

**POSITIVE INVESTMENT  
ALTERNATIVES TO LARGE-SCALE  
LAND ACQUISITIONS OR LEASES**

# POSITIVE INVESTMENT ALTERNATIVES TO LARGE-SCALE LAND ACQUISITIONS OR LEASES



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## HANDS OFF THE LAND

### TAKE ACTION AGAINST LAND GRABBING

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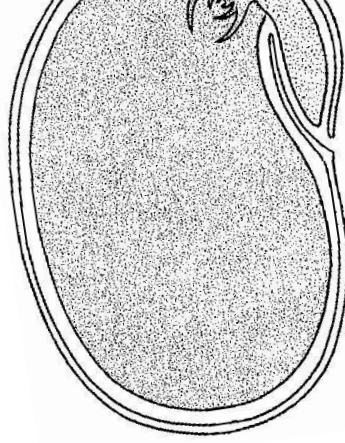
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## 1 Introduction: 'There is no alternative'?

Investment in agriculture is about choices: choices about the organisation of rural economies, about the construction of rural subjects and cultures, and about the wider role that agriculture is to play in various articulations between states, markets, humans and nature. Yet these choices have been masked by the generalisation of a form of capital intensive, large-scale, export-oriented, mono-cropping agriculture that presents itself as the most efficient, most productive and therefore most rational way to feed the world. As a result, both state-led and market-led forms of agricultural investment have been channelled towards the promotion of this model of agriculture. Large-scale land acquisitions or leases, also termed 'land grabs', are the most recent manifestation of this form of agricultural investment. Welcomed by international financial institutions, multilateral agricultural organisations, and mega philanthropy on the grounds that they provide much needed capital injections into ailing rural economies, these large-scale land acquisitions and leases represent instances of 'investment' in only the narrowest sense of the term.

The aim of this paper is to open up this small box of what investment in agriculture entails. Once investment is defined as activities which build up all forms of capital, including natural, social, human, physical and financial, it becomes clear that large-scale land acquisitions or leases which only contribute financial capital and degrade other forms of capital have hijacked the concept of investment. A mode of agricultural production which is engendering a crisis of social reproduction and which is subsidised by vast ecological rents does not represent the best way to organize agriculture. It is necessary to reclaim the notion of investment. After exposing the flaws of the prevailing model of agricultural investment currently being pursued through various forms of private accumulation, social exclusion, dispossession and adverse incorporation, the main section of this paper is dedicated to an exploration of positive alternative investments in agriculture. These positive alternative investments, which range across a wide array of contexts in both the global North and South, illustrate the potential to build rural futures based on economically viable and ecologically sound farming practices. The paper concludes with options for strengthening these positive alternative investments, through the actions of both states and social movements centred on the quests for food justice and food sovereignty.

### 1.1 A brief historical foray of investment in agriculture from the era of developmentalism to the era of globalization

During the era of developmentalism – what has also been referred to as the 'second food regime' spanning the years 1947 to 1973 – investment in agriculture took on contradictory forms. On the one hand, public investment in agriculture reached its apogee with the unfolding of vast state-led green revolution programmes throughout much of Asia and Latin America. These programmes were accompanied by various forms of national regulation including domestic price supports and the provision of subsidised inputs and credit. On the other hand, the integrity of such programmes was directly undermined by both the importation of cheap food surpluses, especially of wheat from the US and Europe, as well as the growing transnationalisation of agribusiness chains of inputs and technologies (Bello 2009). This contradiction can be explained by a profound 'urban bias' which guided agricultural investment during this time (Bernstein 2010; De Schutter 2011). As long as the spectacular yield increases achieved by the green revolution were mobilised to lower accumulation costs and provision growing urban population (McMichael 2009), farmers were essentially 'the captives' of 'predatory' states pursuing anti-agrarian agendas (De Schutter 2011). The cumulative effect of such policies was to generate food deficits in countries which had enjoyed agricultural trade surpluses at the end of the Second World War (Friedmann 1993).

