

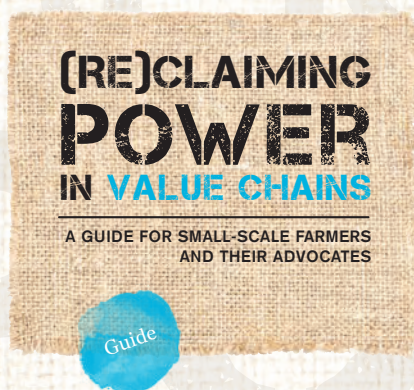
Guide

# (RE)CLAIMING POWER IN VALUE CHAINS

A GUIDE FOR SMALL-SCALE FARMERS  
AND THEIR ADVOCATES







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# Introduction

## What is this guide about?

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This guide supports actions you, as small-scale farmers, could take to increase your agency as you engage with or are affected by commercial agriculture. It provides guidance on legal empowerment approaches to rethinking your market relations in value chains where there may be imbalances in capacity, resources, influence and negotiating power. The guide provides information and actions that could help sustain and strengthen your agency, decision making and actions so that you, your family and your community are more able to prosper.



## Farmer ‘agency’ in commercial agriculture

means the ability of small-scale farmers and members of farming communities to make choices in relation to agricultural production and trade, and to act to influence market relations and political and economic contexts, according to your own priorities, individually and collectively, formally and informally.

The task of ensuring equitable and sustainable agricultural and food (‘agri-food’) trading in a changing climate cannot lie with farmers alone. The structures that create unequal trading conditions are too great to tackle only at a local level by a single actor. But for small-scale farmers to have agency, they must be able to drive the change. This guide sets out legal empowerment approaches that can support this, with social inclusion and climate resilience very much in mind.

## Who is this guide for?

This guide is intended for small-scale farmers, formal and informal farmers’ groups, and allied and supporting organisations. It is intended to be as practical and direct as possible. For this reason the guide addresses farmers as ‘you’ rather than ‘they’, as if speaking with farmers directly. This is also intended to help allied organisations orient their work, including by using text directly from the guide to facilitate meetings or processes. Readers may select, adapt, summarise, or translate parts of this guide depending on what is most relevant to the context in which they are working.

To apply to a wide range of farmers, from individuals to informal groups to well-established cooperatives, the guide includes a range of strategies, from the very basic to the fairly complex, to help groups navigate the ever-changing landscape of agriculture value chains.

The guide may also be useful to other actors such as members of civil society, policymakers, financial institutions, responsible investors and other development practitioners. For example, legal empowerment organisations, may wish to know more about how to support marginalised small-scale farmers facing challenges in commercial agriculture.

The guide can be used by other actors to support small-scale farmers, for example by providing legal empowerment, financial or technical support, by helping farmers prepare for climate change or by helping farmers to start businesses.

## Why is this guide needed?

Agri-food systems are changing. Trade liberalisation, globalisation, technological advances, urbanisation, expansion of agro-industrial plantations and other trends impact how farmers grow and sell produce. Governments, donors and private finance increasingly emphasise expanding the role of trading arrangements such as contract farming to link smallholders to markets. Local, national and regional markets are growing, with increasing numbers of small and medium enterprises, while small-scale farmers’ produce is also channelled into global markets, reaching consumers who care about produce quality, reliability, safety and ‘traceability’.

Different systems and trading arrangements generate benefits and risks for small-scale farmers. While local food markets may be dynamic in the way they successfully link producers and consumers, much global agricultural trade is controlled by a small number of multinational companies. These companies, due to their market power, can often set problematic terms and conditions for trade with small-scale farmers and may strongly influence technological development, distribution of agri-food and national agricultural policies.



As small-scale farmers you may be regularly overcoming challenges and shaping your commercial agricultural relations. But you may also be the least powerful local, national or international market actors. And because commercial agriculture is constantly changing, you may not always be able to exert agency to serve your best interests. Other structural challenges that you may be familiar with facing when selling into value chains include:

- Lack of information compared to buyers or companies you trade with, or a lack of bargaining power
- Lack of voice or representation to influence policies, while national laws and policies, including government commodity price setting, may prioritise big business interests over your livelihoods and rights
- Lack of access to land and/or land grabs that increase landlessness
- Lack of access to financing and modern technology to compete with other producers
- Competition between different countries exporting the same crop, so you may struggle to achieve a decent price for your harvest
- Market domination by one or only a few buyers, weakening your bargaining position
- Government market development strategies that reduce your climate resilience, such as by reducing your crop diversity
- Global fluctuations in input, goods and commodity prices.

You may be part of small-scale farmer groups and networks that are well organised and a powerful political force, ensuring your livelihoods are protected. Yet, these challenges above can result in the unfair treatment of small-scale farmers, such as low prices for your produce. Small-scale farmers may be exploited by unjust arrangements, leaving you poorer and struggling to feed your family. With climate change, rising temperatures, severe weather events like droughts and floods, and other factors may affect your ability to farm productively and profitably. Climate change can limit your production and marketing choices and worsen unfair trading relationships.

You may choose to engage in short supply chains with direct links to consumers who want local and ecologically produced food. This may provide better opportunities for climate resilience and stronger farmer control over terms of trade. But agribusiness companies continue to concentrate their market power in the global economy, and trading arrangements such as contract farming linking farmers to formal mainstream markets are likely to increase. So you may need more information to make choices and have more control.

Many guidance documents take farmers through processes such as forming organisations, business planning or value chain analysis. But less guidance is available on commercial farming from the perspective of your agency or with a legal empowerment approach.

## What this guide provides

---

Small-scale farmers use different individual and collective strategies to operate in agricultural markets from a position of greater strength. Collective strategies include organising as a group to take advantage of new market opportunities, engaging with providers of crop insurance services or more resilient plant varieties, advocating to influence national laws on contract farming and mobilising internationally for a United Nations (UN) treaty on business and human rights. This guide provides advice on ways you can work together to analyse your market context, identify priorities, co-create a vision, and develop an action plan to strengthen your position in markets and with policymakers.

Strategies covered in this guide include:

- Deepening your understanding of the national, regional and global market systems you are linked to
- Better knowing your rights and how to assert these rights, and what to do when your rights are violated
- Organising as effective and inclusive groups that increase your bargaining power
- Deepening your understanding of supply chain stakeholders, their roles and how to hold them accountable



- Establishing practices and systems to support female farmers and secure opportunities for young people
- Negotiating a better deal through fairer contracts and trading arrangements with buyers
- Accessing training, information, technology and financial services to strengthen your capacity to farm, engage in trade on fairer terms and adapt to climate change
- Advocating for national laws, policies and system changes to ensure more equitable outcomes for small-scale farmers and your families.

Rather than advising on exactly what to do, the guide is intended to provide information to inspire action and advice on responding to particular issues. It is based on the processes of 'co-design' and learning by doing.

## Acronyms

<b>NGO</b>	Non-governmental organisation
<b>UN</b>	United Nations

## How this guide is organised

This guide is organised in three parts reflecting three broad and interrelated areas of action that could help sustain your agency and achieve your ambitions:

- ➔ **UNDERSTAND! Mapping the context and sharing knowledge:** Empowered action begins with making sure you have enough information to advocate for your interests. It can also involve making others informed of your situation.
- ➔ **ORGANISE! Getting organised for collective action:** Farmers' groups can organise to increase your power and enable collective action for economic or political goals. Even farmers' groups that are already well organised can benefit from assessing how to improve your organisation.
- ➔ **ENGAGE! Engaging with others for influence:** Farmers can engage directly with value chain players to negotiate or renegotiate arrangements or engage with other actors to build skills and strength and to advocate policy changes to increase your agency.

These processes are interrelated. Farmers and farmer groups usually do aspects of all three at once: for example, organising, agreeing a vision, creating an action plan, undertaking research to inform your engagement strategy, then engaging, and so on. Some farmers and groups will already have strengths in certain areas, approaches or business models.

**Whatever your situation, you will probably find it helpful to read the whole guide through before starting to follow any of the steps.**

The guide contains regular text and numbered boxes:

### What this guide provides

Small-scale farmers use different individual and collective strategies to operate in agricultural markets from a position of greater strength. Collective strategies include organising as a group to take advantage of new market opportunities, engaging with providers of crop insurance services or more resilient plant varieties, advocating to influence national laws on contract farming and mobilising internationally for a United Nations (UN) treaty on business and human rights.

**Neutral (Regular text):** guidance, information and aspects to consider on key issues and approaches



**Turquoise (Prepare):** core processes your group can follow to develop a strategy in a bottom-up and inclusive way



**Orange (Go Deeper):** going deeper into an issue with more guidance



**Pink (Remember):** points to note or remember.





# BEFORE YOU START:

## things to think about

There are several issues and considerations your farmers' group may want to think about before starting any planning or action. These are included below together with key terms that are used throughout the guide in case they are new to you.

**Place small-scale farmers knowledge at the centre:** The starting point for all discussions should be farmers' own knowledge. Every person in a group has expertise, and as farmers you have knowledge, expertise and wisdom gained through your own experience. Allies supporting farmers should spend time asking questions to help gather farmers' ideas and opinions.



**Work with the right allies:** You may want to collaborate with trusted allies and legal advocates who have experience in research and advocacy and access to information and resources. Your allies may also be able to advise on strategies to enhance your agency, including which strategies have worked in the past, in other countries or in different value chains. They can help you research prospective buyers, file complaints, bring lawsuits, advocate policy change, or organise dialogue with investors and government officials. Farmers' groups can reach out through networks and relationships to find trusted civil society organisations and advocates to provide such support.

**Secure land and water rights to support action in agriculture:** As land becomes more scarce and grows in value, land competition is increasing. As a starting point, as small-scale farmers you may want to ensure you have secure natural resource rights, especially to land and water. If there is a risk that you might lose access to your farmlands or be dispossessed by state infrastructure projects or land grabs, you may want to consider steps to document your rights, as explained later in this guide.

**Ensure women are at the centre of the action:** Due to cultural norms, legal frameworks and other obstacles, women are less likely than men to own, manage, control or rent land. The land women have access to is often of poorer quality and of smaller size than men's and usually belongs to someone else. Women also have less access to inputs, machinery and equipment than men, making it harder for them to improve their work efficiency and the quantity and quality of their produce. Women also use less technology than men, due to time constraints, educational disadvantage and other factors, and have limited access to credit facilities because of their lack of landownership. Digital technologies like smart phones and the internet help farmers access markets, compare prices, find business development services, use mobile payments or online banking, and share information with others. Successful trading needs access to buyers and knowledge of market prices, which many women farmers do not have. So women are more likely to be exploited by intermediaries and buyers and receive lower prices for their produce. Keeping women at the centre of planning and action is therefore essential. This guide provides guidance on strategies to achieve this.

### **Engage young people and recognise their**

**strengths:** To what extent young people stay active in farming rather than seeking other opportunities depends on many factors. In many rural areas young people make up a large part of the agricultural sector on family farms, as labourers, on their own plots, or in trading, distribution and other business ventures. It is not easy for young people to secure land or generate income from farming, yet their ideas, passion, physical capabilities and education can contribute to the plans and actions of farmers' and community groups. Young people should be heard and given a strong voice in shaping decisions and leading action. They may be more ready to try new ideas and work with new technology, and they may have more ambition in business development. Young people's rights therefore need to be fulfilled, and they need support through training and by providing them with suitable infrastructure, including transportation, irrigation, financial and internet services, sports facilities and meeting places.

**Integrate climate resilience:** Climate change is occurring in increasingly extreme ways across the world and is expected to lead to more floods, droughts and hurricanes, new types of pest outbreaks and crop diseases, and declines in populations of bees and other pollinators. Climate resilience in agriculture means how well farming systems and livelihoods can function and thrive faced with these disturbances. Farmers' agency and climate resilience go hand in hand: farmers who are more resilient to climate change effects are more able to choose how to produce and where to sell; and farmers with agency are better placed to build climate resilience. When making strategic choices as a group, building your climate resilience must be a driving factor.



Prepare



## BOX 1.

## Key terms and concepts

### Farmer agency

Every small-scale farmer has a right to determine how you earn your livelihood. Agency means your ability to make informed choices and take effective action according to your own priorities rather than the priorities of the government, buyers or others. However, farmers rely on other actors to engage successfully in commercial agriculture. With farmer agency, you can challenge unequal power relations and better negotiate with investors, agribusinesses and government to secure a livelihood and trading arrangements that work in your interests.

### Legal empowerment

Legal empowerment is the process through which people learn their legal rights and how to use the law to protect those rights, promote their interests and defend what they value. Legal empowerment can help small-scale farmers assess possible actions to protect your rights, promote your interests and make more informed choices; plan and take collective action; and advocate changes in policy and practice to strengthen your rights and increase your prosperity and wellbeing. Legal empowerment is not limited to legal processes but includes collective action, developing alternative models of economic governance and striving for social inclusiveness. The process of becoming empowered and acting with agency is as important as the outcomes achieved.

### Value chains

In agriculture the value chain is the range of transactions needed to bring a product from planting a crop in the fields to the final consumers, and the actors involved in those transactions. Each activity along the chain adds value and costs to the product sold to consumers. A single value chain often includes many businesses, each one playing a role in getting agricultural produce from farmers' fields to consumers. Where a farmers' cooperative creates and markets its own product directly to consumers, there may be only three actors in the chain: farmers, the cooperative and consumers. Farmers have agency to shape and influence these interactions. Analysing your value chain may be helpful for understanding market relations, power dynamics, levers for change and new opportunities.

A value chain may include: the provision of inputs like seeds, fertilisers and tools; the production of crops by farmers; collection and storage of produce; produce aggregation and transportation or storage by farmers' groups; the selling of produce to intermediaries who sell to downstream buyers; national produce collection facilities such as government auction centres; produce purchase and transportation by other buyers; and corporate marketing, packaging and distribution. A value chain may exist in one country or be stretched across many countries. There are innovative direct trading arrangements linking producers and consumers. Value chains can differ depending on crop characteristics; the business actors involved; local, national and international markets; government regulation; and international laws.





## Inclusion and diversity

Social inclusion and diversity mean ensuring that the interests of all people – youth and elders, women and men, renters and landowners, rich and poor, abled and disabled, and from all ethnic, religious and cultural groups – are taken into account in any work linked to agency and empowerment without any unjustifiable preferential treatment. Because social categories such as ethnicity, sex, class, gender, age and ability are interrelated, there are also overlapping and interdependent systems of discrimination and disadvantage to contend with.

Interventions and support services for small-scale farmers tend to reach only the richest farmers who may have access to helpful contacts, education, technology and resources. And some types of farmers face more exclusion than others, while some interventions take place without considering the contexts or farmers' needs, which can result in discrimination and exclusion. This guide emphasises how farmers' groups can learn from listening to all farmers, take the skills, interests and priorities of all into account, and ensure that plans and activities benefit all producers and families.



Prepare







# 1 UNDERSTAND!

Mapping the  
context & sharing  
knowledge



**Empowered action begins with having the necessary information, understanding and knowledge to successfully advocate for your interests and pursue your goals. This includes gathering evidence of your reality to inform and influence others.**

Gathering information and thinking critically about the structures, systems and conditions that affect your livelihood will help you and your farmers' group engage strategically and effectively with other producers, input sellers, buyers, service providers, brokers, financial institutions, policymakers, regulators and others.

Because every value chain is different, every country has different laws and the rules and price-setting systems of local, regional, national and global markets are very specific, this part of the guide will not provide detailed information for every context. Instead, it will guide you and your allies in finding information to increase your power and agency in the market systems and value chains you operate in or want to operate in.

**PART 1:** of the guide covers:

- ➔ What kinds of information your group may want to gather and understand
- ➔ How you can reflect on and analyse the information gathered
- ➔ How you can use this information to increase your agency and achieve your goals.

This part guides you through:

- Determining your **group's** wider **future vision**, so that as a group you can arrive at a clear idea of your overall goals
- Possible **marketing arrangements** that small-scale farmers may choose or be offered within a value chain model, and the benefits and drawbacks of each kind of transaction, including written contracts
- Mapping and **analysing your value chain**
- National and international laws that protect **farmers' rights** and how farmers can work with allies to learn about these rights
- What you might need to know on **climate and disaster risk and resilience**, including different types of diversification
- Mapping your **opportunities to hold businesses and the private sector to account**
- **Gathering information relevant to your value chain** challenges, analysing the information and deciding on a course of action.

## BOX 2.

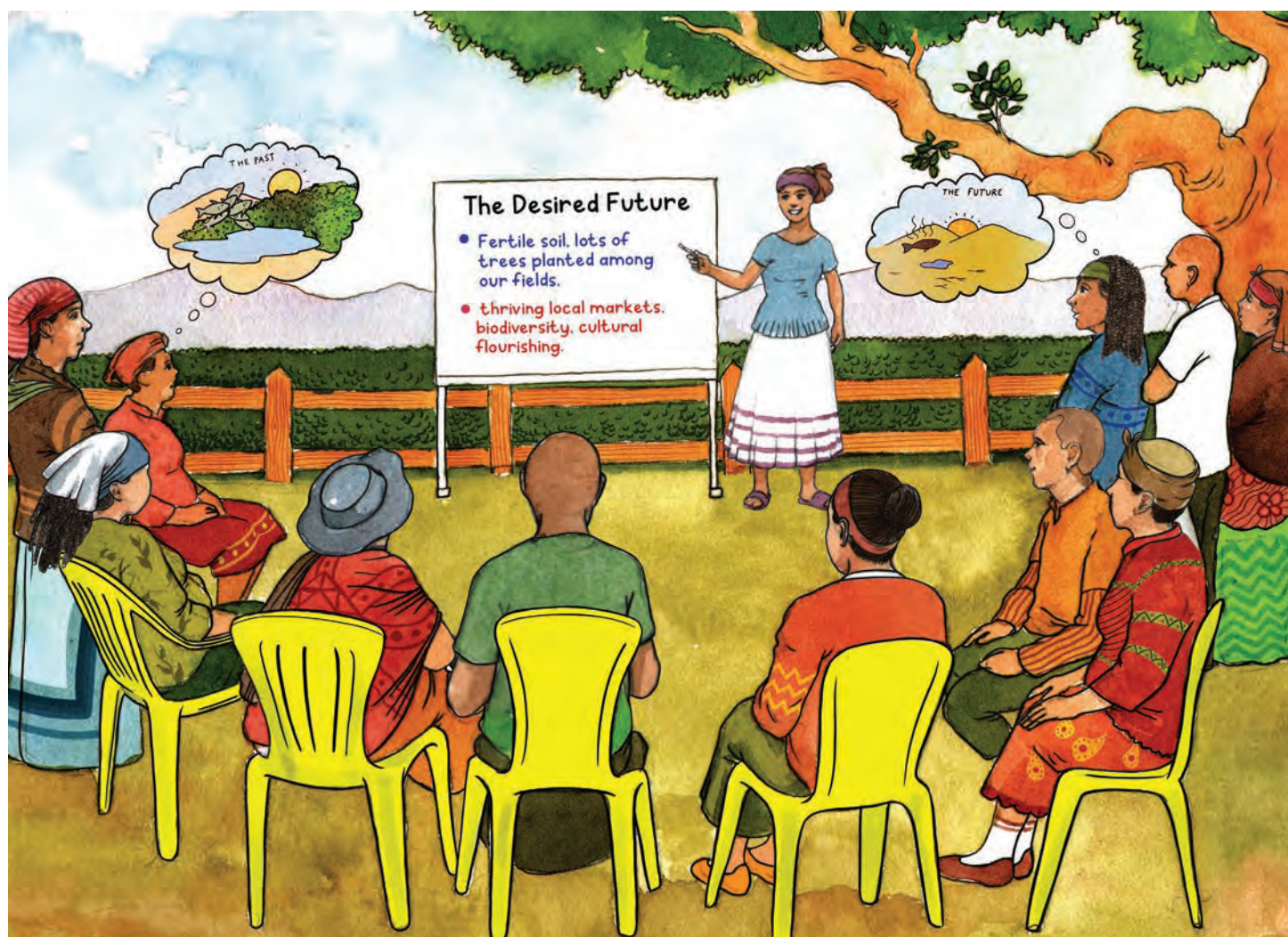
### Working together

You may or may not currently be working with or as part of a **farmers' group**. If not, consider working with other farmers to map the context and share knowledge if there is a common challenge in a value chain you sell in or there are factors in common. See if you can jointly identify opportunities to strengthen your position. **PART 2** of this guide discusses the role and different types and approaches of farmers' organisations.

Remember







# 1.1

## Developing your group's long-term vision

Having a farmers' group or community-level long-term vision will help you choose and develop strategies in line with your collective priorities. How do you want your families and community to grow, develop and prosper? How can your group's farming business strategy help you achieve your vision? (See Box 3.)



Prepare



BOX 3.

