain using institutional or technological innovations can shift market dynamics for more transparency, accountability and stronger farmer voices.</p> <hr/> <p>Building farmer-led enterprises, innovative distribution and short supply chains can be risky but may increase farmer resilience in the long-term.</p> <hr/> <p>By influencing law and policy, farmers can assert agency to create more favourable spaces in which to operate.</p>
<p><b>Tackling pricing issues as central to farmer agency</b></p>	<p>An agency perspective can help identify opportunities for action to address low or volatile prices.</p> <hr/> <p>Persistent structural barriers to better pricing (e.g. concentrated market power) require actions ranging from calling for implementation of competition laws to exiting arrangements altogether.</p> <hr/> <p>Strong farmer organisations can improve/amplify farmer voice to influence price setting.</p> <hr/> <p>Sustainability schemes do not necessarily guarantee higher prices.</p> <hr/> <p>Evidence on minimum support price mechanisms is mixed; these mechanisms are challenging to implement in the face of existing power imbalances.</p>
<p><b>Gender and social inclusion in pursuit of agency</b></p>	<p>Agency-enhancing work needs to consider gender and other forms of social differentiation.</p> <hr/> <p>A gender transformative approach to organisation building and advocacy takes time, resources, skills and flexibility.</p> <hr/> <p>Reaching youth requires tailored interventions.</p> <hr/> <p>Taking social inclusion seriously is complex and needs to feature in indicators of success.</p> <hr/> <p>Deliberate action on gender and social inclusion is required when farmers set up and run producer organizations.</p>

## 4. Conclusion

The notion of farmer agency is now a recurring theme in debates on food systems, including in recent global level guidance on strategies for food security (HLPE 2019, HLPE 2020). While agency has proven a helpful concept in the EPIC project, it is not without its challenges, not least in terms of translatability. Farmer agency need not always be the entry point when considering interventions to support rural producers. But framing interventions around farmer agency can help challenge biases favouring single solutions such as promoting 'inclusive' value chains or emphasising short-term financial outcomes for farmers.

The EPIC project built on the notion of farmer agency to guide its approach. Focusing on farmer agency helped us organise the work around the farmers' own priorities. It helped us look at the *quality* of engagement with market actors and the power relations at play – including the importance of state actors and the breadth of issues that needed engaging with. These explorations shed light on aspects often neglected in international debates about inclusive business – such as the **dynamism of, and the livelihood and empowerment opportunities associated with, informal local-to-regional markets**). They also generated **distinctive insights on much-debated themes such as agricultural contracts** – illuminating how dominant buyers cascade contract terms up the contracting chain, which inherently restricts scope for farmer agency.

Undoubtedly the project has highlighted the potential to deepen inequality if social differentiation in processes of commercialisation or 'inclusive' value chain development is not engaged with fully. Unpacking and addressing intersecting sources of marginalisation for minority groups, women, youth, landless farmers is complex and requires skill, time and resources to understand and appreciate underlying constraints faced by some groups to participation, to seize opportunities and to negotiate deals (i.e. assert agency). Examples include precarious or undocumented land ownership status, excessive work burdens on women due to feminised rural poverty under male outmigration, lack of women friendly technologies, and domestic violence as a barrier to women's independent economic decision-making. Whilst not all interventions can address all social security and inequality concerns, an agency perspective can shine a light on power relations at play, the risks of deepening existing inequalities, and the need to address multiple issues in parallel.

Through action research in Malawi and Nepal and international evidence and lesson sharing work, the EPIC project demonstrated the potential of some socio-legal empowerment approaches to enhance farmer agency. This includes approaches farmers can use to **obtain information** and **develop collective analysis** of challenges and opportunities, to **strengthen their representative organisations** and to **engage with other actors** – from buyers and input suppliers

to government agencies at local to national levels. The nature of the approaches is highly context-specific, reflecting diverse situations, commodities, policies and socioeconomic parameters.

Putting into practice the lessons shared in this report would have implications for diverse actors – from governments to donors and businesses – and entail reconfiguring current systems. A key starting point is for all actors to recognise that business development by or with small-scale farmers cannot typically be divorced from advocacy on changing public policies and addressing systemic barriers to equitable partnerships and value chain relations, as business decisions will ultimately be taken as a response to the context surrounding them. An agency perspective sheds light on who should be in the driving seat, and whose priorities the business or action should respond to, particularly given the pressing priority of resilience building in the face of climate change and other shocks and stresses for those most vulnerable to these hazards.

An agency perspective may allow for enhanced co-design of solutions at the level of public policy and enterprise development, and greater likelihood that these solutions will take root. The current international food policy focus on 'food systems approaches' creates an opportunity for this co-design amongst different actors, based on holistic consideration of multiple issues and actors 'from farm to fork'. However, this policy space is a highly contested space due to competing visions of food systems and prevailing power dynamics and narratives in food systems governance.

'Farmer agency' offers a helpful entry point to support diversity in food systems to meet the needs of people and the planet in a changing climate. Much remains to be done to translate this approach into tangible actions for all actors, but we hope the lessons distilled in this report can be a helpful contribution to this endeavour.

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# Research Report

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*Keywords:*

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Small-scale farmers in low- and middle-income countries face vastly different realities, which translate into diverse challenges and opportunities. Some businesses, governments and development agencies have been promoting smallholder inclusion in global value chains and smallholder commercialisation as an essential part of addressing challenges and creating opportunities. This is happening against a backdrop of growing corporate concentration in agri-food markets, which affords large companies influence over value chain relations and public policy. This context raises important questions over the ability of small-scale farmers or farmer groups to exercise agency – that is, to make choices and influence decisions that shape their worlds.

This report summarises lessons from the Empowering Producers in Commercial Agriculture (EPIC) project – an action-research initiative that combined international evidence gathering and lesson sharing with the testing of diverse agency-enhancing approaches to support small-scale farmers in Malawi and Nepal. These included efforts by producers to: access information and develop collective analysis of challenges and opportunities; strengthen their representative organisations; and engage with other actors – from buyers and input suppliers to government agencies at local to national levels – in order to change trading practices and influence policies. Though these approaches are context-specific and reflect diverse political and socio-economic realities and farmers' starting points, the report shares learning generated through the project, to stimulate critical reflection by development actors working in the arenas of small-scale farming, agrarian change, agri-food markets and food systems.

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