With the onset of world recession following the 1973 oil crisis, it became clear that states could not police the international relations of food production nor expect to develop agriculture through national regimes of capital accumulation fortified by mercantilist trade policies. This was to mark a radical restructuring of agriculture away from state-led development programmes towards the primacy of the market. In terms of agricultural investment, the 1980s and 90s witnessed a dramatic reduction of public support to the point where "by the late 1980s, the state had been so drastically downsized that, in the rural areas, it had become almost irrelevant" (De Schutter 2011: 511). The scaling back of public extension services, subsidised inputs and credit saw many small-scale farmers caught in a vicious cycle of debt (Rosset 2000; Desmarais 2007). The dismantling of domestic price supports and national grain boards meanwhile was to set off a wave of 'second green revolutions' involving the production of animal feed, luxury foods and more generally a switch in investment priorities away from staple food crops towards commercial crops destined for export (DeWalt 1985).

The globalisation of agriculture was consummated during the signing of the WTO's Agreement on Agriculture. While the official discourse emphasized the importance of market access, competition and free trade, the outcome has been an extraordinary degree of market concentration, oligopolistic behaviour, and subsidisation and/or protectionism for the agricultural sectors of the global North. The increasing specialization and integration of world food production encouraged by a global division of agricultural labour has allowed transnational corporations to insert themselves strategically in between the buyers and sellers of food as consumer driven value chains have decoupled world market prices from production costs (Friedmann 1993). One of the starkest impacts of this transformation has been a substantial decline in the value added captured by primary producers. A dramatic fall in net farm incomes in many countries around the world has precipitated a steep decline in the relative farming population (Desmarais 2007). The scale of rural flight is astounding (see Box 1). This rural exodus is a dramatic expression of the crisis of social reproduction prevalent in many rural areas, where 70% of the world's very poorest live despite the global urban population now outnumbering the rural population (IFAD 2010).

The deep-rooted nature of the current agrarian crisis has been brought into stark relief today by rapid food price inflation. In December 2007, food prices reached their highest level in real terms since 1846 (Moore 2010). In June 2010 food prices rose again, reaching a peak in February 2011 which surpassed the earlier round of food price spikes (Grebmer, Torero et al. 2011). These food price crises are estimated to have increased the ranks of those living in extreme poverty by between 130 to 150 million (De Schutter 2011), sparking food riots in 33 countries around the world (Grebmer, Torero et al. 2011). With many of the longer term trends indicating that higher and more volatile food prices are set to endure, the ability of the 'corporate food regime' to deliver on its promises of stable and secure supplies of cheap food is unravelling.

## 1.2 The rediscovery of agriculture during a time of crisis

It is against the backdrop of significant dis-investment as well as mis-investment that one arrives at the current conjuncture which concerns a new wave of investor interest in land and its resources across the globe. This is reflected in a sharp increase in the number of large-scale commercial land deals, involving either direct acquisition or long-term lease, worldwide (World Bank 2011). The drivers of this renewed investor interest in land originate in the 'triple-F' crisis of food, fuel and finance (Hall 2011).

The rising cost of food imports sparked fears among many food deficit countries about the security of their food supplies. Rather than relying on volatile international food markets, some governments have responded by setting up targeted agricultural investment funds in order to 'offshore' their food production

by acquiring farmland abroad (ibid). In the search for suitable farmland, guaranteed access to fresh water reserves plays a major role (Smaller and Mann 2009; Woodhouse and Ganho 2011), producing a global 'water grab' alongside the take-over of land (Kay and Franco 2012).

Another key driver has been the growth of agrofuels. Bolstered by rising crude oil prices and the (increasingly untenable) assertion that agrofuels constitute a clean energy source, agrofuel production increased more than threefold between 2000 to 2008 (FAO 2009). Agrofuel production is set to grow as agrofuel blending is becoming increasingly institutionalised in the form of policy directives, subject to a range of subsidies and preferential loans, in what is presented as a transition towards a new 'bio-economy' (Franco, Levidow et al. 2010).

A third main driver is related to the increasing 'financialisation' of the agri-food system (Burch and Lawrence 2009). With various factors driving up the price of land and the booming of the soft commodities market, a host of private sector investors including hedge funds, private equity consortia, and real estate groups have become involved in the rush for land (Daniel and Mittal 2009; HLPE 2011). The role of these investors is controversial, with concerns being raised that their activities amount more to speculation than productive investment (Burch and Lawrence 2009; McMichael 2011).