## Group visioning exercise

**Who should be involved?** Ideally, include representatives from the wider community: non-farming women, other family members, young people, elders and any socially marginalised groups.

**What do you need?** You will need some large sheets of paper, markers and tape to paste the paper sheets where people can see them. It is good to choose a person as facilitator to lead the exercise; if you are working with non-farmer allies, it may be helpful to ask them to lead your group through this activity.

**How much time will it take?** This activity should take about three hours; if it is taking longer, you could do steps 1 to 4 in the first meeting, then steps 5 and 6 in a second meeting.

**How to hear everyone's ideas:** It is best to do this activity as one large group, so that younger farmers can hear older farmers' answers, men can hear women, etc. In contexts where women are not permitted to sit with men, or will not speak freely in front of men, or are not available to attend the meeting, or where youth will not speak freely in front of elders, it may be better to meet separately as smaller groups of men, women and youth. If so, plan time to also meet at the end in one large group, report back and combine the different groups' visions into one complete vision.

**STEP 1: Remember the past.** Ask older group members to describe what their lands, natural resources, community relations, agricultural production and relationships with other value chain actors were like in the past when they were young. Ask them to share memories. Write down what people say. Give every older person a turn to speak. Questions to motivate discussion can include:

- What were your soils like? How did you keep your soil fertile?
- How much did it rain? How did you know when rains was coming?
- What seeds did you grow? Where did you get seeds from? How plentiful were your harvests?
- What farming techniques did you use? How did you learn them? How did you keep pests away?
- Did you say prayers or practise rituals before you planted or harvested?
- What natural resources and materials did women, men, girls and boys gather from common lands? How abundant were these resources? How long did it take to gather firewood and other resources?
- How did people live and work together in the community? How did men and women, and neighbours, treat each other? How were roles assigned among men and women, younger people and elders?
- What cultural activities or festivals took place? How did young people learn about the culture? How interested were young people in farming?
- What did community members care about most? What were their priorities?
- Who were your business partners? Who did you interact with to buy inputs and to whom did you sell your produce?
- What was faming income used for? Was it sufficient?
- What non-farming activities generated income for your families?






 Prepare


## BOX 3.

## Group visioning exercise - continued

### STEP 2: Reflect on the present.

Ask community members to consider what their lands, natural resources, community relations, agricultural production and relationships with other value chain actors are like today. Questions to motivate discussion can include:

- What are your soils like? How do you keep your soil fertile?
- How much does it rain? How do you know when rain is coming?
- What seeds do you grow? Where do you get seeds from? How plentiful are your harvests?
- How are you farming now? What techniques do you use? What inputs do you buy to help your plants grow or to manage pests? Where do you buy inputs and what are the prices like?
- Do you say prayers or practise rituals before you plant or harvest?
- How are your community's common lands used, controlled and managed today?
- How secure are your lands? Is there individual or collective ownership? Can women own land in their own name?
- Have there been changes in the availability or abundance of natural resources that women, men, girls and boys gather from common lands? How long does it take to gather firewood and other resources?
- How do people live and work together in the community? How do men and women, and neighbours, treat each other? How are different roles shared among men and women, younger people and elders?
- How do young people learn about the culture and customs? How interested are they in farming?
- What do community members care about most? What are their priorities?
- Who do you sell your produce to? How do you choose your buyer and agree prices and quantities?
- What do you do with any produce rejected by your buyer? Is it brought back to you?
- What impacts do your current farming practices have on the environment and the community?
- Do you employ casual labourers? If so, do you respect basic labour rights standards such as for hours of work, protective equipment, rest days and minimum wages?
- What challenges do you face in farming?
- Are there any farmers' groups in the community? Who are the leaders of such groups? How are group decisions made? What do these groups do?
- What value does farming add to your family income? Is there anything else you do to raise money for your family apart from farming?

It can be very emotional for people to realise how much life has changed. Allow people time to reflect in silence on the differences between the past and today. While in some respects life has improved for many people, this activity sometimes makes people cry. Be sensitive to people's feelings in this activity.





**STEP 3: Envision the likely future.**

Now ask group members what their lands, natural resources, community relations, agricultural production and relationships with other value chain actors will be like 50 years from today, for their grandchildren, if things continue as they are today. Invite group members to close their eyes to 'see' the vision in their minds. Give people time to think about this – do not rush this step. Ask people to share what they see as the likely future. Write down what people say. Questions to motivate discussion can include:

- What will your soil be like? How easy will it be to find enough water to farm with?
- How abundant will your harvests be?
- Where will you sell the harvests? Through what trading practices?
- How available or abundant will your lands and natural resources be?
- How healthy will the local environment be, for example rivers, forests and mountains?
- Where will people get their food, building materials, water, medicine and fuel?
- How will people interact and live together?
- How will people make their livelihood?
- Will people practise your culture and traditions?
- How do you feel about your grandchildren living in this kind of situation?

Even if people were not emotional after talking about the present, at this point the general mood can shift to sorrow and fear. If people become upset, emphasise that while the current situation may seem bad, there is still a way to change it to bring about a more prosperous future. Concern about the future can be transformed into determination to protect your lands, resources, traditions and culture.

**STEP 4: Envision your *desired* future.**

Ask your group to close their eyes a second time and to dream about how they would like to leave their fields, forests, grazing lands, water bodies, culture and community for their grandchildren. Again, allow people time to think and then ask people to share their visions. Write down what people say on large sheets of paper. Questions to motivate discussion can include:

- How will you be farming? What will the quality of the soil and the availability of water be like? What kinds of crops will you grow?
- What will the community look like? What will the landscape look like? What natural resources will be available?
- What kinds of livelihoods will people have? How prosperous will the community be? How will people live and work together? How will men and women treat each other?
- How will the community make decisions about lands and natural resources and enforce its decisions?
- What kinds of infrastructure or public services will exist in the community?
- What kinds of markets, cultural festivals and events will take place?
- How will young people learn about community culture and customs? How interested will they be in farming?
- What will community members care about most? What will be their priorities?
- Who will you sell your produce to?
- What will you do with produce that does not meet market requirements?
- What will farming contribute to your family and the community?





Prepare



## BOX 3.

## Group visioning exercise - continued

### STEP 5: Identify actions to realise your future vision. Broad questions can include:

- What short-term and long-term steps can take us towards this vision?
- What actions can women take? What actions can men take? What actions can elders take? What actions can young people take?
- What allies or resources outside the community can we access for help? Are there government officials with local development funds we can access to pursue our vision?
- What barriers may hinder our progress towards this vision and how can we tackle them?

### STEP 6: Focus in on planning how to make your vision for farming commercially viable.

- Drawing on the aspects of your vision relating to farming and markets, questions could include: What steps can we take towards this vision? What actions can different actors take? What allies or resources might we need from others? What barriers may hinder progress and how can we tackle them?

- You could conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis in relation to commercial farming and market relations. This can reinforce findings from the visioning exercise and help you identify key challenges and opportunities for change:
  - What strengths have we noted as a community now or in the future, such as assets, natural resources, climatic conditions, soil types, market access, strong farmers' or community groups, or market demand for particular crops?
  - What weaknesses have we noted now or in the future, such as infrastructure, negotiating power or land tenure security?
  - What opportunities do we have, such as young people's interest or skills, access to information, government support or national policies?
  - What threats do we face, such as competition for land, political conflict, outmigration or national policies?

When the meeting is finished, take photographs of all of the notes for record keeping. You could post the description of your collective vision in a place where all group or community members can view it, as a reminder of your goals. You could review this vision as you make rules for how your group will function (see [PART 2](#)) and as you plan how to engage in value chains with greater power and agency (see [PART 3](#)).

As an alternative to the above step-by-step guide to group visioning, you can also adapt this approach to your own context and draw on tools you are familiar with to look back and then forwards and identify priorities.







Alone or in groups, as small-scale farmers you may have choices about how to sell your produce. For example, one arrangement is 'spot' transactions with buyers without any future commitment. Another is contract farming with formal arrangements and close coordination between farmers and large agribusinesses. Selling to small and medium enterprises such as processors and small supermarkets or to government procurement agencies that may also offer services and base their purchase on contractual arrangements may also be an option. You or your farmers' group may be engaged in several types of trading arrangements at any time, depending on your crops and other factors. All these arrangements, which may involve issues of trust or perceptions of reliability, have benefits and risks, which are mentioned below.

# 1.2

## Considering different trading options



**Spot transactions.** A spot transaction is a one-time deal based on a verbal (informal) or written (formal) agreement. With a spot transaction, a farmer's produce is exchanged immediately on agreement of a deal. You present your goods to a buyer and negotiate a price, and the buyer pays and leaves with the produce. There are several kinds of spot transaction:

- Selling to an intermediary or trader who buys produce directly from you and then sells it to a trader, buyer, retailer or processor at a higher price. Intermediaries and traders often have transportation capacity that farmers may not have
- Selling to a processor. You bring your produce directly to the site of a factory that turns the produce into a processed product
- Selling at an auction, where your produce is displayed, and prospective buyers inspect it and place bids, and the produce is then sold to the buyer who offers the highest price.

#### *Advantages:*

- Generally clear and simple: farmers show up with produce, and are usually paid immediately for what they sell
- Flexibility: farmers can shop around between buyers and sell to the highest bidder
- Less specifications on quality and quantity: farmers may not face the same quality requirements they would when selling through more formalized trading relationships, and buyers may be willing to buy whatever quantity of produce is available
- Potentially less wastage of produce: This can translate to more sales and higher incomes for the farmers
- Collection from farm gate: many intermediaries collect produce from the farmers' farm gate, reducing the indirect and direct costs of transportation for the farmer and their produce.

#### *Disadvantages:*

- Farmers may not be able to find buyers paying fair prices, as local options may be limited

- Prices may fluctuate daily, and farmers may never be sure how much they will earn from the sale of their crops, which can make financial planning difficult. In markets with very few buyers, often in remote locations
- There is a danger of buyers controlling the market, leaving little choice for farmers about who to sell to and forcing you to accept lower prices.

**Direct selling, including through mainstream or innovative distribution and exchange models.** In some situations, farmers sell directly to end consumers (households and families) in local markets or via vegetable box delivery contracts or to retailers (restaurants and supermarkets that source directly from local small-scale farmers), with less of a role for intermediaries. Transaction arrangements may be verbal or written.

Your farmers' group could explore possible trading arrangements involving you transacting individually or as part of a formal or informal group to sell directly to new buyers or markets. Your group can search further for possible models to suit your context and consider alternatives to the more common arrangements. A sustainable 'food systems' approach can support innovation in this area and help with your research (see Box 4).

*Advantages:* The key advantage of direct selling is that farmers interact and negotiate directly with consumers or buyers and build relationships that have growth potential. Farmers are likely to be able to reach fair agreements with consumers and buyers on price, quality and quantity.

*Disadvantages:* The disadvantages of direct selling differ according to the context. A restaurant or supermarket may find a new supplier offering higher quality or lower cost and drop a farmer or farmers' group with little or no notice. Farmers who sell directly in local markets may not sell well on a particular day or during a certain month because of changes in demand or supply, making your income uneven, unpredictable and insecure and possibly resulting in wastage of produce and financial loss.



Go Deeper



## BOX 4.

## Innovations in direct selling – exploring local distribution and exchange models

Your group may be keen to meet market demand for more sustainably produced and distributed food. You could do this by connecting to existing and new consumers through your own distribution systems. Because food systems are diverse and linked to local cultures and geographies, no two food systems need to look alike. Build from what exists and engage with others to innovate for your context.

Models like the following may be present in your context or may be something entirely new.

- Community supported agriculture: consumers buy shares in a farm to give year-round market stability to the producer(s) and guarantee produce for the consumer. Usually consumers can also be part of farm activities.

- Farmers' markets: direct selling of farm produce to consumers via a market bringing together local producers and processors for economies of scale.
- E-commerce: online internet-based food sales and purchasing arrangements.
- Pick-your-own: consumers come to the farm, harvest and buy what they pick.
- Public procurement: large-scale purchase of produce by public organisations such as schools and hospitals.
- Consumer groups: consumers organise themselves to collectively source directly from farmers.
- Agro-(eco-) tourism: consumers buy directly from farms that they can visit and where they may be able to participate in production or processing.

To avoid the cost of, or in the absence of, organic, fair trade or similar certification arrangements, you could consider a Participatory Guarantee System (PGS) involving consumers in guaranteeing your quality or standards, such as through farm visits.



Adapted from FAO and INRAE (2020).



**Contract farming.** Contract farming is when buyers and farmers make agreements (also known as ‘outgrower contracts’ in the case of a company with its own estate) for the farmer to grow certain crops and produce an agreed quantity and quality of produce as specified by the buyer. In return, the buyer usually commits to providing the farmer with the agricultural inputs (seeds, fertiliser, pesticides) needed at an agreed price and to buy the farmer’s produce at an agreed price. The costs of the inputs are subtracted from the final payment the farmer receives after harvest.

**Advantages:** Contract farming can provide small-scale farmers with income security. You should know before planting how much income you will receive for selling your crop. Contract farming can open up new markets for small-scale farmers, guarantee the sale of your produce and benefit small-scale farmers who lack the capital to buy farm inputs. It can also involve technical help and support and enable you to acquire new skills. In a good year, contract farming may work out well.

**Disadvantages:** The main disadvantage of contract farming is that it holds you captive in a contractual relationship where there are power imbalances. In a bad year, if you do not produce good crops or reap enough of a harvest, you can end up in debt to the company when the money you owe the company for inputs is more than the value of your harvested crop. Farmers who enter such contracts stop being independent entrepreneurs and give power over their lands and labour to a company, becoming in many ways agricultural laborers on their own land. Research shows that contract farming can often trap farmers in cycles of debt. To prevent this, the contract terms, negotiations and regulation all need careful consideration. See **PART 3** of this guide for a more detailed description of contract farming and negotiating points to consider.

The **warehouse receipt system.** In this system, farmers deposit storable produce such as grains, tea or coffee in exchange for a receipt issued by the warehouse operator as proof that the farmer has deposited the goods there. The produce is then sold at a later time when prices are higher. The warehouse receipt system reduces the pressure on farmers to sell immediately after a harvest when prices are usually low. While the produce is in the warehouse, the warehouse operator monitors prices and sells the produce when prices are most favourable, which often results in a significant profit. The farmer can then present their receipt and be paid the higher price.

**Advantages and Disadvantages:** The warehouse receipt system allows sales to continue over time, from one harvest to another, stabilising prices. And it reduces farmers’ post-harvest losses, because storage and care of the commodity is transferred to certified warehouses with the facilities and expertise to preserve its quality. However, the system has not always generated the intended opportunities and is not available everywhere to all farmers. It may also only work well for farmers producing less perishable crops in sufficient volume.

**Regional or national agricultural commodities exchanges.** These exchanges are where produce is traded immediately or through ‘futures’. In futures contracts, a farmer agrees to sell an agreed quantity and quality of produce (such as grains, sugar, coffee, cocoa or tea) at an agreed future date for an agreed price. For example, a futures contract between a corn farmer and a buyer may promise corn that the farmer will not yet harvest for several months. In the contracted agreement, the farmer gets a guarantee of the price to be paid for the crop on a set date, while the buyer gets a guarantee that the price will not go up.

**Advantages and Disadvantages:** Commodities exchanges can protect farmers from price drops and buyers from price increases. However, to enter such markets, farmers must guarantee a minimum amount of produce, which excludes many small-scale farmers from this kind of transaction.

All the above sets of arrangements are relevant to individual farmers or to formal or informal farmers’ groups. Increasingly, large farmers’ cooperatives and companies buy their own processing equipment, team up with marketing, finance and business professionals, and create their own consumer brands that sell nationally or globally. These farmers’ cooperatives and companies can move up the value chain and in some cases control every aspect of production. When successful, farmers’ cooperatives and companies can capture most of the profits from the end product and return significant gains to their members. The drawbacks of starting a business like this are the high initial costs of building a factory, buying machinery, and so on,— and of building new skill sets such as branding, advertising, packaging and shipping. If a farmers’ business does not succeed, the farmers’ group may end up in debt. **PART 2** of this guide advises on the costs and benefits of farmers organising in different ways.



Go Deeper



## BOX 5.

## What factors limit small-scale farmer agency in contracting?

A contract is an agreement between two or more parties, in which one party makes an offer that the other party accepts. Commercial agriculture contracts vary widely. They may be written to set standards and define how value and risk are distributed between the parties. Written contracts tend to be used in arrangements with larger companies. Verbal contracts with small or medium enterprises or with public bodies may also establish clear terms but may be less formal and rely more on trust.

Contracts may include agreements between farmers and input suppliers, farmers and buyers, and buyers and processors and distributors. They can range from simple, written, short-term agreements to lengthy legal documents governing long-term arrangements. Longer contracts often define standards and requirements that limit farmers' agency: for example, restricting farmers to sell to only one buyer (exclusivity clauses) or imposing penalties on farmers who break the contract by not conforming to the buyer's chemical pesticide standards.

Farmer choice to enter into an agreement with any one buyer and shape the terms of that agreement may be restricted by a lack of alternatives, false promises or poor negotiating processes that do not provide all the information on risks and responsibilities.

Other factors that may limit small-scale farmer agency in contracting include:

- **Global market prices.** Price changes in global commodity markets can undermine the price buyers are willing or able to pay for farmers' harvest, regardless of how well producers negotiate.
- **Limited buyers.** Where there are only a few buyers, or only one, this can weaken farmers' negotiating position and limit their bargaining power.
- **Decisions that have been made elsewhere.** The requirements of large company–government contracts may leave small-scale farmers less choice and freedom in contracting with buyers. A contract between the government and a company may, for example, determine what is bought and sold and set standards for seed quality, farming techniques, technology, labour conditions, environmental protection and product quality. So if a company signs a contract with a government agency that specifies such standards, then the company must impose the same standards in its contracts with farmers.

Because not everything is in farmers or even companies' control, farmers' ability to improve the terms of trade by renegotiating contracts –covered in [PART 3](#) –may be limited. Challenging such factors that affect the contracts you can engage in requires political action to influence laws, policies and investment. And political action means collective action, which needs effective organising ([PART 2](#)).

**This section has helped you think through trading and contracting options. The next section helps you consider these in more detail in the context of the other actors you may engage with when trading.**





# 1.3

## Investigating your value chain

If you are already selling into a value chain, whether a local market for local consumption or a regional or global commodity market, value chain analysis can help you or your farmers' group understand how to steer through markets to increase your agency, better serve your interests, and progress towards your goals and future vision.



## Map your value chain

To investigate your value chain, you will first need to map your value chain, starting with yourself and other small-scale farmers who grow the produce, and ending with the consumers who buy the final product in shops or markets. Second, think about your value chain and what action you can take to strengthen your position in it. Once you have mapped the value chain, your group can analyse it to see where there are power imbalances and brainstorm how to influence each step in the chain to promote your interests if it has the potential to do so.

Mapping your value chain helps to reveal:

- The process a product goes through to reach the final customer, and how value is added with each step
- The key actors involved, the relationships between them, and the organisations and businesses that support the market system
- The different markets and channels by which products reach final customers
- Obstacles to improved production distribution or value added
- Risks of your being marginalised or excluded at each step of the value chain
- The distribution of risks and value between value chain actors, including climate change risks
- Opportunities, leverage points and pathways to improvements and positive change, including to build climate resilience.

Remember



### BOX 6.

## Analysing your business context

Value chain analysis can be helpful but can also limit thinking on how to develop existing or alternative trading arrangements to suit your context. You may like to explore 'market systems' or 'food systems' approaches to understanding your context and identify challenges, opportunities and relevant strategies. To be helpful for strengthening agency, value chain analysis should consider power relations between the different actors.



Prepare



## BOX 7.

## Value chain mapping exercise

For this activity, your farmers' group will need a chalkboard or large sheets of paper, markers and tape to paste up the paper sheets where people can see them. You could start by drawing your value chain map on the ground and then transferring it to paper. Take time to think deeply about your map once you have drawn it, so you could spend two or more meetings mapping and analysing your value chain.

Doing this activity with **advocates and allies** can help you include information such as about downstream buyers or where your produce ends up, which may require a deeper understanding of market systems or even legal and financial research.

**STEP 1: Make a diagram of the main transactions.** On a large sheet of paper or a chalkboard, or on the ground, begin by identifying the stages in your value chain by which your kind of produce gets to the end customer. You can simplify the process by grouping related activities and functions in one stage.

**STEP 2: Write in all the names of the businesses, organisations and other market actors involved** and put them on the map next to the market stage they are part of. You may have to research all the actors, who can include farmers, cooperatives, input dealers, suppliers, service providers, intermediaries, government agencies, retailers, exporters, traders/brokers, financial

institutions and the end consumers. There may be actors who might have an incentive to get involved in the value chain in the future. **Make sure to include all the support services in your value chain**, such as certification boards, business development services, transportation or advertising companies, and legal advisers.

**STEP 3: Write in what each actor does in the value chain.** For example, intermediaries may gather produce from many farmers, sort the produce into categories by quality and then sell at a higher price to buyers. Banks may offer loans to farmers to buy fertiliser or machinery. Service providers such as agricultural extension workers may work with farmers on soil moisture conservation.

**STEP 4: Draw lines or arrows that show relationships between value chain actors.** These relationships or 'horizontal linkages' may include how a farmers' cooperative works with an advertising company to attract buyers, for example. Strengthening relationships between actors at the same stage of the value chain can reduce transaction costs, help share skills and resources, improve product quality and increase efficiency. Horizontal linkages can also lead to collective learning and risk sharing, and help identify where collective bargaining power can reduce costs or increase benefits to farmers.

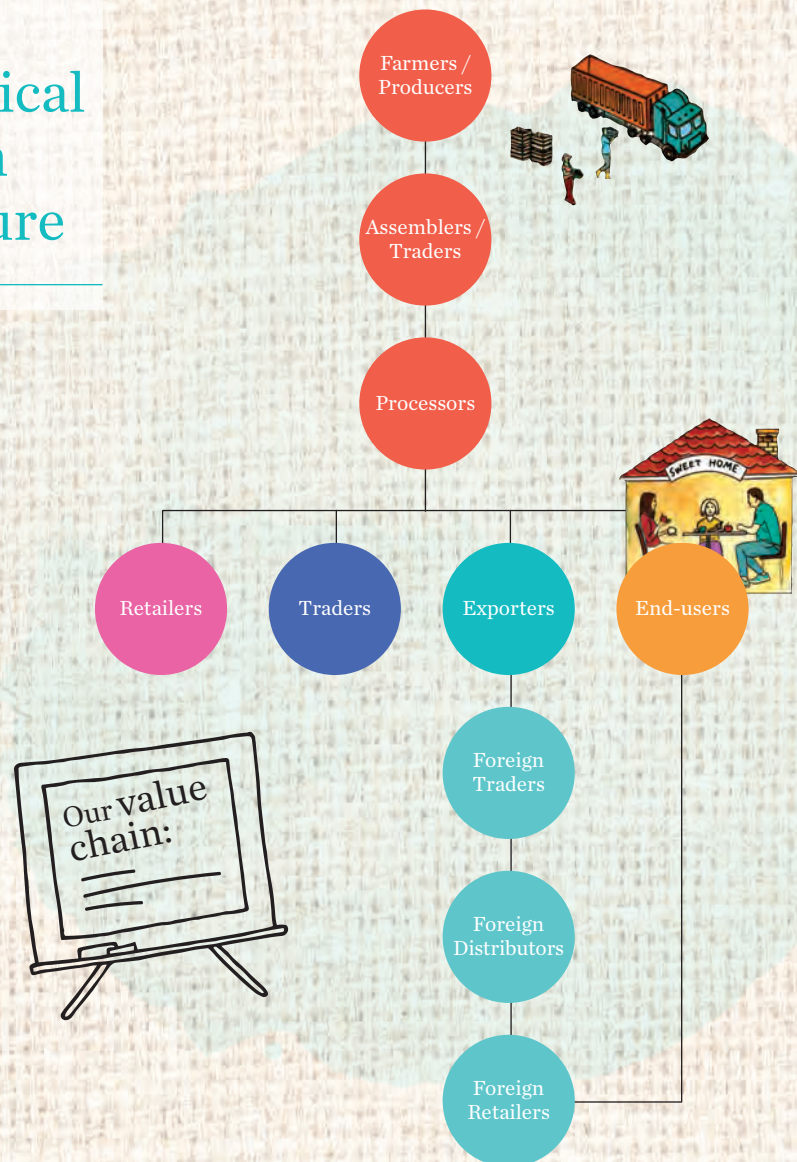
**STEP 5: Draw vertical lines or arrows that show how your produce flows between actors until it reaches consumers.** These connections, called 'vertical linkages', show how the produce moves between actors and from the farmers all the way to consumers. Vertical linkages also move money, services, skills and information between actors up and down the value chain. Looking at how the goods, services and money move can help show inefficiencies and places where you can increase profits or improve the competitiveness of your produce (see Figure 1).





FIGURE 1.

## A hypothetical value chain in agriculture



**STEP 6: Think of new and different ways that your produce could get to consumers.** Brainstorm. What new actors could get involved? How could you use technology to reach different buyers? Are there ways to work more collaboratively with trusted intermediaries or to bypass those who are not serving you well to increase your profits?

**STEP 7: Map out obstacles and opportunities in the chain.**

What obstacles within existing arrangements prevent fair and mutually beneficial partnerships between the different actors? What are the opportunities to build on trading relations that are working well?

Adapted from M4P (2008).



## Analyse your value chain

**‘Value chain governance’** means the rules and systems that control the relationships between buyers, sellers, service providers and regulatory agencies in or influencing the value chain. At different stages in the chain, various organisations set and/or enforces these rules and systems. Understanding how your value chain is governed can help you see how to change it or more easily steer within it to increase your profits and strengthen your agency .

To understand the governance structure of your value chain, your farmers’ group could look together at the value chain map you have developed, including the obstacles and opportunities you have identified, and ask yourselves questions such as these:

- **Why is the value chain set up the way it is?** This is the most important question to ask about value chain governance. For example: Why does the government heavily regulate the market? Why are prices set by a state agency? Why do or do not farmers receive the information they need to bargain for better prices? Why is there so much contract farming in this value chain? Why is it difficult to access transportation services to bring goods from rural markets to urban areas? Why is produce rejected and not returned to farmers? Also: Which actors are most powerful in influencing the way the value chain functions?
- **What motivates each actor in the value chain?** A cooperative’s main motivation may be to help farmer members make more profits. An intermediary’s motivation may be to make money. The government’s main motivation may be to create employment, earn foreign exchange and regulate farming to protect consumers. You could also ask: What else might motivate these actors? For example, might the financial institutions be open to ending barriers to women’s and young people’s access to credit? Might the processors be open to receiving produce directly from farmers? Might the intermediaries be interested in working more collaboratively with farmers?

- **What do the consumers want and what are their priorities?** The end consumers of a product influence the price, quality and quantity of a successful product. What is required to satisfy consumers? For example, are the consumers in your value chain most interested in the cheapest prices, fair trade certification, high hygiene standards, attractive appearance of the produce or organic farming methods? Do most consumers prefer things to be a certain way? Think not only about the current market but also possible future changes in consumer demand and other factors such as climate change and the way the global population is getting younger.

- **Where in the value chain is the most value added to the product?** For example, if farmers are paid 1 rupee for a certain amount of produce that costs the end consumer 10 rupees, where do the additional costs come from and who makes additional profit? What are the costs of transporting the produce through the different stages in the chain? At what point is produce processed or transformed into something different from the original crop? Are there value chain actors or small groups of actors that can extract more profit than their contribution merits? Are benefits shared fairly or unfairly across the value chain? Thinking this through can help you understand why smallholder farmers get a relatively small share of the overall market value. As important as knowing who gains most, you need to know why profits are distributed in the way they are.

- **Where might you change or strengthen your value chain relationships?** Once you have brainstormed possible new motivations for different actors, consider where in the value chain, if you started a conversation or asked for a meeting, you might make alliances with other actors to strengthen your combined bargaining power. Or you may find ways to align your interests with other actors.



- **What are the biggest obstacles to the value chain working well for you and other small-scale farmers?** Obstacles may include: public policies on rural finance that make it hard for farmers to get loans; hard-to-meet crop certification standards; or a lack of communications infrastructure. You may identify that transporting your produce to regional markets is your biggest obstacle, or that a lack of access to processing or storage facilities is holding you back from increasing your profits.
- **What obstacles do women and marginalised groups face when trying to participate in value chains?** What stereotypes about women's and men's roles, responsibilities and jobs impact women's place in the value chain? Do women and men have equal access to land, farm equipment, credit or transportation? Are there services that men access more easily than women? Are any of these factors within your power to change? Could external support for gender mainstreaming in your farmers' groups be helpful, or could your group help women access grants for leadership or entrepreneurship training, or support for safe spaces or women-only fora? Would market research into demand for produce grown by women farmers help? What influences prevent or reduce participation in farming by groups that are marginalised in the local community, such members of ethnic, religious or linguistic minorities, or refugees? Might some of the same strategies apply?
- **Where in the chain are there opportunities for negotiation and improvement?** Where are these opportunities to increase dialogue between small-scale farmers and other actors? Are there any easily identifiable places where you can discuss and deal with inequalities and injustices? Are there actors who small-scale can influence to help increase your agency, get more profit for your produce or otherwise benefit more from the value chain? What role do intermediaries play in the value chain and why? What services do they offer? Could some of these services be carried out by farmers instead to increase your value share? Or could your group collaborate better with intermediaries to serve both your interests?
- **If systemic factors are the biggest obstacle, where is change possible?** If government or business rules and regulations limit your participation in the value chain, or lead to injustice, how can you make the system fairer? For example, if a government agency sets prices in a way that is not transparent, what could your group do to make the pricing system more comprehensible or change the way prices are set?
- **What aspects of the value chain help distribute or increase climate risk?** How will climate change impact different stages and actors in the chain and what opportunities are there for diversification or reducing risk in your trading arrangements?

## Summarise and focus on value chain opportunities

Consider using SWOT (strengths, weaknesses, opportunities, threats) analysis to summarise your mapping and discussions:

- Summarise your production capacity, resources, market and quality of the produce
- Summarise the way current market arrangements are or are not meeting your needs
- Summarise the external policies and policy implementation that help or hinder you in benefiting from current arrangements.

Assess your role as small-scale farmers in the existing value chain: what do you and can you potentially offer; how far current arrangements meet your needs, what is working well and what needs to change.

After this analysis, you may have identified some key opportunities and also challenges to overcome. You may also need more information to make a good plan to strengthen your position in the chain.





# 1.4

## Prioritising climate resilience

Farmers working to empower themselves and increase their agency in local, regional, national and global value chains need to be agile, adaptive and resilient in the face of change. Your farmers' group may want to think more deeply about how you are preparing for maintaining and improving your income in the face of events completely out of your control. Shocks such as climate change events, a pandemic, violent conflict or poor harvests put trading arrangements in jeopardy, particularly if how risk is distributed is not adequately considered within a trading agreement, or if trust is absent. Preparing to withstand such shocks and stresses will be a priority for many small-scale farmers.



To be prepared for drought, floods, and other disasters, you may want to plan how your farmers' group and your community can adapt to keep farming successfully. Much of the knowledge required for this will come from within your group through your understanding of local conditions, the changes you have seen so far and the responses you have made. But you may also want to draw on the expertise of others. Key steps to consider in the face of climate change and other risks include the following.

## Understanding the risks

The risks depend partly on the local context. Understanding risk involves knowing the **threats** you're exposed to, the degree of **exposure** and your **vulnerability** to them. There are climate risk assessment tools you can use in your analysis, and some non-governmental organisations (NGOs) or government services may be able to help.

### Developing resilience

Once you have a clear understanding of the threats and your vulnerabilities in your current production system and in your market relationships, you can start to plan how to build resilience. If you have already been doing this on your own, working with other farmers can help you share information, generate new ideas and enable innovation. While there is no single approach to resilience in the face of climate change or other risks, diversified farming, livelihoods and marketing approaches are likely to be more resilient to changing and unpredictable conditions than focusing on a single crop or a single buyer (see Box 8).

For climate resilient production systems alone there is much knowledge to draw on. Again, the starting point is your own farming systems and your community's traditional knowledge (see Box 9).

### BOX 8.

## Diversifying for climate resilience

Go Deeper



If not already doing so, you could explore options for diversifying in different aspects of your livelihood:

- **Socially:** relating to the organisations you are involved in, how they function and what support services they can provide
- **Ecologically:** focusing on your crops, seeds, planting and cultivation systems, and soil fertility, for example
- **Physically:** practical and infrastructure changes including the way you assess what is happening or access information
- **Economically:** your business planning and your markets or marketing strategies.

Adapted from Macqueen (2021).

If you control what and how you grow and have capacity to innovate, and if not already doing so, you could consider some of the following adaptations and approaches:

- **Recovering indigenous seeds that grow well in local soils** – those bred over generations for local soils, as an alternative to generic seeds sold by companies that may be less well suited to your context and demand more additional inputs.
- **Agroforestry and crop diversification** – planting trees among food or cash crops to increase biodiversity, improve soil fertility, reduce soil erosion and potentially provide other economic opportunities from non-timber products.
- **Restoring the health and fertility of your soil** – using for example cover crops, home compost and manures, and mulching – rich soil can hold water well.
- **Making your own natural pesticides** – possibilities include chilli pepper spray, soap spray, neem oil, urine and ash.



- **Keeping bees to ensure you have pollinators** – bee populations' decline is linked to overreliance on insecticides as well as temperature changes. Beekeeping offers pollination as well as other honey and wax products for income generation.
- **Water management** – for example, drip irrigation, rainwater harvesting and water catchment systems such as contour ploughing.

Approaches like these may help your group's farms be more resilient as the climate changes and may also increase local prosperity. A community with rich forests, clean water, abundant wildlife and fertile soil will enable farmers to work more productively, raise healthier livestock and enhance your livelihoods.

It could be important to assess any contractual arrangements you plan to enter into from a climate resilience point of view. A new production technique or a crop required by a major buyer, for example, may limit your farm's resilience. Burdens arising from climate risk should be shared along the value chain, and investments

in improving climate resilience should benefit all actors. What new types of service will you need access to? What new resilience strategies could you put in place? For example, if you grow a water-sensitive crop for an international buyer that provides consistent but low returns, could you consider starting another enterprise such as beekeeping or vegetable production to generate other income? Or could rainwater harvesting and irrigation costs be part of your negotiations with the buyer? In contract farming, could the buyer support you with timely climate information or access to climate insurance?

## Resources for climate adaptation

It may help to do some research into climate adaptation policies, funding and services available in your country, and into organisations with relevant expertise that you could partner with. There may be climate adaptation funds specifically for the agriculture sector and to help small-scale farmers improve their climate resilience, or new services that can advise you on climate resilience.

Go Deeper



### BOX 9.

## Traditional knowledge

Local rural communities are deeply interconnected with their natural surroundings and have gained rich understanding of the properties of local plants and animals, the dynamics of their ecosystems and how to nurture and cultivate wild and domesticated foods and medicines. This traditional ecological knowledge, gained through intimate connection with the land, water, weather systems and local species, is often grounded in a cultural framework of respect, reciprocity and responsibility to ensure that the natural world is healthy and thriving.

Over thousands of years, land-based communities have learned how to make their lands fertile and sustainably productive.

When a community revives its traditional farming knowledge, it regains power and control over its future and sovereignty over its food. Your group could brainstorm a list of the traditional farming practices you currently use to protect and promote biodiversity. You could also gather all elders in your area and ask them about their traditional farming practices or about those of their grandparents. Respectfully draw out elders' memories of what your community used to do to conserve and enhance the ecosystem. And younger people in your community may also have great new ideas about enhancing ecosystem resilience.

The right to protect traditional knowledge is enshrined in international law, for example in the UN Convention on Biological Diversity and the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas.







There are many kinds of laws and international agreements that exist to protect your rights as farmers. Part of becoming empowered to act is knowing your rights and how to protect your rights when they are being violated. Your farmers' group can work with allies to: learn about your rights and responsibilities under national and international laws and agreements; think together about the practical effects of these laws and agreements based on your collective experience and observations; and discuss and agree whether your group should take action to enforce and protect your rights.

# 1.5

## Knowing your rights under national and international law



## BOX 10.

## National and international law and standards

Go Deeper



### National law

- Your country's constitution
- Agricultural laws
- Land laws
- Livestock production laws
- Forestry laws
- Labour laws
- Human rights laws
- Water laws
- Laws about food security and food sovereignty
- Seed laws
- Environmental protection laws
- Food safety laws, including regulations for fertiliser, pesticides and herbicides
- Laws on the prices of staple commodities such as rice, wheat and corn
- Trade laws including import and export regulations
- Investment laws including regulations on international investment in farming and food production
- Business laws including on cooperative enterprises
- Relevant case law in countries with a common law system

### International law and standards

- Universal Declaration of Human Rights (1948)
- International Convention on the Elimination of All Forms of Racial Discrimination (1965)
- International Covenant on Economic, Social and Cultural Rights (1966)
- International Covenant on Civil and Political Rights (1966)
- UN Convention on the Elimination of All Forms of Discrimination against Women (1979)
- UN Declaration on the Right to Development (1986)
- ILO Indigenous and Tribal Peoples Convention 169 (1989)
- UN Convention on the Rights of the Child (1989)
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990)
- UN Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities (1992)
- UN Convention on Biological Diversity (1993)
- ILO Declaration on Fundamental Principles and Rights at Work (1998)
- FAO Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food (2004)
- UN Declaration on the Rights of Indigenous Peoples (2007)
- UN Guiding Principles on Business and Human Rights (2011)
- UN Committee on World Food Security Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (2012)
- FAO Principles for Responsible Investment in Agriculture and Food Systems (2014)
- FAO Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries (2015)
- UN Declaration on the Rights of Peasants and Other People Working in Rural Areas (2018)
- Committee on World Food Security Voluntary Guidelines on Food Systems and Nutrition (2021)





Go Deeper



## BOX 11.

## UN Declaration on the Rights of Peasants and Other People Working in Rural Areas (UNDROP)

UNDROP is a non-binding declaration that the UN General Assembly adopted in 2018. It asserts the rights of peasants and others working in rural areas and emphasises the challenges they face and the special relationship they have with nature.

UNDROP asserts the international community's commitment to protect, fulfil and respect the rights of peasants and rural workers. These rights include rights to 'seek, receive, develop and impart information' about 'the production, processing, marketing and distribution of their products'; to access to justice, land, seeds, biodiversity, water and other natural resources; to food and to be free from hunger; to food sovereignty; to a healthy environment; to an adequate standard of living; to social security, health, housing and education; to training suited to the 'agroecological, sociocultural and economic environments' in which they live and work; and to enjoy culture and pursue cultural development.

The declaration also emphasises the protection of peasants and all other rural workers, including 'fishers and fish workers, forest workers, or seasonal or migrant workers', from 'economic exploitation, child labour and all forms of contemporary slavery ... debt bondage ... and forced labour'.

Adapted from La Via Campesina (2021).

Every country has different laws depending on its culture, political system, ecosystems, livelihoods and economy. Your farmers' group could work with allies to understand the national laws that protect your rights. Types of national law, and international laws and agreements, relevant to small-scale farmers are set out in Box 10. Some international laws and agreements protect small-scale farmers' rights specifically, such as the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas (see Box 11). If your country has ratified (formally consented to) an international law or agreement, it is required to follow that law or agreement and pass national legislation to implement the law.

**National laws** (Box 10) set rights and obligations for different value chain actors. Actors that break these laws should face penalties imposed by courts of law or regulatory agencies. If a value chain actor abuses your legal rights as a farmer or farmers' group, you have the right to bring a complaint or a legal court case against that actor.

**International law** (Box 10) defines the rights and obligations of people generally, all over the world, including farmers. The international agreements that your country has ratified create binding obligations for your government. Laws that your country has not ratified can still have influence. A range of international courts, commissions and committees exist to oversee and enforce international agreements. Farmers' groups can use these bodies to hold offending parties to account for violation of their rights.



When violations of farmers' rights are established, the government is the primary duty bearer. A government actor may be party to an investment that is undermining your rights, or may push forwards a policy that undermines your rights. **PART 3** shares ways of engaging with governments on policy or legal matters. If advocacy is unsuccessful then you might consider legal action. If national advocacy or legal action fails to change government action, the use of international law will be more relevant. **PART 3** also shares guidance on holding companies to account.

To learn more about your rights and the national and international laws that are most relevant, it can be helpful to obtain advice from allied organisations. You could then:

- Work in teams of two or three people, with each team studying one of these laws or agreements. Each team could make a presentation about that law or agreement at the next farmers' group meeting, or produce a poster showing the key rights that protect farmers in the law or agreement they have studied, which could be displayed in a central meeting place as a lasting reminder of your rights. You could also perform a short roleplay showing someone protecting their rights under each law or agreement, or compose and sing a song about the content of key laws and agreements.
- Discuss how the country's constitution and the national laws and international laws and agreements you have studied are relevant to your lives and livelihoods.
- Consider how well these laws and agreements are implemented in practice. Good laws may exist but are not always followed.