## 1.3 The perils of the current form of investment in land and agriculture

The 'rediscovery of agriculture' by investors after decades of neglect should in principle be welcomed (World Bank 2007). There is however reason to believe that the current form of investment in land and agriculture, typified by large-scale commercial land transactions, is doing more harm than good. Three key concerns stand out in particular:

First, are **the means** by which land is acquired or controlled by investors in the land deals. It is important here to move beyond a capitalistic notion of land use in relation to property rights which tends to render various forms of land grabbing illegible, to one based on a theory of access. Defined as 'the ability to derive benefits from things' (Ribot and Peluso 2003), a theory of access can help explain why changes in land based property relations do not necessarily need to occur in order for new actors to extract surplus value from the land (Borras and Franco 2012). Contract farming is one example: while farmers may retain access to their land, their autonomy of production is greatly diminished (Amanor 2012). Moving towards this more expansive definition of control and access, it is clear that 'land grabbing' is effected through a variety of different mechanisms, involving elements of dispossession, displacement, and adverse incorporation. Each of these poses a threat to rural people's livelihoods since they involve the transfer of power from local communities towards the investor.

Second, are **the terms** of the land deals. Much has been written about the laxity of many of the contracts underpinning the land deals, in which, social and environmental impact assessments are absent or flawed, community consultation is weak or non-existent, vague promises are made to contribute to development, and land is sold off for tokenistic amounts (Cotula 2011). Even where contracts are sound, there is no guarantee that they will be respected or succeed in limiting 'land grabbing'. This is not only a matter of 'good governance' as the popular image of land grabbing as an imperialist plunder carried out by unscrupulous foreign invaders likes to suggest. Although some investors do target countries with weak regulation and governance, this is to miss the more routine manner in which investors, in collusion with host states and local elites, use perfectly legal trade and investment policies to take control over land and its associated natural resources (Murphy and Paasch 2012).

Third, following on from the means and the terms, are **the implications** of the land deals. At base, they entail a loss of control by peasants, pastoralists, fisher-folk, rural women, and indigenous peoples over significant areas of the world's land, water, wetlands, pasturelands, fisheries and forests. Their right to decide how these natural resources are to be used, when and by whom, at what scale and for what purposes, is taken away for often generations to come. It is in this sense that many of the commercial land deals are fundamentally at odds with the goals food sovereignty, human rights, and democratic governance. In fact, they signal a regression to a pre-rights era in which market prices are used to guide the 'best' i.e. most profitable use of land, regardless of the social, ecological or humanitarian consequences (Magdoff 2012).

#### 1.4 From challenge to opportunity: the curious construction of 'win-win' narratives

As the above discussion has demonstrated, the key issue is thus not just *how much* but also *what kind* of investment is needed. A serious debate on the future of farming is needed. Yet even before this debate has begun, actors are rushing to justify this renewed wave of investor interest in land even as some of its potential pitfalls are also recognised. The World Bank (2010) report is exemplary of this kind of erratic, Byzantine thinking. While case-study after case-study details instances of displacement, asset loss, environmental harm, undervaluation and encroachment of land, the report nevertheless insisted that "At the same time, these risks correspond to equally large opportunities" (ibid: 142). The assertion is that if land deals can be regulated properly, risks can be mitigated, leading to 'win-win' outcomes for all concerned (Borras and Franco 2010).

It is precisely this kind of narrative that underpins the publication of a number of voluntary, non-binding codes of conducts guiding investment in agriculture such as the World Bank's

own Principles of Responsible Agro-Investment (RAI). These initiatives must be met with a high degree of scepticism, not least because of the complicity of these actors themselves in the global 'land grab' (GRAIN 2010). Locked into an obsession with process rather than substance, principles such as 'free, prior and informed consent' and 'transparency' are presented as goals in themselves rather than a means to an end. As the UN Special Rapporteur on the Right to Food argues, "What we need now is a vision that goes beyond disciplining land deals and providing policymakers with a checklist to destroy the global peasantry responsibly" (De Schutter 2011: 275).