Laws and agreements may not be implemented for several reasons:

- **Governments may pass good laws but not implement them** because of lack of resources and capacity, lack of political will or corruption. So it is important to understand the capacities of relevant government departments as well as the other reasons why those responsible may not implement the law. For example, your country may have passed laws that protect the land rights of small-scale farmers and communities (such as rights to own your community land collectively and to say 'no' to outsiders who want to buy or lease your land), but government officials may ignore these laws because they want to lease your lands to international investors for their own financial or political gain.
- **Laws and policies may be poorly designed by intention or sabotaged.** For example, the language of a law or policy may sound powerful but contain within it qualifications and exceptions that weaken its implementation. Laws that require very demanding standards of proof from people seeking to defend their rights, or involving complex, costly and time-consuming procedures, may be difficult or impossible for small-scale farmers and farmers' groups to use.
- **There may be multiple sources of law**, such as both state (government-backed) and non-state (religious and customary) laws in the same area. This is common in rural areas, with non-state laws often dominant. For example, state laws may guarantee women equality in landownership, while religious and customary laws do not.



- **Discrimination and corruption may prevent equality of all before the law.** For example, your national constitution may set out strong rights for all citizens, but government officials, judges and the police may discriminate against women or members of ethnic or religious minorities. Or people with money or political connections pay bribes or use their influence are able to bypass the laws
- **National laws sometimes contradict one another.** Your country may have good environmental protection laws while other laws may allow the intensive use of polluting and health-damaging chemical fertilisers and pesticides.

Take time to assess how well national laws and international laws and agreements are implemented in your country or locality, how well they are protecting your rights, and whether these laws or their implementation should be changed, or new laws should be passed.





# 1.6

## Deciding which challenge(s) to address

**In deciding which of the issues that your farmers' group and community most need to deal with, remember that people may have different priorities. Take time to hear everyone's ideas, then decide on a few main issues areas of action to gather information on before you act.**

Some information may be difficult to find, so you may need help from lawyers, paralegals, financial experts and others. For example, if you are dealing with a contract-related injustice related to a large global company, you may need to connect with lawyers in the company's home country. Or, to understand why some companies receive larger government subsidies than small-scale farmers, you may need to work with sympathetic government officials and others in your country who can help you understand how policies benefit some value chain actors more than others. It is always beneficial to build a network of allies.



Prepare



BOX 12.

## Gathering information before you act

Plan for a series of meetings over a few days. You may need some of the following materials: large sheets of paper or a flipchart and large markers or pens for writing and drawing; tape; post-it notes or small pieces of coloured paper; and a bag of small stones, shells, beans or seeds to use to show patterns. Not everyone can read well, so the more group members can map, draw or visually represent what you are learning together, the better.

### At the first meeting

Legal empowerment is the process through which people learn their legal rights and how to use the law to protect those rights, promote their interests and defend what they value. Legal empowerment can help small-scale farm

**STEP 1: Review what you have done so far,** including your vision, your value chain mapping and analysis, other discussions your group has had and all the outputs (such as how you plan to become more resilient in the face of climate and other risks).

**STEP 2: List the knowledge and information you already have.** Brainstorm in groups what you know relating to the identified challenge(s) you have identified. Women may have different

knowledge and expertise from men, and young people may have access to different information from elders.

### **STEP 3: List what more you need to know and understand before you can problem-solve.**

What further information do you need to develop innovative solutions to strengthen your position in the value chain? For example, your group may want to explore further:

- The benefits and drawbacks of forming a farmers' cooperative rather than remaining an informal group
- How much money the intermediaries you sell to earn from reselling your produce
- How to access the market directly
- Different ways of getting loans for the group, for instance to buy a truck to transport your produce to the capital city
- What laws and regulations set the rules around prices for your produce
- What information or services might strengthen your climate resilience
- How you can influence government laws, regulations and policies that have an impact on you
- If there are other farmers' groups that have dealt successfully with similar injustices or successfully negotiated better contracts, and if so how they did it.

**STEP 4: Gather evidence about your situation to show others.** For example, you could gather evidence showing the high production costs for your farmers' group and how the prices that buyers offer you are below the costs of inputs. Evidence about just one farmer or family does not make a strong case for change; but proof that 100 families cannot make a profit from a company's contract is good evidence to present to lawyers, government officials or company representatives.





Prepare



BOX 12.

## Gathering information before you act - continued

### STEP 5: Learn from the experiences of others who have tackled similar challenges.

Find farmers' groups in similar situations to yours (perhaps growing a different crop for a different value chain, or the same crop in a neighbouring location or country) who have dealt successfully with a similar problem. Learn from them how they empowered themselves and succeeded. Visiting other groups that seems to be doing well can bring you new knowledge and skills.

### STEP 6: Create an information-gathering plan by asking:

- **Who has information you need that you could talk to?** List who you need to learn from, then agree who will call or visit them and ask your questions.
- **How will you capture the information?** Agree how you will record the interviews with other people to share with your group, such as by taking notes or making video or audio recordings.
- **What written information do you need and how will you gather it?** Do you need to see companies' business plans or earnings statements? Do you need to understand your rights under national laws or international treaties? Agree where the written information might be and who will get it. Young people

may be good at finding information on the internet; family members living in the capital city may have access to libraries or lawyers. Trusted NGO staff and other allies may be able to help.

- **How will you pay for any costs of your research?** If people need to travel to interview others outside your group or visit libraries or lawyers, or if group members need to make photocopies, buy data to use the internet or make phone calls, how will you pay for these costs?
- **When will you aim to have all the information you need?** Decide on a date for your group to meet again and share together the information you have gathered.

### After the first meeting

**Collect the information you need.** Talk to other small-scale farmers, suppliers, intermediaries, buyers, government officials, lawyers, NGOs, and so on to get a full picture of your value chain and how others have succeeded within it. Read relevant laws, policy documents and company business plans to find information not available through interviews.

### At the second meeting

**Share what everybody has gathered and learned with the whole group.** Once everyone has gathered the information they agreed to find, hold a large meeting and give each person time to present what they have found out. Take notes on large sheets of paper and put the new information up where everyone can see it. If possible you could also photograph and send round the notes via mobile phones.





**Identify patterns and themes.** Begin to organise the shared information into themes, trends and patterns. For example, you could group together all the information people have gathered about your contracts with the company that buys your crops, such as your right to have a copy of any contract involving you and to terminate any contract with proper notice.

**Finally, create 'problem statements'** – basic conclusions from the themes, trends and patterns in the information you have. For example: "Farmers across our region are all having trouble making a living from contract farming"; "Women farmers have less access to time-saving machinery than men"; or "National farm subsidies go to richer farmers with larger farms." These problem statements should help you decide on the steps to take to increase your power in the value chain and successfully address the challenges you face.

Prepare



The information you collect, and the problem statements you develop, can shape your decisions about how to organise and engage with and influence other actors (see **PARTS 2** and **3** of this guide). For example, you might use your statements to support demands for better access to financial capital, women-centred agricultural extension services or assistance with your climate resilience strategy. If you have strong evidence about injustices in your value chain, and what has caused them, consider sharing this information with sympathetic government officials and others and begin to advocate national policy changes.





# 2 **ORGANISE!**

## Getting organised for collective action



**As farmers you may have limited power and agency when you act on your own. If you are not already working collectively in some way, now may be a good time to organise together to increase your power and ability to take collective action. Organising can help you in your interactions with other market actors, government agencies and others whose actions can affect your livelihoods.**

**PART 1** of this guide provided advice on working with your farmers' group to create a vision of how you want your group to develop. It guided you in gaining a clearer picture of the value chains you engage with, your possible market options and your rights, and in taking first steps in considering both challenges and opportunities to (re)claim power. This section focuses on working together with other farmers to achieve your vision.

Organised farmers' groups may be better placed than individual farmer households acting alone to influence their value chains and to respond to climate change and other stresses. Organised groups also usually have better access to funding, training services and inputs and can provide cultural or social welfare services for their members, such as training or childcare.

However, loose and informal groups and networks can be as effective as formal organisations, depending on the context and objectives. Formal farmers' organisations can stand alone or federate into subnational or national associations for greater economic or political influence. Larger associations can often access new marketing opportunities or influence national policies.

**PART 2** of the guide covers:

- ➔ What organised groups can do – and different ways to organise
- ➔ How to decide how best to organise
- ➔ What makes strong and inclusive groups
- ➔ How to form effective farmers groups or cooperatives.





# 2.1

## What organised farmers' groups can do

By organising and becoming stronger as a group – whether you are formal or informal, local or national – your group, organisation or federated association may be able to:

- **Negotiate cheaper prices** for farm inputs through bulk purchases and **better deals with buyers or challenge unjust contracts through negotiation or legal action**
- **Negotiate** with the **government for better arrangements** for producer groups **or tighter regulation** of private sector agribusiness companies and investments, or **influence relevant trade and investment laws and policies**
- **Share knowledge and new practices for climate resilience or diversify crops collectively** to grow and market a variety of produce through a different channels, reducing your vulnerability to price fluctuations
- **Invest collectively** in certification such as for organic or fair trade produce to access specialist markets, or **in storage, processing or transportation** to increase your group's independence and your ability to secure better prices



- **Expand your business vertically** (up and down the value chain) **or horizontally** (linking with other producers), or **become co-owners in a much larger business.**

Other examples of action by organised farmers' groups include:

- Organising to gather market information, such as on prices, and combining produce when negotiating and trading with intermediaries and buyers
- Calling on the government for better protection in laws, regulations and policies or asking for government help in a dispute with a trading company
- Taking action with or against the government to influence land and agriculture law reforms or investment decisions
- Filing a lawsuit against a company for exploitative trading arrangements resulting in indebtedness or against the government for lack of consultation on a key policy or trade deal
- Creating a local women's lending group to pool monthly contributions and enable women farmers to purchase inputs together, increase their yields and sell their crops together for better prices
- Forming trade unions and advocating for legal and policy changes to strengthen farmers' rights and improve their prosperity
- Founding a cooperative and obtaining bank credit to buy trucks to bring their produce to market and so capture a larger percentage of the produce's value of their produce.

Connecting to new markets may be an effective way for small-scale farmers to grow your businesses. But this may be difficult if you lack the necessary machinery, transport, storage or access to credit. Organised in a farmers' group, you can more easily obtain the information, finance, equipment, technology and services you need.

An organised group of farmers producing large amounts of quality produce may be able to access new markets and have more bargaining power with buyers than individual farmers. With contract farming, an organised group should be able to negotiate a better

contract, or improve an existing contract, to better outcomes for farmers, although this is not always the case, and contract farming should be entered into with caution - see [PART 3](#).

Organised farmers' groups also have more strength when advocating for legal and regulatory changes to protect their rights and interests, or for subsidies and pricing rules that benefit them. Forming a national network or advocacy coalition, or formally organising into a cooperative or federated association, can be crucial to being listened to. Food systems and land use patterns are increasingly influenced by very large companies with links to government officials and others who hold power. Large companies' land investments may affect your access to land or water sources. Trade deals that your government signs with other countries may affect your input and output markets. For all these reasons, being part of a strong organisation that can act collectively can make a huge difference to your ability to defend your rights, your land, your position in the market and your livelihood.

#### BOX 13.

### If your farmers' group is already well organised

Remember



If your group is already well organised, it can still be helpful to work through this part of the guide and think about how you could improve your organisation. Every group has weaknesses. Consider your group's rules and how it acts and discuss whether there are new areas where you can act together, or areas where you could do better, and actions you can take to strengthen your internal arrangements or the way you interact with others.





## 2.2

### Ways of organising

This part of the guide describes the different ways that you can organise effectively and suggests how to choose a way of organising that best suits your vision and goals. Organising can be either formal or informal. You and your group can may decide to form a legally registered cooperative or association or to continue meeting and acting as an informal group of friends, neighbours and/or relatives with no legal form. Some groups start out informally and then decide to formalise to achieve their goals.



**The form your group takes may be less important than how you make decisions and work together.**

An organised cooperative controlled by a few powerful and selfish leaders will be less successful than an informal unregistered group run on the basis of trust between members.

When deciding how to organise, or how to strengthen your group's existing structure, think about the advantages and disadvantages of each way of organising and what will work best for your group in your context and market.

**You can choose how formal or informal your group will be.** Do you need an informal collective marketing arrangement organised by lead farmers to negotiate better deals with buyers? Do you want to bring together local savings groups to form a larger organisation? Will an informal group be enough for influencing central government policy or local government by-laws? Informal groups formed on the basis of interpersonal social relationships and fulfilling other needs such as saving and lending can be less work and provide more benefit for group members agency than more formal groups that needed external support to become established. Local social structures and mutual trust are important assets.

**There are different options for forming formal organisations,** depending on the national laws in place. The benefits of organising formally may seem obvious, but you should also consider the administrative work, costs and registration requirements involved and any potential disadvantages. Although some countries have a history of successful agricultural cooperatives, in other countries cooperatives may serve only a few farmers well and be of little help to others. You might want to consider the different possible forms for your small-scale farmers' organisation and look at existing examples to see how well they meet their members' needs including those of women farmers and marginalised groups.

**The major options for formally organised groups include cooperatives, associations and companies:**

**Cooperatives** are collectively owned and democratically controlled by their members. Every cooperative member usually has an equal vote in all important decisions, an equal ownership share in the cooperative and an equal share of all profits earned. Cooperatives can be large or small, with fewer than 20 or more than 10,000 members. In agricultural cooperatives farmers benefit from 'economies of scale' such as cheaper prices for bulk orders of inputs, shared use of large machinery or higher prices for their combined produce. Agricultural cooperatives may also provide members with training, access to credit, or access to larger regional or national markets. Cooperatives sometimes join together into a tiered (layered) or federated structure for more influence and opportunities.

**Associations** are membership organisations that provide services and benefits to members. Trade or business associations often focus less on selling and trading and more on advertising, public education and policymaking. Many associations are rules-based non-profit organisations run by officers who are also members. Associations can be set up to sell goods collectively without the legal structure of a cooperative, and they can help create links between farmers and consumers.

**Commercial companies** are legal entities formed by a group of people to operate as a profit-making business enterprise. A company may be organised in different ways for taxation and financial purposes (depending on national laws), including as a partnership, proprietorship or corporation. A company has many of the same legal rights and responsibilities as a person does, such as the ability to make contracts, the right to take legal action, borrow money, own assets and hire employees, and the responsibility to pay tax. National law will determine whether a farmers' group can form a company and the possible types of company.





## 2.3

### Deciding how to organise

Formal organisations are not necessarily ‘better’ than informal groups. Organising formally can be time consuming and expensive. So the type of organisation you decide on would depend on your agreed goals, whether these are collective production and/or marketing, accessing services or strengthening your collective voice to influence policy. And how you organise is not the only factor that will shape your value chain bargaining power. You also need good quality and competitively priced produce. As noted above, creating a formal organisation may help you improve your market position through better access to government support, loans and other financial services, new markets, training, insurance and so on.



If your group's goal is to **raise capital** to buy shared machinery, rent or buy land to grow food collectively, or buy better farm inputs, it may be easier to create an informal local lending group, often called a 'savings and loan association'. In these groups, small-scale farmers who trust each other meet regularly and make regular contributions to joint savings then use the money for agreed purposes, including distributing it to members who need it. In a slightly more organised form, many NGOs, non-profit organisations and banks support micro-credit schemes, one of which your group may be able to join.

On the other hand, if your community needs to **challenge an investment** by a company-led outgrower (contract farming) scheme, you may decide to organise informally as a campaigning group to open a dialogue with the company or investor. Organising informally this way can still give you good access local government officials and increase your visibility and voice.

As noted in Box 14, your group may choose one way to organise at first and then, as the group or the situation changes, decide to organise differently.

Prepare



BOX 14.

## Deciding how to organise

Questions to ask include: What administrative and other costs will be involved in organising formally? Will the benefits of formally organising outweigh the costs? What form will best fit our goals?

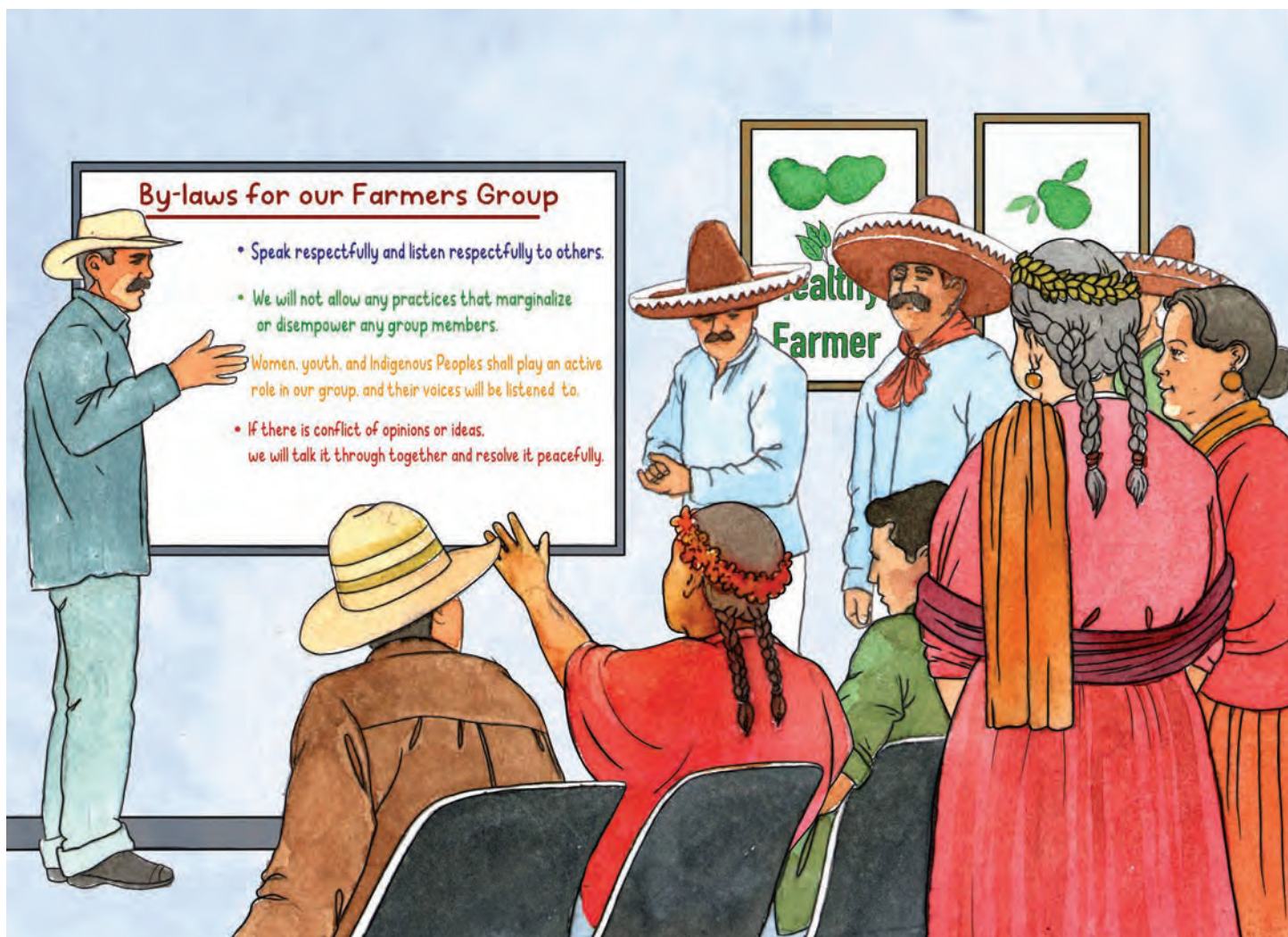
For this activity you will need a chalkboard and chalk, or large sheets of paper, markers and tape to post the sheets up where people can see them. You could also draw on the ground or use any other methods that give everyone a chance to participate and give their opinion. If women and young people tend to be quiet in meetings, you could divide into groups of men, women and young people, have separate discussions and then report back to the larger group.



To decide how best to organise, your group can begin by reviewing your vision and the information you may have gathered and analysed (see [PART 1](#)). Next:

- **Agree what success in achieving your goals would look like.**
- **List the advantages and disadvantages of each kind of formal or informal group you could create.** Include costs such as the use of people's time that may prevent them from doing their other work.
- **Link your goals with the different ways you could organise your group.** Looking at the costs and benefits of each way of organising, and your goals, where are the best matches? Do you need to formalise your group immediately? Or can you start as an informal group and take steps towards your goals, and then organise more formally later?
- **Agree on your decision-making process.** Will you decide by general agreement or vote by open show of hands or secretly on paper? After you choose a process, carry it out.
- **Make a timeline and budget for how you will organise.** You could set out a schedule for meetings, set dates by which you will draft and adopt rules, elect leaders, open a bank accounts, and so on. Think about the costs involved and plan how you will cover these costs.





## 2.4

### Working together as a group

The kind of group you agree to form may be less important than how you organise internally. The effectiveness of your organisation or group will depend on how group members have:

- A sense of **shared identity and interests** and motivation to work together
- **Trust and respect** for one another, regardless of age, gender, religion or ethnicity
- The ability to **cooperate and to support each other**, to gain skills and expertise
- **Open and honest communication**, skills such as good listening and a commitment to listen to even the quietest group members
- The ability to **manage and resolve conflict** both within the group and with outsiders
- **Clear, transparent and well-documented financial accounting** available for all members to examine
- The ability to **hold one another accountable** and stop any internal corruption, cheating or mismanagement.



## BOX 15.

## Six pillars of good organising

Remember



The quality of the 'seed' you plant when setting up your organisation or group will determine its full 'flowering'. Whatever form you choose, you might want to have in place these six pillars of good organising:

1. **Clear rules** for how your group will make decisions, take action and manage money.
2. Diverse **leadership** and equal decision-making power.
3. **Clear accountability systems** for group leaders.
4. A **clear financing structure** and a way to securely and **safely keep money**.
5. A plan for all group members to have **equal access to training** and group services.
6. A system for **monitoring, evaluating and analysing** how the group is working and how it could improve.

More detailed guidance on setting up formal and informal organisations, or for strengthening your informal group, is included in Annex 1. Groups organising formally may benefit from completing these more detailed steps before registering.

To formally register your organisation as a cooperative, association or company you will need to follow the administrative requirements set out in national laws. Because all countries have different laws, **your group may want to talk to a lawyer or paralegal with experience in forming and registering cooperatives, associations or companies in your country so that you understand the correct process for the kind of organisation you plan to form**. The process of registering a farmers' organisation can be slow, depending on how fast your group works to complete all the required steps and how much government bureaucracy there is.

Legally registering as a cooperative, association or company changes your group from being a collection of different people into a 'legal person' that can sue and be sued, take out loans, hire employees and pay taxes. Once you have registered with the government agency responsible (which may require payment of a fee), your organisation will have to comply with national laws and will be regulated by the state, for example in paying taxes.

There are many guides on forming cooperatives, associations and companies. Annex 2 will guide you through the main steps involved. As a registered organisation you may also want to join a larger farmers' organisation or federation operating at subnational or national level. Or you could consider forming a subnational or national network of allied organisations for economic collaboration, to gather insights and evidence, to pool your knowledge and skills, or to advocate change.



Go Deeper



BOX 16.

## Ensuring diverse leadership and equal decision-making power amongst members

### Ensuring diverse leadership and equal decision making amongst members:

Think carefully about whether and how discrimination and injustice may occur in your families and community. You may want to explore for example gender discrimination and challenge perceptions of women's supposed 'inferiority' or 'weakness'. When women gain rights and opportunities, this does not mean men will lose them. Rather, the more rights everyone gets, the more everyone benefits.

Men and women often have different kinds of expertise and knowledge that in combination generate better ideas and solutions. In many cultures women are 'seed keepers' and know how to select the strongest seeds for future breeding and planting. Women also often manage household finances better than men, a skill they can apply when working within an organisation. Young people are often much better at using technology than their elders. Everyone loses when women are discriminated against.

Special consideration may be needed to ensure that women, young people and other marginalised groups or categories of members, such as members of ethnic or religious minorities, can play

an equal part in the group's leadership and decision making.

Real inclusion means that there are equal opportunities for women to speak and that women are carefully listened to and their views are respected. Inclusion also means that the group thinks carefully about women's interests, needs, ideas and concerns, where these are different from men's, and make decisions reflect women's contribution. Women should be full group members in their own right and not have access only through their husband.

Similar principles apply to members of any other marginalised group within the wider group.

Steps that your group can take to help ensure that women, younger members and in many cases members of marginalised minorities benefit include:

- If you charge membership fees, **reduce membership fees for women and female-headed households**
- **Allow opportunities to separate into groups of men, women, young people and possibly others** for brainstorming and discussion at meetings, and then **report back to the full group**, and **encourage women, young people and other members of minorities to speak up in meetings**, so that opinions and ideas and interests of women, youth, and minority groups are taken as seriously as men's ideas
- **Elect strong, respected and outspoken women and young people and minority group members to leadership positions** to ensure diverse leadership
- **Ensure that women are part of every meeting with outside actors**, such as suppliers, buyers and service providers
- **Train and mentor women and young leaders.** This will help achieve long-lasting gains for female and younger members and create a pool of potential role models





- **When necessary, hold women-only or youth-only meetings** in your group or organisation to help them become more confident.

When women consider that their rights, voices and interests are not fully respected or addressed within mixed-sex groups, they may choose to form their own farmers' group to collaborate and liaise with the larger group or organisation. Funding and resources may be available to help all-women's groups access skills, assets, capital and opportunities. All-women's farmers' groups can work with allies to find grants and opportunities designed especially for women.

Go Deeper



How your group prioritises and focuses its activities will depend on your situation, agreed goals and existing strengths. Work areas you could prioritise include:

- To meet your economic objectives, you may want to focus on capacities to undertake **market research and business planning** (more on this in Annex 2). You may want to learn more about how to **bulk produce, vertically integrate or collaborate with other value chain actors**.
- To influence policy, your priority may be to develop your **policy analysis** and **advocacy capacity and an advocacy strategy** to influence target audiences. You may want to bring in expertise on **participatory research or political economy analysis** to support your advocacy strategy, or to engage in a **media campaign** to influence public opinion.

For policy influence, working with other groups and organisations at national level may be especially effective and help you:

- Mobilise public opinion through the media or public events
- Strengthen your legal capacity to influence legislative drafting processes
- Develop an improved and more inclusive internal decision-making model
- Protect individual members who engage with politically sensitive issues such as trade policy large-scale private sector investment and land tenure issues.

Groups and organisations that prioritise **evolving, learning and growing** tend to be more successful. Even after you have done a great deal of organising work, you could continue to assess your actions and achievements and seek ways to be more effective.





# 3

## ENGAGE!

Engaging others  
for influence



Your group will at some point, if not already doing so, want to engage with others to achieve the change you want to see. This may be with **value chain actors**, such as intermediaries and company buyers of your produce, sellers of inputs, service providers, agricultural extension workers, banks and other financial institutions, and new market actors to explore new opportunities or change existing relations, for example with consumers.

Engaging with **policymakers in local and central government and government regulatory agencies** is likely to be as important for strengthening your position. And you may want to engage with **allied local, national and international organisations** or to bring in **additional or specialist expertise** to tackle a particular problem.

Examples could include:

- Engaging with **buyers** about trading arrangements (negotiating new deals, renegotiating existing ones)
- Engaging with **allies or service providers** with expertise to strengthen your position in trading and negotiations (such as on production techniques, climate resilience, business development, financial services or transportation)
- Engaging with **advocates** to strengthen your legal case in the context of a human rights violation or lawsuit
- Engaging with **researchers or policy analysts** to build a case for better laws or policy to protect farmers' interests or improve access to services
- Engaging with **consumers and/or other farmers' groups and organisations** to develop direct marketing trading arrangements such as community-supported agriculture or inter-cooperative marketing, informed by market research
- Engaging with other **farmers' organisations locally, nationally and internationally** to share lessons, skills and policy messages.

Here in **PART 3** of the guide you can find guidance on two particularly important types of interactions:

- ➔ First, contract negotiation skills: negotiating new contracts; challenging, changing or ending unfair contracts; setting up new trading arrangements
- ➔ Second, engaging with policies and policy processes relevant to protecting farmers' rights and improving their market position and opportunities.

To succeed in these interactions, your group may need an engagement plan that responds to the vision and the challenges you have identified and prioritised.

#### BOX 17.

### Planning and engagement

Planning and engagement are not usually a single straightforward process. You could begin to draw up an engagement plan as soon as you have agreed on your vision, then research to deepen your understanding of how to achieve your plan, next decide to restructure your group or organisation and then finally return to active engagement.

Remember







# 3.1

## Co-designing an engagement plan

Designing a plan together is the first step for active engagement. Co-design processes are based on the idea that people who come together as equals to solve problems find better solutions than any one person working alone. When your group or organisation's members combine your knowledge and expertise, you may discover that you already have the capacity to address your challenges and can create an effective, empowering action strategy aligned with your goals and vision.



When helpful, involve your advocates and allies in your planning if they can provide additional technical knowledge. By combining different sets of expertise you can often strengthen your approach. For example you might want to complement expertise on seeds, plant varieties, soil fertility, food crops, rainfall patterns, local climate change effects, and local market and political actors and dynamics with in-depth knowledge of national laws, administrative procedures, and new farming and processing technologies, as well as access to new trends in business, politics or science that may impact local farming and markets.

When your farmers' group co-design a strategy to help you prosper on your own terms, with or without input from allies and advocates, you become active problem solvers and have a better chance of successfully tackling future challenges and achieving your goals. Designing your own plan – instead of being told what to do by outsiders – will strengthen your agency, motivation and dedication to achieve your agreed outcomes. Box 18 suggests steps for co-designing an engagement plan. Box 19 elaborates on what you could include in your engagement strategy to improve women's opportunities in particular.



Prepare



#### BOX 18.

## Co-designing an engagement plan

**STEP 1: Remember your vision.** Review the **future vision** your group agreed when you started this process. What would you like to see happening in six months, a year or five years? Agree what success would look like, and **who you need to engage with and why to achieve this vision**. Break down the path towards your goal into smaller 'wins', each one building on the one before.

**STEP 2: Review the information you gathered.** Discuss the information you found while researching your value chain, the risks you face, your legal rights, climate resilience and other matters. Remember the main conclusions you reached by assessing the information and how it relates to particular actors you may need to engage with to overcome challenges.

**STEP 3: Frame your goals as 'How might we ...?' questions.** Being clear about the problems you need to solve is key to achieving

your goals. Consider separating into small groups of men, women and young people (so that everyone feels comfortable speaking) to think of as many 'Who might we engage with and how ...?' questions as possible, then return to the full group and share all the questions, for example:

- Who do we need to engage with and how to get better prices for our produce?
- Who do we need to engage with and how to improve the terms of the agreements we have signed?
- Who could help us to reduce our dependence on chemical fertilisers and pesticides and reduce our input costs?

As a group you could agree on two or three main 'How might we ...?' questions to answer first.

**STEP 4: Brainstorm solutions.** Think about how engaging with other actors could help you best address your challenges. Your group could again separate into groups of men, women and young people, then come back together, share your ideas and write them on large sheets of paper for all to see. You could then discuss the advantages and disadvantages of the different approaches, and perhaps choose **two or three very 'achievable' engagement strategies** to start with so you group can quickly see the benefits of your efforts and stay motivated.



Prepare



BOX 18.

## Co-designing an engagement plan

- continued

**STEP 5: Plan step-by-step how you will carry out each strategy.** Ask:

- **What is our timeline for completing this strategy?** What is achievable in the next one, two or three years? Are there any urgent factors to consider?
- **Who will lead this effort?** What decision-making power will they have to change our agreed strategy as the project moves forward? How often will they report back to the group about progress and seek input?
- **How much money will this cost?** Where will we get the money? List the funds and resources you will need, then agree how you will raise the money and gather the resources.
- **How much time and energy will this take?** Which group members will provide their time and energy, and can we pay them?

- **Who can we reach out to for help?** Think about community leaders, elders, NGOs, government agencies or family members living in cities you could ask for help and advice. What partnerships will you need to raise funds or access resources?
- **Design your evaluation and learning process.** Design how you will measure whether your plan is working and how you will use that information. What will indicate success or failure? How will you gather the data and how often will you discuss it?

**STEP 6: Try out the agreed process and improve it as needed.** The next step is 'piloting' your plan – trying it out in real life, then improving it until it achieves the intended outcomes. The steps are:

- **Try out your plan** for an initial period.
- **Monitor your results.** What have been the results so far? Are these the results you hoping for?
- **Reflect.** Your group could hold meetings every month or two to judge how well your efforts are working. What is going well and not so well? What can you learn from your successes and failures? This process can happen again and again as new obstacles arise and new information and ideas come forward.
- **Improve on your plan** wherever you can. Failing is a good source of learning to do better.

Adapted from IDEO (2015).

**Indicators that your co-design process has been successful** include:

- Your group or organisation's engagement plan, in the way that you are implementing it, **reflects all members' ideas and suggestions**. It was not just decided on by leaders or allies and imposed on everyone else.
- Members are **able to see when a strategy is not working at all or as well as it could, and can then make improvements** to achieve better outcomes.
- Members can **brainstorm and carry out solutions to new challenges** that arise as you work towards your goals.



Go Deeper



## BOX 19.

## Engaging with others to improve women's opportunities

**When engaging with other actors in your value chain or with government agencies and services, farmers' groups and organisations can advocate changes to improve women's opportunities. For example, you could:**

- Advocate that **sellers** charge women-headed households and farms the same prices for inputs as men (not more) and that **buyers** pay women the same prices for their produce as men (not less)
- Advocate that **rural extension services and training** are designed with women's needs in mind, such as by:
  - Eliminating discriminatory selection criteria for services, such as size of landholding
  - Involving husbands and wives together in training
  - Organising all-women training on women's farm plots and in places women regularly go (such as wells and local markets) or can easily walk to
  - Arranging on-site childcare so that women can participate
  - Hiring more female extension workers with authority to decide how and what to teach women farmers.
- Advocate that **banks and other financial institutions and service providers** give women equal access to loans and financial services, for example:
  - Creating women-only financial products and funds
  - Creating special packages of financial services for women
  - Making women's financial literacy and education a priority
  - Creating group lending schemes providing short-term loans and microcredit to groups of women farmers.
- Advocate that **technology and communications providers** increase women's access to and use of smartphones and the internet by:
  - Creating technologies that women can access that will not be controlled by men, such as bright pink smartphones made for women
  - Designing products suitable for people with low levels of literacy and little familiarity with technology
  - Providing facilities where women who do not own electronic devices can access the internet
  - Investing in programmes that build women's and girls' skills in using computers, smartphones and the internet.
- **Advocate the creation of women-only networks, and/or more networking opportunities for women farmers and entrepreneurs.** Networks can play an important role in helping female entrepreneurs get advice, form partnerships, access markets, secure financing and adopt better marketing strategies.





## 3.2

### Negotiating deals

In commercial agriculture, contracts govern production and trade. Contracts are usually typically written agreements that specify how trade will take place between two value chain actors. Contracts can apply to a one-time sale of produce or to a longer-term trading relationship, such as contract farming. [PART 1](#) of this guide explained the significance of contracts in agricultural trading. Sections 3.2 to 3.5 guide you in strengthening your position in new or current trading arrangements.

When negotiating with new buyers, or renegotiating existing contracts, it is important to **stay flexible, agile and alert**. You need to enter into contract negotiations with your eyes wide open, including by researching into the buyer's background beforehand, such as their legal status and reputation as trading partners. Remember that buyers and other traders will not necessarily have your best interests at heart and may want to present an arrangement as being more beneficial to you than it really is. Guard against feeling panicked by a lack of alternative options.



## BOX 20.

## Regular review

Remember



Business environments change all the time. Consumer preferences, the climate, company policies, technology, infrastructure and national regulations are all subject to change. Consider regularly reviewing your current business arrangements to check that they still serve your goals. If not, you could decide together who to engage with and how to negotiate new arrangements.

**Take time to consider your options.** Contracts that create high risks for low rewards are exploitative and can trap small-scale farmers in poverty and debt. Even apparently clear and fair contracts may place small-scale farmers in risky situations. For example, long-term crops like rubber and eucalyptus take years of growth before harvest, during which time many things can go wrong, and can therefore be very risky.

When engaging with a new buyer, check whether they:

- Have a ready-made standard contract that they want you to sign
- Are open to changing their standard contract to include your needs and interests
- Have translated their contract into your language
- Are willing to fully explain what is in the contract
- Have included in the contract complicated language that increases the risk of financial loss for the farmer and reduces the risk for themselves
- Are pressuring you to sign before you understand everything.

## BOX 21.

## Interconnected contracts' influence on the terms of trade

Go Deeper



Contracts in a value chain can be interconnected, with the terms of one contract affecting other contracts. For example, a multinational company based overseas may buy from a local processor or exporter, who in turn buys from you. The multinational may impose terms (such as relating to produce quality) on the processor, who must then include the same terms in contracts with you as the supplying farmer. This may make it difficult for you to influence the terms of the contract you sign with the processor. Your farmers' group may need external advice to engage with other value chain actors to influence the terms of trade.

When negotiating contracts with large companies, carefully research the risks involved, as well as all other possible options for selling your produce or buying inputs. Think carefully about these aspects:

- **Do you have a voice in the contracting process?** Can your group choose whether or not to contract with a particular trading partner and can you shape the contract terms?
- **Can you take time to fully understand the contract?** You may want to discuss the contract in more detail with your members and possibly with advisers. You should not feel rushed into signing.
- **Will you have options once you enter the contract?** For example, does the contract require you to sell only to one buyer or make it difficult to end or renegotiate the business relationship? Are the contractual obligations fairly rewarded, such as with fair and predictable prices or access to affordable credit?



- **Does the contract create obligations for the company that protect your legal rights?** Are the pricing arrangements clear or do they allow buyers to change how much they will pay you for your produce? Does the contract create fair and usable procedures that your farmers' group can use to bring complaints?
- **What is at risk for you if you sign the contract?** Does the contract create risks for your group, such as allowing others to change the contract terms without your consent? Are there unfair penalty clauses for changes in volumes, late delivery or crop quality? Will the contract undermine your ability to manage risk, including in relation to extreme weather, health pandemics, political crises or sudden changes in market conditions? Does the contract provide for crop insurance or other ways of reducing your risk?

You can usually improve your bargaining power by finding more than one buyer or seller, which will allow you choice and help you negotiate the best deal. Or you can aim to have multiple trading options in place (as long as you have not signed an exclusivity clause) to spread risk. You can also use information provided by one buyer or seller to improve the terms of trade you negotiate with another.

**Never underestimate the value of working with people you like, trust and can easily discuss challenges with.** If you know or suspect that the value chain actor who seems to be offering you the best deal is difficult to work with, it may be wiser to seek to contract with somebody else with whom you are more confident of having a healthy business relationship.

After you have signed a contract and begun to work under it, depending on the situation, your farmers' group may need to renegotiate the terms or even end the contract. If a company that you have contracted with has broken important contract terms, you can consider informing the company that you will no longer be bound by the contract terms. However, wherever possible take legal advice in such cases, and power imbalances may make the renegotiation of contract terms difficult for you. For more on challenging or cancelling bad contracts, see section 3.3 below.

## Preparing for negotiations

When negotiating with potential buyers of your produce who have more bargaining power and information than your farmers' group, you and your allies can carefully prepare for negotiations. For short-term, low-risk negotiations you may not need to prepare much, but for long-term, potentially high-risk negotiations you might want to prepare a lot! To increase your bargaining power in negotiations with a company, your group can:

- **Research to make sure you understand who you are negotiating with and what you are negotiating.** This could include understanding market prices, transport procedures, the company's costs and expected profit margins; and how your produce may be processed, what kinds of consumers it will likely reach and how it will be sold. If you are dealing with a large company, you should ask to see their business plan and annual reports. You can also search the internet for any media coverage or NGO statements about the company.
- **Understand what the company wants and why.** Make sure you understand what the company's goals are, to help you understand what may be possible to negotiate. Companies will often not disclose how much they may really be willing to pay for the resources they want. Try to understand the company's motivations and be ready to respond to what the company will try to push for. This can help when, for example, one of your main concerns is actually aligned with the company's goals, in which case you may be able to push hard for a contract that deals with your concern.
- **Understand the company's constraints.** Sometimes a company is bound by the terms of an existing contract it has with another large entity, such as their own buyer. Investment contracts concluded between a government and a company may also require the company to deal with local producers in a certain way. Such requirements may benefit or harm small-scale farmers, but it may be difficult for you to change those aspects. It can still be important to know these constraints, especially if you then decide that the contract terms on offer are not worth the risk.



- **Get advice from other farmers' groups who have sold to the same buyers.** If you are selling your produce to a large national or international company, you could seek out another farmers' group who have sold to the same company and ask what has gone well, what has gone less well, how they would trade with that company differently if they could, and what you might negotiate for.
- **Create a negotiating team.** Agree on the qualities members of your negotiating team will need, such as trustworthiness, calmness, courage and capacity to listen and the skills they will need, such as good reading ability, language skills, negotiating experience and ability to win an argument. Then select a diverse negotiating team of men, women and young people.
- **Decide on the negotiating team's scope of authority or mandate.** What decisions during the negotiations can the negotiation team make independently and what decisions will require the agreement of your farmers' group as a whole? How much negotiating flexibility will the team have? **Make clear to the team ahead of the negotiations which non-negotiable points they should insist on and where they can compromise (and by how much).**
- **Agree on the process, location, time and language for the negotiations.** Negotiations should take place somewhere easily accessible to your team, at a convenient time and in a neutral space where they will feel comfortable and other group members can attend. Negotiations should take place in the first language ('mother tongue') that your members speak, or at the very least in the national language if this is different.
- **Review your group's plans and priorities before the negotiations.** Before negotiations start, review your plan and goals and any relevant information you have gathered, including about national and international legal requirements for companies, laws protecting farmers, any prices set by the government and other issues that may affect the negotiations.
- If it is possible that company representatives will suggest a previously written standard contract as a basis for negotiations, **obtain a copy of the contract before the negotiations**, with enough time to assess it and to agree in advance how you would like to change it. If there are farmers in your group who are unable to read, read the contract aloud and make sure everyone understands all aspects of it.