To construe these large-scale commercial land deals as a development opportunity, recourse is often made to what has become known as 'the production challenge'. This refers to the widely held belief that in order to keep step with a growing world population, rapid urbanisation, rising incomes and shifting dietary patterns, food production needs to dramatically increase. In widely circulated statistics produced by FAO (2009), it is estimated that food production needs to increase by 70% by 2050 to meet this changing global food security context. This explains why much of the World Bank report pivots around yield gaps and the need to 'unlock' the productive potential of land. Along with the unfolding of a myriad of other agri-business and mega-philanthropy led visions for a new green revolution, it seems that a 'production-oriented, market-based response to the surge in food prices' is now very much being mainstreamed (Da Via 2011). Yet given that the 2008 global food crisis occurred amidst record harvests, record food waste, record hunger, and record profits for the world's major agrifood corporations (Holt-Gimenez 2009; Schneider 2009), the main lesson to be learned is that any kind of productivity drive unrelated to issues of distribution and access will prove wholly futile. The current world food system and its agnostic model of food security conceived of as a private relation structured through corporate markets needs to be radically rethought (McMichael 2009).

#### 1.5 The battle for the future of farming and the need for alternatives

With 1 billion of the world's population 'starved', another 1.3 billion 'stuffed' and 1 billion malnourished it is clear that capitalism doesn't know where the hungry are nor how to feed them (ETC 2009). Rather than a production challenge, the problem therefore lies with the corporate dominated food system itself which has managed to graft pseudo-scarcity and volatility onto a situation where food supplies are sufficient to feed the world's population one and half times over (Weis 2007). Yet this reality is mystified by the twin narratives of modernisation and globalisation. These reifying tropes have continually sought to marginalise alternatives to large-scale, commercial, industrial mono-cropping agriculture by propagating images of neo-Malthusian catastrophes, unproblematic agrarian transi-

tions, 'saving' land through the efficiencies brought about by economies of scale, and most recently, through the language of 'win-win' scenarios, 'reserve agricultural land', and production challenges. The result has been 'job-less depeasantization' (ibid), a 'planet of slums' (Davis 2006), environmental destruction and a massive 'squeeze' on agriculture (Van der Ploeg 2008). When one appreciates that these are a consequence of the current course of development rather than a lack of it, the argument in favour of alternatives is overwhelming.

What should this alternative agricultural agenda look like and what denotes a 'positive' form of agricultural investment? Before answering these questions, this paper would like to offer a powerful rebuttal to the notion that the burden of evidence rests with those in favour of alternatives to the orthodox model of large-scale commercial agriculture to prove that these alternatives are viable. This seems to be a decidedly odd framing of the argument for while it is manifest that the corporate dominated food system cannot deliver on its promises, it is small-scale family farming that does indeed feed the world, producing food for about 70% of the world's population (ETC 2009). This is even more remarkable given that peasant farmers hold less than 25% of global farmland (Via Campesina 2010). Yet "On the one quarter of arable land that they farm, these small farmers produce 87% of all cassava, 70% of beans, 46% of maize, 34% of rice, 58% of milk, 50% of poultry, 59% of pork and 30% of beef, and 38% of coffee, among many other food products" (ibid). Furthermore, the purported efficiency of large-scale farming does not hold once negative off-farm externalities, unaccounted energy budgets and the many implicit subsidies given to cheap industrial food are integrated into the equation (Pretty 2008; Weis 2010). Across a variety of indicators therefore, it is shown that "Small farmers are more productive, more efficient, and contribute more to broad-based regional development than do the larger, corporate farmers who hold the best land" (Rosset 2006: 304).

It is largely by farmers own efforts that these gains have been realised. Amongst all the talk about how to bridge yield gaps and investment deficits, it is sometimes forgotten that smallholder farmers themselves are the largest investors in agriculture (CFS 2011). This is a crucial point to stress for across the spectrum of agricultural production, farmers have been forced to cede control over their means of subsistence. Recognising small-scale farmers as the primary investors in agriculture is therefore the first step towards recapturing the locus of sovereignty; seeing small-scale farmers not simply as victims but also as agents whose productive investments in their natural and physical asset bases are essential for delivering the kind of sustainable development which is needed. Thus any kind of conception of a 'positive' investment in agriculture must start from this premise. In the past two decades, transnational agrarian movements, especially La Via Campesina, with its agenda for food sovereignty, agrarian reform, re-peasantization, democratisation and human rights is perhaps most emblematic of this kind of approach.