Go Deeper



## BOX 22.

## Questions to ask when assessing contracts

**Does the contract respect your agency and your rights?** For example, does it:

- Set out clear and specific pricing arrangements?
- Guarantee the stable, predictable sale of your produce at fair, predictable prices?
- Promise you help to access credit on fair terms and offer access to technical assistance to help you meet required specifications?
- Set clear obligations for the company?
- Establish clear, accessible and fair mechanisms to enforce the contract terms, holding the company accountable, and to terminate it if things go wrong?

**Does the contract in restrict your agency and create a risk of unjust outcomes?** For example, does it:

- Require your farmers' group or organisation to grow only certain crops or make it difficult to renegotiate or end the contract?
- Require you to sell only to one buyer, restricting your market options?
- Specify unfair and heavy penalties for side-selling (or does it encourage compliance through positive incentives)?
- Set out uncertain produce specifications that could result in you being unfairly underpaid?

**Is the contract part of a 'chain of contracts' that could restrict your ability to negotiate its terms and possibly trap you in a problematic agreement?** For example, does it:

- Unfairly restrict your choice of whether or not to contract with another value chain actor?
- Limit your ability to challenge contract terms that turn out to be unfair or violations of your rights?
- Increase risks for farmers, such as by restricting your future choices or giving other actors the ability to alter contract terms?
- Affect your capacity to manage risks, such as contract breaches by the other party or risks associated with extreme weather, pandemics, or political or economic crises?
- Alternatively, could the chain of contracts enable you to hold the other party to account, such as through a certification scheme or grievance mechanism?

More detail on contractual terms and conditions is included below.





## During negotiations

- **Be alert to differences in the power and information you and the other party hold.** As far as possible, have allies – lawyers, paralegals, technical experts and other advocates – present during negotiations to advise you. It is your right to have an advocate present. If the company you are negotiating with does not want you to have a lawyer present, take this as a major warning sign.
- **Ensure you understand everything the company representatives say.** If company representatives use words you don't understand, ask them to restate what they are saying so that you can completely understand the terms you are negotiating.
- **Insist that company representatives take your concerns and demands seriously.** When a company you are negotiating with knows it has the upper hand, it may try to scare you, ignore your concerns, or provide vague unwritten assurances or make promises that don't end up in the contract. Press your points until they are fully addressed in the contract language.
- **Ask for multiple meetings** if you need time to think and discuss as a group before signing. Don't be pressured into signing a contract after only one meeting if you are not ready to do so.
- **Clear deadlines and specified methods for payment.** Your farmers' group or organisation, or individual farmers under contract farming, should be paid immediately on receipt of the produce. And the contract should state how you will be paid (cash, mobile money, bank transfer, and so on).
- **Clear protection against contract farmers becoming indebted to the company.** For example, a guaranteed minimum price for your produce.
- **Clear statements about inputs that will be provided,** their quality, timing and cost to farmers.
- **A clear statement of how market and production risks will be shared.** For example, what will happen if an extreme weather event damages farmers' crops and farmers are unable to deliver the volume required, or in case of other unforeseen events such as plant diseases, insect plagues, health epidemics or violent conflict?
- **A clear statement of any standards or certifications that parties must comply with,** such as organic, hygiene or labour standards.
- **Clear, easily accessible conflict resolution procedures or company-led grievance mechanisms.** These **should** begin with dialogue, then move to mediation by a trusted third party, then go to arbitration or national courts. The contract should state that conflict resolution efforts will take place in a location easily accessible to farmers (not the company) and in the farmers' language.
- A statement recognising that **you own the lands you farm** (if you do) and any other necessary statements of your legal rights (especially for contract farmers).
- **A clear end date for the contract** after which it will terminate and must be renegotiated.
- **Requirement that a multi-year contract must be reassessed and renegotiated at agreed intervals.**
- **Procedures and reasons for terminating the contract early on both sides, including how and when to give notice of early termination.**

## What to get into the contract

Examples of what you are likely to need covered in any new contract include the following:

- **Fair and transparent procedures for how price will be determined, including standards for produce quality,** with clearly set out payments for different qualities and clear statements of how produce quality will be assessed.
- **Payment for the weight of the produce,** not by vague measurements such as 'truckload' or 'box'.



- In contract farming, clear **participation rates for women farmers** and the stipulation that **farmers with smaller landholdings may participate**.
- **Freedom for farmers to grow other crops** on their lands according to their needs and preferences.
- **Freedom to sell crops to one or more other buyers.** For example, if your farmers' group has a very large harvest and has fully supplied the contracted produce to the buyer, you should be free to sell the remainder to another buyer.
- **No prohibitions against farmers talking to one another**, discussing the prices they being paid the contractual terms or any other issues.
- **No unfair penalties** for farmers who don't meet all the contract terms.

You could also try to negotiate for contract terms that support farmers' **use of new technologies to help increase your resilience against climate change**, or contractual terms that ensure your **community's health and biodiversity** will flourish over time.

### BOX 23.

## After negotiating the contract terms

Remember



Make sure the contract **states clearly in plain language**, not complicated legal language, the details of what you have negotiated, including the obligations of both parties. Companies may insert contract clauses that seem harmless but use complicated language to place all the possible risk on farmers and take on little or no risk for the company.

**Only sign the contract after you have fully agreed on all of it** and any changes you have requested have been put into writing. Preferably **ask an ally who is a lawyer, paralegal or other kind of advocate to read the contract and confirm that your rights are protected before you sign.**

**Always get a written copy of the contract in your language** so you can keep a check that both the company and your farmers' group are meeting their contractual obligations. With contract farming, every farmer should get their own copy.



Go Deeper



BOX 24.

## Contract farming arrangements

Contract farming is a particular type of trading relationship that small-scale farmers can enter into (called 'outgrower contracts', in the case the buyer also owns an estate producing the same crop or processing facilities). As described in [PART 1](#), under a contract farming agreement a company sells farmers the inputs they will need to grow the produce without taking payment, then promises to buy all the resulting produce for a set price, deducting the cost of the inputs from the payment. Often, the company also provides training and other support services for the farmers.

In a good year, this can work out well for farmers. You don't have to pay for the inputs at the start of the season; you get technical support; and you have a committed buyer for your crops after harvest. However, in a bad year, **if a farmer does not produce good quality or a sufficient quantity of crops, you can end up in debt to the company**, because the payment you owe for inputs is more than the value of your harvest.

**Be careful.** When your farmers' group enters into contract farming, you cease to be independent entrepreneurs and giving power over your lands and labour to a company. In many ways you become agricultural labourers on your own land. **Contract farming has a major risk of trapping farmers in debt.** Because you will not have the freedom to leave a contract in the middle of a growing season, you should be very careful what you commit to.

Also, the terms of the contracts are often set by other contracts between the international company and the national government, so their language and conditions are hard to change. In other words,

**the buying company sets the terms of your agreement, but the risk burden falls on you.**

Some representatives of large companies that set up contract farming arrangements expect the signing process to be simple. They present you with a contract and explain it to you, and you sign it. Such company representatives may not have a way to make changes in the contract and tell you that this is a standard contract for all farmers that they cannot change. Even companies that want to improve small-scale farmers' profits will probably expect limited negotiation and few questions. If your farmers' group decides to participate in an outgrower scheme, if at all possible, make sure you have a lawyer, paralegal or other adviser by your side to help ensure that the contract you sign will not take away your rights.

Lawyers, paralegals and advocates supporting farmers entering into outgrower contracts should themselves think critically and creatively about how to shift the burden of risk from small-scale farmers to the buyer companies. You may have to go 'above' the local or national buyer and engage with international buyers, food manufacturers or retailers, or with consumers if consumer groups represent them.

Other key points relevant to outgrower schemes:

- Companies tend to **prefer to contract with wealthier, more educated farmers who have larger pieces of land**. They may argue that it is not worth their time to include poorer farmers with less land to farm and require participating farmers to have a minimum area of land, which often excludes women farmers. How can your group negotiate to ensure that more women farmers, less educated farmers and those with smaller plots or tenant farmers can also participate if they wish to?
- Outgrower schemes **may ask farmers to grow only one crop** (monocropping) and may encourage intensive production methods using chemical inputs to increase yields. These can be costly for farmers and harm the environment. Can your group explain the risks to buyers and negotiate for less toxic, more organic inputs? How well does the contract protect your families' health and well-being against harmful chemical inputs?





## 3.3

### Challenging or cancelling bad contracts

If your farmers' group has entered into a **contractual agreement** that is exploiting you, making you poorer, or causing other social and environmental harms, there are three possible routes you can take:

- If possible, you can **terminate the contract**, giving the kind of notice required in the contract, and walk away (only possible when you are terminating for a reason allowed in the contract)
- If the other party you have contracted with is willing to improve the situation, you can discuss together what is not working, then either **change your existing contract or cancel the contract entirely and renegotiate a new one** that protects your interests
- If the other party is unwilling to renegotiate despite several requests for changes, you can **file a legal case in court and sue to terminate the contract**.



Go Deeper



## BOX 25.

## Challenging a contract: obtaining advice from allies

When you need to challenge a contract, it is best to obtain advice from allies, especially lawyers, paralegals and others who can advise on your legal rights. You may have a legal adviser within your organisation or you may need to find an organisation or individual to provide advice at zero or low cost.

If the contract terms have been set by a government–company agreement, you may need to start a campaign to change the terms. This may involve engaging allies at the national level and also in the buyer or end-retailer's home country. Negotiation can yield results if the retailer is unaware of the impacts of the terms, especially

when the retailer is concerned about its public reputation or its sustainability commitments or duty of care. If the produce you are trading is certified under a standard that the company is failing to meet, you can engage with the certifying body, which may have a reporting and remedy mechanism you can use.

Some international initiatives have tried bringing all value chain actors together to deal with human rights and environmental problems in specific sectors, such as palm oil. While this kind of approach can resolve some problems, it is time consuming and costly and not always available. Power relations between actors can persist within these processes.

To increase pressure on a company to change its sourcing practices, especially where a company is sensitive about its public reputation, it can help you to find allies with skills and experience in advocacy or in obtaining media coverage. Box 26 goes deeper into some of the mechanisms that may help you deal with company failures to trade fairly or legally.

Taking a company or an individual to court is expensive and can lead to years attending courts that may be far away from farmers' homes and that may work in a language that farmers don't speak. If your group is considering suing a company, the company will probably have much more money than you to pay for legal costs and try to make the case take as long as possible to cost you more money until you drop your lawsuit.

For these and other reasons, it is usually best to communicate openly with the other party, explain the negative impacts of the contract terms on your lives and livelihoods, and show with evidence why the arrangement does not work for you. You could take the other party to

see your fields and the problems you are facing. Or you could gather and present to them data on the financial losses of your group members. Some farmers have had success creating a 'demonstration plot' to show their farming challenges to company officials.

Remember to check if the company you have traded with, or other actors such as certification or voluntary sustainability standards bodies, or the investor financing the company, has a grievance mechanism and how you might use it (see Box 26). If communication with the company or using a grievance mechanism delivers no results, you can move to mediation (see Box 27).



Remember



## BOX 26.

## Private sector company accountability mechanisms

International law primarily governs the actions of state actors (governments) rather than corporations. Further, some international laws protect private actors, including large corporations. More international law mechanisms are being called for to prevent companies causing human rights violations.

When companies operating in your value chain act unfairly or unlawfully, such as where their trading decisions harm your group or other farmers, there may be complaints mechanisms that you or your allies can use to seek redress or to hold companies to account. These are sometimes called 'grievance' or 'accountability' mechanisms. Though not part of international law, these instruments can still be effective. This section will help you consider whether such mechanisms could be relevant to you. In your value chain, it may be the larger companies, rather than intermediaries and buyers, that are required to follow government or sector guidelines and standards or have their own grievance mechanisms in place.

The Organisation for Economic Co-operation and Development (OECD) **Guidelines for Multinational Enterprises** (latest edition 2011) are non-legal recommendations for multinational private sector companies based or operating in

countries whose governments have committed to promote these standards. The Guidelines cover aspects of business conduct including human rights and labour rights, information disclosure, environmental performance, bribery, consumer interests, science and technology, competition and taxation. If your country or the country where a company that you want to hold to account for harms caused is based, has signed up to the Guidelines, there will be a government agency called a National Contact Point (NCP) to receive and handle complaints against companies related to the Guidelines. Although the Guidelines do not have the force of law against companies, bringing a complaint about a company in this way can have an impact, for instance making a company reach an agreement with a community that its operations have affected or agree to change its practices.

**Voluntary sustainability standards and multi-stakeholder initiatives** exist to help ensure that companies meet agreed environmental, social or economic standards. Many companies that produce their own goods or buy from farmers and other producers commit to such standards and initiatives to assure their investors, consumers and others about their policies and practices – although, as with laws, implementation of policies can be weak. These companies usually require their suppliers, including farmers who grow crops for them, to meet specified standards. And investors may require that the companies they invest in ensure that their supply chains minimise environmental and social risks. Standards that companies may have to meet include commitments about the way they contract with farmers, agree prices with farmers or offer farmers support services. Business certification schemes, such as the Fairtrade Mark, Rainforest Alliance, Roundtable on Sustainable Palm Oil, Roundtable on Sustainable Biomaterials, Bonsucro and the Better Cotton Initiative, require member companies to respect the rights of farming communities and the environment.





Certified companies can use such schemes' label or logo to show that they meet the scheme's standards and to encourage consumers to buy from them, often at a higher price that is intended to benefit the farmers. Your country may also have its own voluntary standards for farmers, which you may want to find out more about.

Several of the certification schemes mentioned above have complaints mechanisms you can use if you sell your produce to a certified company that is not meeting the required standards. A company's breach of certification standards can result in the company's loss of certification and undermine its reputation and access to some markets. A potential weakness of such schemes is that they are paid for by the companies that belong to them. This may mean that they do not always apply their standards or deal with complaints as rigorously as they would if they were paid for independently.

Some larger companies have their own grievance mechanisms, providing a direct channel for communities to inform the company about their concerns. It is worth conducting research (for example online if you can get access to the internet via a smartphone or a laptop). Once you have mapped your value chain and know which companies are involved, you can use internet and other research to see whether any of these companies have grievance mechanisms. Company mechanisms may not always be fair, however, because they are run by and part of the company.

Some countries have passed **laws requiring businesses to conduct 'due diligence' on human rights and environmental harms** (assess the impacts their businesses may cause and to take care to prevent harms arising from their operations, contracts and supply chains anywhere in the world and provide channels for complaints). This is because, despite current national and international laws and voluntary standards, bad practices continue in global supply chains and companies still harm human rights and the environment.

'Due diligence' laws require large companies. Internationally a so-called binding (legally enforceable) treaty on business and human rights is under discussion at the UN, building on the **UN Guiding Principles on Business and Human Rights** (which do not have legal force).

There are also **investors and lenders' regulations**. These require an assessment that a large company meets specified social, human rights and environmental standards before a particular investor or lender (such as a bank) will agree to do business with the company. Assessment frameworks that some investors and lenders use include the International Finance Corporation's Performance Standards on Environmental and Social Sustainability (latest edition 2012) and the World Bank's Environmental and Social Framework (2018). Farmers' groups concerned about the actions of the company they sell to can report their concerns to the company's investors and lenders.

After considering your rights and the obligations and responsibilities of private sector companies, your farmers' group may want to discuss which approaches you could use to deal with an injustice. Action you could take can include using a particular grievance mechanism, direct action (see section 3.6 below) or engaging in dialogue with other actors in the value chain.

For further advice on which approach to take and how consider engaging a human rights organisation in your country or abroad. For more information about other ways to hold governments, companies and financing institutions to account, see the IIED-supported Following the Money website at

**<https://www.followingthemoney.org/chapters/#accountability-mechanisms>**.





Go Deeper



## BOX 27.

## Mediation

Mediation is a way to try to resolve conflicts between two or more people or groups with the involvement of a trusted third person or party acting as 'mediator'. It can be useful for disputes where a legal court case is not possible, suitable or desired by the parties and/or as an early way to prevent a conflict becoming more difficult.

The aim of a mediation process is to reach an agreed compromise solution that will end the conflict by enabling each person or party to meet some of their needs. Mediation requires both parties to agree to participate in the process. The mediator's job is to remind the parties of relevant laws, regulations, rules or principles, find areas of agreement and help identify possible solutions. When an agreement has been reached, the mediator may draft a written agreement that both parties sign and agree to follow.

Mediation can be less time consuming and costly than a court case, more informal and better able to result in the parties reaching an acceptance of each other's concerns by achieving a 'win-win' outcome that works for both sides.

### Basic steps of mediation

1. **Introduction and setting ground rules.** Parties agree to treat one another with respect and to listen while others are speaking. The mediator helps set these and any other rules needed.
2. **Each party tells its side of the story without interruption.**
3. **Mediator's summary and provision of legal facts.** The mediator summarises what the parties have said, identifies key claims and outlines any laws, regulations, rules or principles relevant to the conflict.
4. **Possible solutions.** Each party states how they would like the problem to be resolved. The mediator then offers combinations and alternative solutions that aim to satisfy both sides' interests and needs.
5. **Discussing solutions.** Led by the mediator, the parties discuss the possible solutions to try to agree on a solution that will satisfy both sides.
6. **Signing an agreement.** In a successful mediation, once the parties reach an agreement, the mediator restates the exact terms of the agreement for confirmation, then writes an agreement document with instructions for what will happen if either side breaks the agreement. Both parties and any witnesses sign the agreement. Each party and any lawyers or paralegals keep a copy as a record of what they have agreed.





If mediation between your farmers' group and a company fails, you could consider:

- **Seeking media coverage that publicly shames the company** into taking the action you want
- **Writing to the company's board of directors** with evidence you have gathered and making a strong case for the changes you want
- **Finding a way to pressure the company** such as by asking the consumers who purchase the final product to stop buying from the company or by putting pressure on the certifiers of any sustainability scheme that the company belongs to
- Any other way you can think of to force the company to renegotiate the contract.

If you have tried all these strategies and the company still will not try to satisfy your demands, you could speak to a lawyer and consider filing a lawsuit.

Farmers in different parts of the world have filed lawsuits to challenge unfavourable contracts or unfair labour relations, strike down company policies that discriminate against women, seek remedies for environmental destruction or demand compliance with contractual terms. Court cases usually require the involvement of expert lawyers. Some large farmers' cooperatives have hired lawyers and built legal teams.

If your farmers' group has an **informal unwritten agreement** with a buyer or seller that does not serve your interests, you can try to end the arrangement in the least damaging way possible or try to renegotiate, perhaps with external support (see above). If your group thinks that a serious injustice has occurred, you could involve respected elders or local leaders as mediators to help you end the business relationship on friendly terms.





## 3.4

### Establishing new and alternative trading relationships

**If local markets are not serving you well, and you are not engaged with other buyers, your farmers' group may decide to set up alternative routes to market.**

You may want to work with advocates and allies to help you identify different ways to link to existing or new markets in innovative ways. This section shares just a few examples. If not already engaged in such actions, you may want to explore a range of options.



Whether you are a small group, a large cooperative or a very large national federation you could consider the following:

- **Use technology to ‘disrupt’ your value chain.**

Some farmers’ groups use internet technology to set up alternative trading arrangements. Working with technology specialists, you could establish forms of e-commerce using internet-based platforms for direct sales between farmers and consumers or buyers. Using mobile ‘apps’ (online applications) with computers and smartphones, sellers and buyers ‘meet’ online. Farmers can buy inputs directly from manufacturers this way, and sell their produce directly, cutting out intermediaries. Payments are made using mobile money. Similar platforms link farmers to credit agencies, marketing help and technical support services that provide advice on demand.

You can also use internet and mobile technology to find information on prices and alternative marketing options to strengthen your position in negotiations with buyers. For example, leaders of your group could use smartphones to contact several buyers in your area to find out and compare the prices they pay. Because in general women have less access to technology, it is important to ensure that women group members increase their access over time, and share in any information that you gather in this way.

- **Shorten your value chain by engaging directly with consumers and retail customers** so they know where their produce comes from and how it was grown. [PART 1](#) included guidance on forms of **direct selling to consumers**. This could include transporting your produce to urban farmers’ markets, selling and distributing weekly ‘farm boxes’ of produce to consumers’ homes, or selling directly to hotels, restaurants and shops. These approaches work best when your group has a wide range of products to offer.

- **Creating your own brand** of tea, coffee, chocolate, dried mango, canned coconut milk, and so on. This approach will involve buying processing machines and working with people who have product design, marketing and sales experience. You will need to learn about produce quality and health standards and other aspects of food marketing and will probably need to take out loans.
- **Engaging in certification schemes** especially those governed and led by small-scale farmers to reach more profitable markets, for example the Small Producers’ Symbol, or organic certification. You could set up a Participatory Guarantee System, which involves a stakeholder group of farmers and consumers working together to assess and guarantee production standards.

Many of these approaches will require access to new technologies, services and resources with the help of service providers, which are covered in the next section.





## 3.5

### Investing internally to increase your collective offer and resilience

To engage in markets in new ways, to upgrade, expand and diversify your current crop production, and to expand your trading options and negotiating power, you may choose to invest in bulk purchasing and infrastructure, and so need to engage with service providers and suppliers. These could include building contractors, companies selling inputs, NGOs or public extension services offering technical assistance, and marketing specialists, as well as potentially public funding to access technology.



For example, you may need to:

- **Buy insurance to protect your crops and investments.** With insurance, you make monthly or annual payments into the scheme and don't get the money back unless a disaster happens. If your farming business is damaged by a fire, flood, earthquake or other disaster, the insurance company must pay you a pre-agreed amount of money to cover your losses. In some countries farmers and farmers' groups can buy 'crop insurance' or 'multiple peril insurance' to protect against loss of crops caused by natural disasters such as hail, drought, floods, locusts or fire. This kind of insurance is sold by insurance companies and some governments, and your group may want to consider purchasing it. If your group has invested a lot of time and money into constructing buildings, buying machinery or making other long-term investments, there may be other kinds of insurance available in your country that matches your needs.
- **Buy and maintain farming equipment** to share among group members as needed.
- **Buy processing equipment** to add value to your produce, such as drying mango or shelling nuts, enabling you to sell your processed produce to buyers higher up the value chain.
- **Build improved storage facilities** so that you can sell your produce several months after harvest, when prices are usually higher because there is less produce on the market. Good storage facilities can protect your crops and reduce losses caused by heat, cold, damp, too much light, pests such as insects and rodents, micro-organisms, mould, rot, dirt and contamination. This can **prolong the quality of your harvest** for months and reduce the pressure to sell immediately after a harvest when prices are low. Good storage capacity should also **increase your food security** in times of food scarcity. You will need to research options for good, low-cost storage facilities. You could ask younger people in your farmers' group to research on the internet and then present their findings so that the group can decide which storage best suits your crops and local conditions.

Consider asking your local government to contribute to the costs of a storage facility or ask NGO allies to help you get grants to cover construction costs. To help you compare the costs and benefits of different storage methods and storage, insurance, you could request technical assistance from specialists. Silos for cereals, pulses and seeds can store up to 10 tons of well-dried produce, depending on how large you build them, and need to be air- and water-tight without holes for insects or animals to enter.

- **Buy or rent a transport vehicle** to transport your produce. Before investing in transportation, make a thorough comparison of costs and benefits, including maintenance costs and insurance for vehicles.
- **Bulk buy farm inputs for your group** to reduce your production costs.

Before you buy in help from service providers, you may need to:

- Shop around to find the best prices and also assess the quality of products or services offered
- Ask neighbouring farmers or trusted community members to recommend service providers or consider good service providers you have worked with in the past
- Look for opportunities to negotiate good prices and other terms based on the fact you are bulk buying or making a large purchase and may give the provider repeat opportunities to work with you in the future.

Your local or national government may provide support to small-scale farmers for these elements of farming or marketing.

Having looked in the above sections at strengthening your position in new or current trading arrangements, section 3.6 discusses policy advocacy. Your farmers' group may need to engage with others to overcome key issues affecting the market system in which you trade.





## 3.6

### Engaging others to influence law and policy

Many of the challenges farmers face in value chains result from national and international economic laws and policies that promote the rights of some actors, such as large multinational private sector companies, over others. These laws and policies can be very difficult for less powerful actors to influence or change. It may be important for your farmers' group or organisation to try to succeed in local markets as well as trying to influence how national and international value chains operate.



Small-scale farmers around the world are claiming the right to a voice on issues that affect farmers' lives and livelihoods. This includes holding government policymakers to account and demand laws and policies that protect them. Government action can include regulating the actions of large companies, for example by establishing a national living income for outgrower farmers, or ensuring quotas for the inclusion of marginalised farmer groups in contract farming arrangements. Governments can also increase support for small-scale farmer-led businesses and for climate resilience in farming.

Governments increasingly recognise the role of small-scale farming in rural poverty reduction and create policies that promote smallholder agriculture. Some local governments help small-scale farmers access markets or processing centres, provide business development services for small-scale farmer enterprises, build permanent indoor markets in rural areas that meet good food safety standards or improve the rural road network. National governments may, for example, restrict imports to stimulate national production and help ensure that national businesses and consumers eat food produced by local farmers.

However, national governments are made up of different agencies and actors with different priorities and sometimes conflicting interests or incentives. While one ministry may pass regulations to protect small-scale farmers, another may sign deals with multinational companies or negotiate treaties with other countries that undermine small-scale farmers' livelihoods. Farmers' groups can work with allies and advocates to analyse current policymaking processes, laws, treaties and investment deals that may undermine their rights and find allies in government who will help ensure that farmers' livelihoods are protected and can flourish and grow.

## What kind of policies might farmers' groups advocate for?

Your farmers group will most likely be aware of existing or proposed policies and laws that affect your rights or limit your agency and opportunities. These might include: regulations on **food safety and nutrition** or on **plant genetic resources**, or **public procurement (purchasing) policies** involving potentially very large purchases from producer groups. **Laws on foreign investment** may give special trading access to large international companies while harming the interests of local businesses and communities. **Trade and investment laws** will affect how many and which types of companies invest in agriculture or particular crops in your country, any special arrangements the companies benefit from, or the contracting arrangements they establish with small-scale farmers. Agreements between governments and agribusiness companies may determine the number of small-scale outgrowers an investment must incorporate. Trade deals will affect the volume of imported produce and may therefore undermine prices that intermediaries will pay to local farmers.

Your farmers' group may want to engage with government officials to challenge or improve such laws and policies to protect your rights.

Examples of the kinds of policy and regulatory change that your farmers' group might engage on with local and national governments include:

- **Stronger land, water and resource rights for rural communities and small-scale farmers.** Every country has laws governing how land can be owned, held and transacted. As the climate changes and water becomes scarcer, small-scale farmers will need strong land and water rights. If your government has weak land and water laws, your group can push for policy changes to strengthen your rights (Box 28); or where good laws are poorly implemented, you can press to better implementation and for your rights to be fully respected by national and multinational companies and government agencies.



Go Deeper



## BOX 28.

## Seeking land titles or formal registration of group lands

There are many ways to document your land rights. It may be a good time to get a legal title for your lands if national laws allow for it. The best ways to title and document your land are:

- As a family, with the names of all family members, including grandparents, parents, children, aunts and uncles on the title, and the requirement that the land may not be sold unless every family member agrees; or
- As a community, where you get a title for the outer boundary of the whole area, including all family lands, forests, water bodies, grazing areas, sacred sites, and so on, with the requirement that the land may not be sold, rented or otherwise transacted unless the whole community agrees.

Even if your family or community cannot get a formal legal title or document for your land, you can still create other kinds of evidence to prove your land rights in court, including:

- Using basic GIS/GPS (Geographical Information System/Global Positioning System) software, available for free download on smartphones, to take the coordinates of the boundaries of your lands and create digital maps of local landholding.
- Drawing maps of your family or community land and having local government officials and neighbours sign the maps to confirm that they accurately reflect your landholding.
- Planting trees or building fences along the boundaries and painting and displaying signs (after agreeing the boundaries with neighbours) to show that the land is claimed and used. This is especially important for common lands that community members use for hunting, gathering, foraging, grazing and praying while keeping it wild. Consider ways to show the land is actively used, because land that appears unused is more easily grabbed by wealthy people, government officials and large companies.
- Working with family members, neighbours and the community to create a land use plan, drafting by-laws or rules for how you will manage shared lands and arranging for all affected family and community members to sign these documents.



- **Policies and practices that make land available to landless families for commercial agriculture.** Small plots of land go unused in almost every local area year after year. These lands may be held but unused by rich landowners, speculators or government agencies. You can ask local governments to identify vacant or unused

farmland in their territory – but not commonly owned resources like forests, wetlands and grazing areas relied upon by community members – and to lease these lands to landless families or households on an annual or multi-year basis, with written agreements that protect the rights of both the legal owners and the landless families.



## BOX 29.

## Holding land jointly offers better protection

Remember



Even though **government officials may pressure you to write only one name on a land title application**, you could **put at least four or five names on a title**. This will help prevent one or two people in a family or community from selling the land without the agreement of all the other family or community members.

- **Increased government support for innovative smallholder agriculture.** This could include promoting small-scale farmers and consumer collaborations for food systems that prioritise biodiversity and local economies.
- **National laws that promote farmers' resilience and adaptation in the face of climate change.** These could include: grants and credit for farmers and farmers' groups to improve their land and crops, save and harvest water, or develop irrigation systems; grants and credit to buy or lease shared harvesting and processing machines, storage facilities, transport vehicles, or any other resources needed to increase production, protect their harvests and grow their business, especially as temperatures rise and weather patterns change; investment in farmer-led innovation, such as small-scale farmers' revival of ancestral drought-resistant seeds and natural soil fertility enhancements; small-scale farmer-led information services on resilience agriculture, and increased farmers' access to credit, insurance, and safety nets during droughts and other destructive weather events, or disease and pest outbreaks. Also policies and initiatives that enable climate funding to reach those who are struggling the most to adapt.
- **Government investment in local and national granaries and large-scale storage facilities** to help stabilise market prices when there is a large harvest and ensure local and national food security in times of drought, crop failure, national disaster or armed conflict.
- **Expansion of rural agricultural extension services** to serve more women, young people and poorer farmers, including climate change resilience training and education.
- **Price setting by national agencies that protects small-scale farmers' livelihoods**, especially minimum pricing and living wage payment policies to ensure farmers are paid fairly.
- **Policy protection such as high tariffs against imports of international produce** to ensure that the country's farmers can serve local markets.
- **National laws protecting farmers from unfair outgrower schemes**, for example protecting farmers from becoming indebted to companies. You could also urge the government to set up an emergency fund to pay farmers' debts in times of drought and other extreme events.
- **National laws regulating the quality and price of fertilisers, pesticides and seeds.** Governments should set standards and monitor markets to prevent suppliers from selling fake or adulterated inputs to farmers who have no way of testing them before purchase. You could also advocate a ban on chemical inputs such as glyphosate that have been proven to cause cancer and other serious illnesses.
- **National policies safeguarding the natural ecosystems that small-scale farmers and their communities depend upon.** These include aquifers, forests, wetlands, rivers and glaciers. Rural communities depend on these common resources for water, firewood, building materials, natural medicines and wild foods critical to household survival.



## Ways to advocate

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There are many ways to take action for policy advocacy, ranging from writing letters to peacefully marching in the streets. You will likely know the most effective ones in your context. Policy advocacy is likely to involve: research and documenting evidence; brainstorming the best strategies; working together with academics, specialist advisers, activists and/or other like-minded groups; seeking media coverage; and contact and dialogue with government officials and policymakers and, often, business associations. Your group could start a new advocacy campaign and/or join efforts already under way.

Because men, women and young people have different expertise, knowledge and interests, all members of your farmers' group should be part of brainstorming the policy advocacy actions you will take. Young people are usually good with the media and digital technology and may have ideas that would not occur to elders, and women may think of strategies that do not occur to men. Before you take action, carefully discuss what would be most effective while remembering that you also need to safeguard group members' safety.

If you fail at one level of government, you may succeed at another. Local governments often have different budgets from national government agencies and more freedom to pass local regulations to protect farmers' rights.

Your group may need to team up with allies or networks of farmers' organisations to advocate on particular issues. Forming or linking with national campaigns can be key to influencing government policies. Influencing public opinion may be an important step in building the pressure needed and will require targeted advocacy strategies. National farmers' federations, associations and networks can strengthen your voice in national policy debates and in dialogue with government, the media, and business associations. As part of a national campaign your group may benefit from better quality legal or other specialist expertise and is more likely to be able to influence national policymaking.

Here are a few examples of advocacy strategies:

- **Write to local government officials asking for needed infrastructure.** Local governments receive funds every year from the national government to develop their area. If farmers in your local area struggle to access certain infrastructure, a first step is to write to ask your local or larger district government to provide the infrastructure locally, such as a covered market, a road or a telecommunications tower. When asking for infrastructure, don't write an angry and demanding letter but (thinking like a government official) set out a well-reasoned argument for what you need and how it will both benefit your farmers' group and help bring prosperity to the wider community.
- **Engage with local government for help with national advocacy.** Local government leaders often understand and have experienced the challenges facing your farmers' group. Your group could work with trusted local government officials to deal with complex market-related challenges. First, make sure they truly understand the problem and see it as something important to them. For example, you could host 'field days' to bring local government officials to see your farms and learn first-hand about the obstacles you face, then discuss together what to do about the problem. Local officials may agree to help you negotiate with agricultural companies or to write to the national government requesting action to deal with the problem.
- **Join with other like-minded groups and advocate national policy change.** The larger your group, the more power and influence you will have. If you seek policy change that will affect the whole country, ally with other farmers' groups that want to see the same change. Broad campaigns can create solidarity and help protect you against a political backlash or where organising is repressed. If the problem you need to address involves a multinational company, you could seek other groups in other countries with the same problem and work together.



- **Take direct action.** In national advocacy, if you have sent letters and tried working with local government officials without success, it may be necessary to take direct action. Direct action can include: holding **non-violent marches** to publicly showcase your demands and attract media attention; **travelling to national government offices** and delivering letters and petitions in person; and **inviting journalists** to visit you and write articles, record interviews or make video films about your problems for local and national newspapers, radio or television or internet channels.

As you brainstorm ways to advocate, think about what would work best in your country and situation. Often, the general public comes to understand a problem only by seeing its impacts with its own eyes. How can you make your issue matter to people in power and get the public on your side to support change?

## Taking advocacy to the international level

Because value chains and agri-food markets are increasingly dominated by the private sector – ranging from small-scale-farmer-led businesses and small and medium size enterprises to national and multinational companies – strengthening your value chain position may involve **bringing about change in multinational companies' policies and ways of working**. You may need to engage with an **international voluntary standard** or a **multinational company's own grievance mechanism**. Any international action will probably involve working with international allies such as international farmer trade union federations, international NGOs, international consumer groups or international legal firms that can provide advice, analysis, representation or media or policy influence.

International alliances are likely to be especially important where you seek to change **international rules on trade and investment**, which as has been mentioned can affect important aspects of small-scale farmers' activities. Building your own, or bringing in, expertise in international trade and investment law will strengthen your advocacy capability. In exceptional cases, you may even become involved in a litigation or arbitration case, if for example your government has not permitted sufficient public consultation before signing an international trade deal.

**PART 1** of this guide introduced some of the international laws and other standards and frameworks that establish the rights of small-scale farmers and the responsibilities towards them of governments and companies. Some of these laws, standards and frameworks are set through consultative processes and, to meet small-scale farmers' needs, have to involve small-scale farmers in their development. International movements of small-scale farmers such as La Via Campesina have influenced the development of a number of these mechanisms. You could consider **engaging in the development of new guidance or the improved implementation of existing guidance** designed to regulate the practices of multinational companies in food systems, for example the UN Food and Agriculture Organization's Principles for Responsible Investment in Agriculture and Food Systems.

You can also engage in international policy processes through organisations in your country that participate directly. For example, the UN Committee on World Food Security has a Civil Society and Indigenous Peoples' Mechanism where many NGOs participate and seek to influence international law-making. Your group's engagement at this level is unlikely to change your immediate situation but could contribute to longer-term change. The more that small-scale farmers' views are represented in these fora, the better the chance that international agreements and policies will give you useful frameworks to press your government for change.





## Conclusion



**The purpose of this guide is to help you increase your agency and power as individual small-scale farmers and farmers' groups in your market relations. It intends to guide you in reflecting on your knowledge, capacity, resources, influence and negotiating power, and develop strategies to meet your needs in these areas.**

No guide can cover strategies to tackle all challenges facing small-scale farmers. But this guide sets out broad approaches to help you reflect and act on your situation, especially when you are trading with more powerful market actors. To achieve such change, you may want to join with other farmers to strengthen your land rights, diversify your crops, reduce your production costs, invest in your production to improve your outputs, strengthen your local market relations, set up innovative distribution systems, ensure your farms' long-term resilience as the climate changes, or negotiate fairer deals with buyers (especially better prices). Rights-based farmer-led political action may also be necessary. You may need to advocate that governments, companies and other actors protect local biodiversity and natural resources, regulate prices, and adopt socially inclusive rural development policies, among many other actions.

Advocating for greater equality and justice in value chains is not the sole responsibility of you and your farmers' group alone: all value chain actors have a responsibility to ensure that food markets and systems are fair and sustainable and recognise the rights of small-scale farmers.

This guide may contribute ideas for action in an ongoing journey, or it may be a starting point, but it won't be the end point, and you may want to revisit the steps over time. Further, all the ideas in this guide will need to be supported by additional guidance and insights from action taken by other farmer groups around the world.

'(Re)claiming power' is intended to enable your family, group and wider community to prosper and invest in what you prioritise. We invite you to be courageous in prioritising what is important to you, your group and your community. Create a vision and strive for it. The hurdles may be huge, but the time to reclaim power is now.





# Resources and references

## EPIC project reports

You can read this guide alongside the forthcoming EPIC project lesson-sharing report to learn about action that small-scale farmers and their advocates have taken in different countries and about other resources promoting farmer agency, sustainability and human rights in value chains.

You may also find it helpful to look at some of the examples in other publications of the EPIC project looking at the empowerment of small-scale farmers in commercial agriculture:

Cotula, L, Polack, E, Berger, T and Schwartz, B (2019) Rural producer agency and agricultural value chains: what role for socio-legal empowerment? IIED, London. <http://pubs.iied.org/12607IIED/>.

Kariuki, E and Kambo, M (2019) Rebalancing power in global food chains through a 'ways of working' approach: an experience from Kenya. IIED, London. <https://pubs.iied.org/17654IIED/>.

Blackmore, E, Polack, E and Berger, T (2020) Socio-legal empowerment and agency of small-scale farmers in informal markets. IIED, London. <https://pubs.iied.org/12608IIED/>.

Cotula, L and Polack, E (2020) Against the odds: growing producer power in agricultural value chains. IIED, London. <https://pubs.iied.org/17744IIED/>.

Blackmore, E and Polack, E (2021) Socio-legal empowerment and agency of small-scale farmers in informal markets. IIED, London. <https://pubs.iied.org/17772IIED/>.

Cotula, L, Blackmore, E and Berger, T (2021) Contracts in commercial agriculture: enhancing rural producer agency. IIED, London. <https://pubs.iied.org/12613IIED/>.

Cotula, L, Blackmore, E and Berger, T (2021) How contracts affect the agency of rural producers. IIED, London. <https://pubs.iied.org/17777IIED/>.

Mas Aparisi, A (2021) Ethiopian coffee marketing reforms and smallholder coffee producers: a socio-legal empowerment lens. IIED, London. <https://pubs.iied.org/20111IIED/>.

## Other resources that you may find helpful, which were drawn on to compile this guide, include:

Blackmore, E, Bugalski, N and Pred, D (2015) Following the Money: An Advocate's Guide to Securing Accountability in Agricultural Investments. Inclusive Development International, Asheville, NC, and IIED, London. <https://pubs.iied.org/12583IIED/>.

FAO (UN Food and Agriculture Organization) and INRAE (National Research Institute for Agriculture, Food and Environment, France) (2020) Enabling sustainable food systems: Innovators' handbook. Rome. <https://doi.org/10.4060/ca9917en>.

IDEO. The Field Guide to Human-Centered Design. <https://www.designkit.org/resources/1>.

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# Annex 1: Guidance for forming and running organisations

## 1. Adopt by-laws or rules for how your group will make decisions, take action and manage money

Whether your farmers' group are coming together for the first time or formalising an existing group of people with social ties, it is important to talk openly and honestly about how your group will operate. Try to create a space for discussion where all group members have a say. As you discuss how your group will function, it can help to put the proposed rules in writing so you can consider and change them until you all agree on the rules.