This approach has been strengthened in recent years by the publication of two groundbreaking documents. The first is the Right to Food series produced by the U.N. Special Rapporteur, Olivier de Schutter, who argues for the protection of the social, cultural and economic rights of rural peoples around the world. In particular, De Schutter's formulation of a set of Minimum Human Rights Principles to confront land grabbing stands as an indispensable counterweight to voluntary codes of conducts and good governance initiatives which seek to smooth over the threats posed by land grabbing and turn them into opportunities (De Schutter 2009). Rather than regulating land grabbing as if this were inevitable, De Schutter has called for a debate, at the highest policy levels, on alternative forms of agricultural investment which help realise the right to food (ibid). The second publication is the 2008 report 'Agriculture at a Crossroads' produced by the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) – a global review conducted by 400 of the world's leading scientists between 2003 to 2008 on the role that agricultural knowledge, science and technology can play in development. The report concluded that "Business as usual is no longer an option" and that a paradigm shift in favour of agro-ecological, sustainable, organic and resilient agriculture is desperately needed (IAASTD 2009).

## 1.6 Agricultural investment and the Right to Food

Effecting this paradigm shift involves not opposing investment but reshaping it. There is a need to steer the debate on agricultural investment by grounding it within a clear set of foundational principles. While free-market agricultural economics provides one set of moorings, its prescriptions have consistently been biased against poor, food insecure groups like small-scale farmers, pastoralists, landless, women, and indigenous groups. A human rights based approach offers a different anchoring. Starting from the premise that all persons have a right to sufficient, affordable, and nutritionally adequate and safe food, as affirmed under Article 11 of the International Covenant on Economic, Social and Cultural Rights, it confers upon states the obligation to respect, protect, and fulfil the Right to Food (De Schutter 2009). This pertains not just to citizens within a state's national territory. States also have extra-territorial obligations to ensure that they do not undermine the Right to Food of other populations. This includes the obligation to regulate the overseas activities of private companies falling under their jurisdiction (ibid). The implications of this for agricultural investment are profound.

States' obligations to **respect** and **protect** define baselines for investments. Public and private investment should under no circumstances deprive people from existing access to food. Sometimes, states attempt to justify breaches of their obligation to respect and protect the Right to Food on the basis that the net benefit of the investment – in terms of increased

employment or greater economic growth – outweighs its cost. Yet this alleged ‘balancing’ of human rights is flawed: the rule of “*do no harm*” cannot be derogated (Künnemann 2009). The obligation to **fulfil** touches on a whole range questions related to agricultural investment. It calls on states to not to abstain from any activities which threaten people’s access to food, but to take active steps, using all available resources, to ensure the full realization of the Right to Food.

While there is no definitive checklist to judge whether or not an investment is compliant with the Right to Food, the following assessment criteria developed by Künnemann (2009) offer a useful starting point:

1. After the investment, all affected persons have access to adequate food and resources.
2. All investment-affected persons have access to natural resources and to knowledge systems and production methods which are ecologically and economically more sustainable than before.
3. The number of people who enjoy access to adequate food or productive resources increases.
4. The resource and food needs of future generations have been taken into consideration.
5. The food needs of the larger context (e.g. national food needs) have been taken into consideration.
6. The participation and decision-making power linked to the food system of food insecure/ vulnerable groups is increased.
7. The justiciability of the right to food and resources has been strengthened.

Applying this human rights approach, it is clear that the current world food system, governed as it is by the terms of the WTO’s Agreement on Agriculture, not only fails to respect, protect and fulfil the Right to Food but is structurally biased against the most poor and food insecure groups, whether they be small farmers, landless labourers, rural women, pastoralists or indigenous communities. Land grabs are another expression of this bias in which the buying or leasing of a productive resource – land – is presented as an investment in and of itself, regardless of the cascade of negative impacts on rural livelihoods and ecologies, human rights, and local food security which follow. Yet this elision between investment and the takeover of natural resources by large-scale capital is alarmingly commonplace. The section below exposes the flawed logic of this position and in its place offers an alternative way of thinking about agricultural investment.

## 2 Positive alternative investment case-studies

This section sets out a variety of examples of positive investment alternatives to large-scale land acquisitions or leases. The case-studies demonstrate the viability of different investment regimes, based not simply on the accumulation of financial capital but also ecological, social and cultural capital. The aim is to reclaim the concept of investment – which has become hijacked to stand for a very narrow form of agricultural restructuring - in order to renew the debate on the future of farming, both in the global North and South.

While the case-studies are specific to their respective contexts, they also provide snapshots which capture the broader contours of agrarian change associated with different forms of investment. The case-studies thus move across a variety of investment contexts and ecological settings, encompassing a range of different rural actors and classes. Attention is also paid to the role of states and markets in agricultural investment, understanding the need to disaggregate public policies and define under what terms market engagement is desirable.

The case-studies draw on different approaches to analysing the dynamics of agrarian change, including elements of agrarian political economy, political ecology, rural sociology, and the livelihoods framework. Each of these fields raises its own set of agrarian questions which will be addressed throughout the presentation and discussion of the case-studies. This sets the stage for eventually drawing some conclusions about how to protect, strengthen and expand these kinds of positive alternative investments in order to effect global change.

### 2.1 Land and livelihoods

In agrarian peasant societies, land and livelihoods are intimately connected. As social reproduction is premised on land based resources, an intrinsic ecological rationality is built into peasant societies who depend on the use, transformation and reproduction of natural capital for their material well-being (Bebbington 2004). Investment in land based resources is therefore a way to improve positive synergies between agriculture and the environment, increase ecological resiliency, and add value to existing livelihoods. Such investments are based on an ongoing re-negotiation between peasants and their environment in order to perform the many cultural and ecological adaptations which help secure the reproduction of land based social relations. This means that peasant societies, far from being ossified or ‘anti-modern’, are in fact continuously innovating in the face of agrarian change.

This section will explore some of these dynamics of agrarian change. In particular, it will look at the diverse livelihood



strategies which have arisen as a response to both a positive land use change – Zimbabwe’s Fast Track Land Reform programme – and a negative land use change – land grabs and increasing resource competition in the Tana river Delta in Kenya. In both cases, the focus will be on examining changes in agrarian structures and the impact processes of land fragmentation, enclosure, concentration, and redistribution have on the ability of rural societies to invest in and sustainably manage land based resources. In Zimbabwe, land reform is allowing small-scale agricultural producers to engage in a process of ‘accumulation from below’ to improve the value of their physical and natural resource base. In Kenya meanwhile, land grabs are undermining the management of common property, producing risk, and engineering scarcity. This forms a threat to existing livelihoods, and calls into question the future of Kenya’s dryland and wetland ecosystems. An illustration of this will be given through an analysis of processes of social differentiation in Kenya’s pastoral economy.

### a) Fast Track Land Reform in Zimbabwe

The case of land reform in Zimbabwe has been subject to much academic debate (Mamdani 2008; Helliker 2011). This debate has tended to polarise around two competing narratives. The first sees land reform in Zimbabwe as part of an authoritarian state project to reassert control through a series of oftentimes violent and highly racialised land seizures which have opened up new channels for elite enrichment and political cronyism. This has led to widespread agricultural collapse as large-scale commercial farms were broken up and distributed into the hands of new land owners of varying skills, resources, and experience. The second interpretation argues that Zimbabwe’s Fast Track Land Reform has been essentially redistributive in nature, marking a decisive break with historical patterns of unequal land ownership and concentration. While acknowledging elements of corruption and repression, it rejects the notion that land reform has been primarily a vehicle for political patronage, arguing that the majority of the land reform’s beneficiaries are black small-scale farmers. These small-scale farmers are investing in the land and making positive contributions to local food security and rural economies. Rather than a process of agricultural collapse, Zimbabwe is thus undergoing a process of rural transformation anchored in a new mode of agricultural production.

Having sketched out the broad contours of the debate, it is not within the remit of this paper to definitively stake a claim in either of these two camps, nor to challenge either side on all of their respective claims. Rather, the aim is to provide more of an empiricist account, looking at what is actually happening on the ground – in terms of livelihoods, agricultural activity, and investment patterns – and how this relates to wider changes underway in Zimbabwe’s agrarian structure. Two major empirical studies on Zimbabwe’s Fast Track Land Reform programme

inform this effort: i) the publication by Scoones, Marongwe et al. (2011) entitled ‘Zimbabwe’s Land Reform: Myths and Realities’ based on extensive field research in Masvingo province involving a sample population of 400 households and ii) the Baseline Surveys carried out by the African Institute of Agrarian Studies and analysed by Moyo, Chambati et al. (2009) which have consistently tracked the results of the land reform programme in six districts since 2000.