To legally register as a cooperative, company or association, a government agency will probably need to approve your rules. For an outline of possible group rules see Box A1. Your group should also find out what national laws require for organisations that want to register (see below) and follow these requirements. If your group is organising informally without registering, Box A1 is a good starting place, although you can add more.

A quick rule-drafting process over a few days could include the following steps:

- Meeting 1: first draft.** Your group collectively brainstorms or 'shouts out' all your existing rules and/or members' ideas about the rules you need, according to the broad categories outlined in Box A1. Every rule that is mentioned is written down on large sheets of paper. **There is no need to agree on rules at this point – this meeting is to get everyone's ideas on paper and presented to the group.** This is the first draft of the group's rules. To ensure active participation by all, consider breaking into small groups of men, women and young people to each make their own lists, then come back together and combine all the lists into one.
  - Meeting 2: second draft.** After taking a few days to think about what rules your group will need, come back together and review your first draft. Then discuss each rule until everyone agrees. In the process you can add new rules, remove rules that people cannot agree upon, and change rules to reflect all group members' needs and interests. Make sure that everyone's voice is heard, and again it may be useful to break into small groups, then have each group come back to the full group and present its suggested changes. All agreed rules should be written down on large sheets of paper and displayed where everyone can see them, as well as kept safe for future reference.
- Discussions can continue until your group agrees that you have a complete second draft. Depending on how much time you have, this may take one or several meetings over time. When your group fully agrees on the second draft, it is best to find a lawyer, paralegal or other advocate with legal knowledge who can review your rules to make sure that they are complete, cover everything needed, do not contradict national laws, are fair, represent the interests of all group members (regardless of age, gender, wealth or ethnicity, and so on), and prevent opportunities for corruption or mismanagement.
- Meeting 3: third and final draft.** Your group can then discuss the lawyer's or advocate's comments, edits and concerns and make any agreed changes. This is the third and final draft of your rules. You can then adopt these rules by majority (51% agreement) or supermajority (66% agreement) vote or by consensus (general agreement without objections). Record the vote with photos, videos and group members' signatures. Once adopted, make copies of the rules for all members to have and refer to when necessary.




 Prepare


## BOX A1.

## Basic structure of a farmers' group's by-laws or rules

1. Name of group
2. Purpose and mission
3. Operating principles
4. Annual plan
5. Support agencies and stakeholders

### Membership

6. Who can be a member?
7. How can someone become a member?
8. What rights do members have?
9. What obligations do members have?
10. Membership fees
11. Membership benefits
12. Termination of membership
13. Annual membership renewal

### Meetings and decision-making

14. Meeting schedule
15. Time, place and notice for meetings
16. Decision-making process
17. Inclusion of women, youth and minorities

### Leadership

18. Management structure
19. Standards of conduct
20. Qualifications for managers/directors
21. Diversity of representation
22. Election process for managers/directors
23. Managers'/directors' duties, roles and responsibilities

### Financial management

24. Process for approval of expenditure
25. Distribution of profits among members
26. Retention of profits for capital and investment

### Communication and conflict resolution

27. Principles of communication
28. Communication systems/procedures
29. Conflict resolution process

### Monitoring and evaluation

30. Schedule for assessing performance
31. Data to be gathered
32. Methodology for assessing performance and suggesting improvements
33. Procedures for accessing training and skill building
34. Participatory self-assessment

### Review and amendment

35. Process for annual review and amendment of by-laws



## 2. Make clear what your leaders can and cannot do and create systems to hold leaders accountable

The main responsibilities of your group's leadership should be to:

- **Run meetings**, keep meeting records and update all members about important events relating to your group.
- **Make minor decisions.** Your group may choose to give leaders the power to make minor decisions and take minor actions but reserve all major decisions, such as signing large contracts that will affect all farmers, for all group members to make together after group discussion.
- **Represent the group externally** in meetings with funders, companies, the media and government officials or in court.
- **Manage the group's finances** in an accountable and transparent way.
- **Implement the group's rules.**
- **Help resolve disputes** within the group.
- **Take on any other responsibilities** your group has agreed.

Conflict often arises in groups when communication is not clear enough so that all members know what is happening and have an opportunity to give their views and be listened to. Conflict also develops when leaders make major decisions for the group without seeking group input, act corruptly or distribute money in ways that were not previously agreed.

To guard against such conflicts, your group could consider creating systems to monitor leaders' performance and make sure that leaders: make decisions that benefit the community; manage money fairly, responsibly and transparently; protect women's rights; and implement the rules fairly.

You can create systems to monitor leaders, including having financial records presented to the group every month and having non-leaders participate in leadership meetings. The larger your group, the more accountability systems will be needed. Elections offer a regular opportunity to decide whether the current leaders are working in the best interests of the group and to change them if needed.

## 3. Set up a clear finance system and a way to keep funds secure

Whether your group is formal or informal, you should make two kinds of financing plans:

- An internal financing plan for group finances, including how funds collected from members will be used, how any profits will be distributed and managed, and how the group's money will be kept and accounted for
- An external financing plan, including plans for raising money, seeking loans from banks, and so on.

### Internal finances

First, your group should agree how you will manage your money. Write your agreed rules for managing money and include them with your other rules or by-laws. Consider the following questions:

- What costs will be involved in running your group, for example for crop storage, liaising with buyers, marketing and paying fees?
- Will you collect money from group members as annual contributions?
- Will there be any joint income that the group receives, rather than individual farmers?
- How will the group manage money and who will manage it? Does someone in the group have strong financial skills or experience?
- How will the people managing the group's money report to other group members?
- How will the group distribute any profits?
- Aside from profits, what other financial benefits and/or services could the group provide to members?
- How much of any profit earned will be saved for the group's future use?
- How will you decide what any money saved will be used for and who will decide – the group's leaders? If all members will decide together, with this be by majority vote (51%), supermajority (66%) or consensus (general agreement without objections)?
- If your group opens a bank account, what procedures should group leaders follow for depositing money or withdrawing money from the account?



Basic practices for good financial management include:

- **Open a bank account.** Keeping large amounts of cash can lead to corruption, mismanagement and conflict. All your group's income should be kept in a group bank account. Never keep income generated collectively in an individual member's bank account. Your rules should clearly state who may deposit or withdraw money from the account. Your bank account should have at least three key holders or signatories, and no single member should be able to withdraw money without other group members present.
- **Handle cash transparently and responsibly:**
  - **Be clear about who is responsible for handling the group's profits (if any).** Make rules about how profits will be saved, distributed or spent.
  - **Always give receipts for money received.** Issuing, dating and keeping copies of receipts help protect against misuse of cash. You can buy a pre-numbered duplicate receipt book and write receipts for all money received.
  - **Always get receipts for money spent.** Obtain a receipt for every purchase or payment made with group funds. When paying for services, invoices should be marked as 'paid', dated and signed by the service provider and the person who paid the money.
  - **Manage and monitor cash paid out in advance.** Any cash given to members to work on group projects should be accounted for. If you need to pay people in advance for work to be done, for example so that they can buy materials, it is best to divide the payment in half, paying half in advance and half when the work is completed.
- **Keep good financial records.** Up-to-date financial records are essential to good financial management and to revealing bad financial management or corruption if it occurs. Establish simple systems to keep track of your finances. Financial record keeping or accounting can be kept manually in a book of accounts or on a computer or smartphone, perhaps using accounting software or an accounting app. If your group's profits increase, your financial management system may need to become more sophisticated.

- **Carefully check bank statements.** Check your financial records against your bank statements at least once a month to make sure that the records match. This will help you catch any errors made by the bank or the group and identify cases of misuse of funds. Investigate differences between your group's records and the bank statements.
- **Act against misuse of funds.** Your group should regularly review your financial records and receipts to look for falsified receipts, missing payments or money that has been spent for no clear purpose. You could hire an independent auditor to help with this. If group funds have been misused or stolen, you should immediately investigate, hold a meeting to review the theft, identify any guilty leaders or members, and/or report the corruption to the police.

### External finances

Better access to loans and other income, through banks, microfinance lenders, charities and self-financing arrangements including online fundraising, can transform what is possible for your group. Local governments often have small funds to support local businesses, and NGOs and aid organisations often support small-scale farmer entrepreneurs. Depending on the source of the funds, such money may come as part of combined input financing, crop insurance, and so on.

To raise more funds you will probably need a well-presented and effective business plan, a bank account to receive the funds, and, if you seek a bank loan, a way of providing collateral (security) for the loan. When taking out a loan, be very careful what you offer as collateral and ensure your group has a realistic plan for repayment, including how all group members will equally share the burden of repayment if group profits will not cover it. You will need to fully research all the costs and terms involved in obtaining credit, including the interest rate, any fees and any other conditions.

#### 4. Ensure that all group members can access training and other services

One of the goals of organising as a group is to strengthen members' power, agency and income. To achieving this, all group members should have the opportunity to improve their skills and learn new skills, for example in crop management marketing and business negotiation. Your group should also make sure that all forms of farm support, such as financial assistance, government agricultural extension services and skill-building programmes, are available to all group members, especially women, young people and members of minorities.

This could mean giving the poorest farmers with the smallest plots of land special access to group machinery and other inputs and services. And women, who may not leave their farms and homesteads as often as men, may need special access to smartphone-based internet technologies and services. Your group could apply for grants to provide women with smartphones and teach them to use them, for example.

#### 5. Regularly assess and analyse progress

Monitoring means continual assessment of activities by collecting data and information and thinking about what this shows you. Consistent monitoring of your group's progress can help you to (1) know which strategies are working well and which are failing and (2) learn from successes and failures and make improvements to your strategy and plans. To assess the outcomes of your activities:

- **Decide how to measure success with a set of 'indicators'.** Indicators are measures of success that can help you know if an activity is achieving its objectives. Decide what indicators you will track before you begin your activity so that you can collect 'before' and 'after' data and compare the two to understand the impacts of your efforts. You can collect data on both 'internal' and 'external' indicators, such as how well the group is running (internal) and how well farmer members are doing in terms of incomes and livelihoods (external).
- **Decide what questions to ask to gather data on the indicators.** Each measure of success will need specific questions to help you track whether you are achieving results.
- **Collect data by observing, interviewing people,** gathering financial information and asking questions.

- **Compare and interpret the data and come to conclusions.** After comparing the data, you should be able to assess progress on each indicator. For example, profits are an obvious indicator of success. If, since you started working together, individual group members' profits have grown a good deal, it is probable that your efforts are succeeding well. However, it will be important to know if profit improvements have been equal or equivalent for all members or only for those who are already rich, have larger pieces of land, are men, and so on. If you find that not all members are benefitting equally, you will need to discuss as a group how in future to ensure equal benefit. If your goal is to increase your harvests without using chemical fertilisers, you could have different group members try out different strategies, then report back to the group on how well they worked, and together assess which methods work best. You could also collect data on how satisfied group members are with the leadership (doing this anonymously will help ensure everyone feels comfortable in giving their opinion).

Collecting and analysing data to assess your group's efforts are not an easy task. Consider:

- **Appointing a 'monitoring and assessment' person or subgroup.** Groups and organisations usually collect better data when they choose one person or a small group of people to lead their monitoring and assessment efforts. This person or subgroup can report back on progress to the full group during meetings and may also report to funders, banks, suppliers, buyers and consumers.
- **Arrange quarterly data analysis and reflection meetings.** It may be helpful to reflect on your efforts on a quarterly basis, looking at all data collected, reflecting together on challenges and successes, and making any necessary changes to your strategy.



# Annex 2: How to form a cooperative, association or company

To register your group as a cooperative, association or company with the intention of trading commercially you will need to follow national laws that set out administrative procedures that you must complete. Because all countries have different laws, **your group should talk to a lawyer or paralegal with experience of forming cooperatives, associations or companies in your country to find out the correct process for the kind of organisation you plan to form.**

Registering your group as a cooperative, association or company legally changes you from a collection of different people into a 'legal person' that can sue and be sued in court, take out loans or hire employees, and will probably be required to pay taxes, among other rights and responsibilities. Your group will have to comply with national laws and probably pay a fee to register with the government, and it will be more easily known and regulated by the state. It takes time and energy to create a formal organisation, and the process may be very slow, depending on how quickly your group works to complete all the steps involved and how much government bureaucracy you face in the process.

There are 12 main steps to forming a cooperative, association or company. Each is broadly explained below.

1. **Make sure you are ready to start the process and select a steering committee.** There is a long road ahead, so every member of your group should be dedicated to the process. Hold a meeting to discuss the advantages and disadvantages of formally registering your organisation under national law. Ask, for example, why are you formalising the group and what you will aim to achieve as a registered organisation that an informal group cannot achieve. Choose three to five trusted, competent and responsible people who are willing to lead the process by doing all the work related to registration, including filling out and submitting forms and opening a bank account. You should choose at least one person who has reading and writing skills, one person who knows how to deal with government agencies, and also aim to have at least one capable woman and a capable young person on your steering committee.
2. **Develop your market analysis.** You may have already done some 'market analysis' as you started to plan how to organise. You may now need to deepen this and explore new options for your future registered organisation. What do you plan to sell? Will you sell raw produce or processed goods? What are the markets for your produce and do you want to sell direct to consumers or retailers? Research and analyse different ways to start your business and think about your future monthly budget: income and expenditure, bank loans, grants, and all other incoming and outgoing money. This can help you write your business plan. It can be useful to work with allies or advocates with experience of market analysis and starting businesses.

3. **Make a business plan.** After your market analysis, your group should meet and discuss every aspect of your planned business. Your steering committee can write up what you decide into a full business plan. A business plan provides a **clear strategy and objectives for your business** and should:
- Describe your business's **objectives and goals**.
  - Describe the **commercial needs that your cooperative, association or company will meet**.
  - Describe your business's **planned activities** – for example, the crops you plan to grow, how you will market your produce and how you will find and connect with consumers or retailers.
  - List how much **start-up financing** you will need. To have a good chance of succeeding in making a profit, make a financing plan for your first three years. It helps if you can begin your business with some start-up capital. Your business plan needs an honest assessment of your initial financial needs and how you plan to meet them.
  - Describe your **fundraising plans**. How do you plan to raise money to get your business off the ground? Do you qualify for small business loans or small-scale farmer loans? Check with your local, district or provincial government; many subnational governments have funds to support new local businesses with small grants. International aid organisations also sometimes have grants or loans for new businesses, especially for small-scale farmers. With a start-up grant, loan or a line of credit to buy inputs that increase production, your business may be able to become profitable sooner.
  - **Estimate how much money your cooperative, association or company will make every year.** What do you estimate you will earn in Year 1, and then every year after that for the first five years? Many new small businesses don't make much profit for the first few years. How many years will it probably take before you make a profit?
  - State **how you plan to run your business**. How will you make decisions? Who will be responsible for day-to-day operations?
  - Describe the **equipment, land or assets you will need for your business and how you plan to buy rent or acquire these**. Will you need to buy or rent more land to expand your growing capacity? Will you need to buy harvesting or processing machinery?

## BOX A2.

## Business planning in simple steps

Remember



A simple way to start basic business planning could be to answer the following questions:

**Customers:** Who do we sell to?

**Produce:** What will we sell?

**Channels:** How and where do we sell our produce?

**Position in the value chain:** Where are we today? And where do we want to be in the future?

**Partners:** Which other people or organisations will we need to provide us with resources or services for our business?

**Members:** How will members participate in the business?

**Resources:** What resources (people, knowledge, means and money) will we most need to sustain our business?

**Revenue streams:** Where will we generate our business income?

**Results:** What impact do we want to achieve with our business?

- Describe your **advertising and marketing strategy**. How will you find buyers to sell your produce to? How will potential buyers find you? How will you advertise your produce?
- Describe **how you plan to get your produce into the market**. Will you sell directly to consumers or retailers? If yes, how? Will you sell your produce into national or international value chains?
- Create **'what if?' scenarios**. What events might occur that would disrupt your plan? What back-up plan could you develop to reduce the effects or take new opportunities?



4. **Select a unique name.** To be able to register your cooperative, association or company you must come up with a unique name for your business. You may have to check with the relevant government office that there are no other businesses by the same name in your country. Also check your country's regulations regarding what words must be included in your name, for example the word 'cooperative', 'association' or 'incorporated'.

5. **Plan how your business will operate on a day-to-day basis.** Before anyone is elected, appointed or hired, draw up an organisation chart of the different roles in the business (for example, treasurer, secretary, and so on) and if possible define:

- The duties and responsibilities of each position
- The qualifications needed for the people holding each position
- The salaries for each position
- How each position will work with the other positions
- How each position will interact with the group's members
- How each position will communicate and make decisions.

The group should think carefully about how to ensure that men do not capture all the senior or highest-earning positions and put in place policies and rules to ensure women and young people are not disadvantaged. If you have already drafted your by-laws already, you may already have such rules in place.

6. **Ensure your by-laws align with national legal requirements.** Your by-laws are the rules by which your business will make decisions and operate. Your country's law may dictate certain issues that your rules must address. If you have already drafted by-laws (see above), you must ensure that these fully comply with government requirements.

7. **Fill out your government's 'articles of incorporation' form.** This is a legal document that organises your cooperative, association or company as a legal entity. Articles of incorporation are different in every country according to national law. You can usually find this form online through an internet search for 'business registration forms' and your country's name. To help you do this correctly, you could get help from a lawyer, paralegal or other experienced advocate. These forms usually require you to state your business's name, location and purpose, and often also the names of the leading people involved (which can change over time).

8. **Review your market analysis, business plan and by-laws.** At this point, you can gather your full group to review your business plan and your by-laws and adopt them in a vote. You should also present your filled-out business registration application and articles of incorporation for your group's approval. You can add a page to the form with the signatures of every founding member of the business. This is also a good time to disband the steering committee and elect the 'officers' or 'directors' who will sign your cooperative, association or company's forms, open its bank account, and so on.

9. **Register with the government by filing your articles of incorporation and any other forms needed at the required government office.** You must register your cooperative, association or company with the government by filing your articles of incorporation and any other necessary forms at the correct government office and paying any incorporation fee required. If you are asked to pay a high fee, check whether there are reductions or exemptions for cooperatives or small-scale farmers; or your lawyer, paralegal or advocate may be able to help you find special government funds that cover the fee. You may be asked to attach your by-laws and/or business plan to your application. Ensure you obtain a receipt for any fee paid and a copy of your application stamped 'received' with the date received and/or another form of confirmation that the government has received the application.

10. **Open a bank account.** To do business, your cooperative, association or company will need a bank account in its own name. Once your business has been registered, you can arrange this by providing your business's government-issued registration number. See if any banks in your area give discounts and/or other benefits to cooperatives or farmer-led businesses.

Decide who in your group will have access to the bank account (choose three or more people) and arrange for them to go to the bank together to open the account, as well as to deposit or withdraw money as a safeguard against corruption. These people will probably have to provide the bank with a copy of their signatures to keep on file.

11. **Apply for licences or permits.** Depending on what your cooperative, association or company plans to do, you may need to obtain one or more government licences or permits before you can begin operations (for example if you plan to build a factory). You may also need to have your facilities inspected by government agencies to ensure they comply with health and safety or other regulations. Ask your lawyer, paralegal or advocate for help with researching what licences or permits you may need and how and where to apply for them.

12. **Establish a social media presence.** Much marketing happens today through social media. Younger members of your cooperative, association or company are probably very good at using social media. Think about the social media platforms most heavily used in your area or sector and start taking photographs and making videos about your new business to get the word out and generate interest in your produce. Your social media posts may help you attract attentions from funders, buyers, and potential partners and customers.





Knowledge  
Products

# Rural Agency guide

August 2022

Food and agriculture

*Keywords:*

Small-scale farmers, Commercial agriculture, Producer organisations

## **(RE)CLAIMING POWER IN VALUE CHAINS**

**A GUIDE FOR SMALL-SCALE FARMERS AND THEIR ADVOCATES**

This guide is intended to support small-scale farmers, and advocates working closely with them, in exercising more agency and living more independently according to their own priorities. It aims to assist small-scale farmers in making free choices in relation to farm production, markets and trade. Farmers with agency can negotiate with, and challenge, the people and institutions that affect their lives.

The guide's starting point is farmers' own knowledge, experience and goals. It advises farmers on how to strengthen their position relative to more powerful local, national and global market actors. It shows how farmers can: co-create a vision and action plan to work together for the benefit of their livelihoods, businesses and communities; understand the forces that dominate and influence local, national and global value chains; know their legal rights; organise to increase their power; and act together to achieve their goals. There is information and advice on how farmers' groups can negotiate fairer contracts with companies, advocate local and national laws and policies to protect their interests, and prepare for climate change and unexpected disruptions to production. As well as small-scale farmers' groups, their advocates and allies, this guide may be useful to other actors such as policymakers, financial institutions, responsible investors and other development practitioners.

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