The most striking finding from both of these studies is that small-scale farmers are productively investing in the new resettlements. These investments, although modest in nature and related to immediate needs and ambitions, significantly increase the value and productive potential of the land. In the case of Masvingo province, where about 28% of the land area was transferred as the result of the Fast Track Land Reform Programme, each household invested an average of \$ 2000 in land and agricultural development (Scoones, Marongwe et al. 2011). Table 1 gives a breakdown of the average investment expenditure of each household.

Table 1. Breakdown of average investment expenditure per household in Masvingo province

#### The value of investments

Focus of investment	Average value of investment per household (US\$)
Land clearance	\$385
Housing/buildings	\$631
Cattle	\$612
Farm equipment	\$198
Transport	\$150
Toilets	\$77
Garden fencing	\$29
Wells	\$79

Source: Scoones, Marongwe et al. (2011)

These findings are corroborated on a wider scale by the results of the 2005/06 Household Baseline Survey conducted by the African Institute of Agrarian Studies which shows that across the six districts sampled and in both A1 smallholder schemes and A2 medium-scale commercial farms, significant investment is taking place. Similar to the investment profile encountered in Masvingo province, a breakdown of the investment given in Table 2, shows that the most common investment was in a homestead (62%), followed by livestock (13.4%) and irrigation facilities (10.3%).

Table 2. Types of investment made by households in newly resettled areas across six districts

Type of investment	A1 model		A2 model		Total	
	No	%	No	%	No	%
Homestead	1089	66.0	206	47.0	1295	62.0
Irrigation equipment	168	10.2	48	11.0	216	10.3
Farm equipment & machinery	111	6.7	39	8.9	150	7.2
Storage Facilities	123	7.5	30	6.8	153	7.3
Livestock	200	12.1	79	18.0	279	13.4
Tobacco barns	22	1.3	6	1.4	28	1.3
Electricity	5	0.3	2	0.5	7	0.3
Worker housing	123	7.3	62	14.2	185	8.9
Plantations & orchards	12	0.7	2	0.5	14	0.7
Environmental works	18	1.1	5	1.1	23	1.1

Source: Moyo, Chambati et al. (2009)

These investments belie the characterisation of Zimbabwe's land reform as subsistence based. Instead, a more complex picture emerges of various processes of social and economic differentiation in which new livelihood opportunities, intertwined to varying degrees with the market economy, are being created. In Masvingo province for example, over half of the sample households are either 'stepping up' – accumulating assets and producing crops for sale – or 'stepping out' – successfully diversifying into off-farm sources of income generation (Scoones, Marongwe et al. 2011). Farmers are investing not only in their own plot of land but also in new businesses such as shops, bottle stores, butcheries and transport operations while communal investment is being made in the construction of churches, schools, roads and shops (ibid). In this way, the investments made by the land reform beneficiaries are setting the foundations for new patterns of social organisation and market transaction to emerge.

Zimbabwe's land reform process has however been uneven and not all rural classes have benefitted. Women have not been granted the same access to land as men (Cliffe, Alexander et al. 2011). With the dismantling of large agro-estates, there has also been a decline in the number of farm workers with some authors speaking of a 'massive displacement' effect (Mamdani 2008). Others have been more cautious, emphasizing the emergence of new labour regimes, often linked to itinerant, casual modes of employment, rather than wholesale dispossession (Cliffe, Alexander et al. 2011). Meanwhile, although many farmers have been able to engage in petty commodity production, employ labour and expand the scale of their farming operations, others are struggling, either 'hanging in' or 'dropping out' (Scoones, Marongwe et al. 2011). However, the farmers that are investing can not be described as political cronies. In Masvingo province, 60% of the households studied were made up of 'ordinary farmers'; only on 3% of the redistributed land, which was controlled by the security services, could a reasonable assumption be made that cronyism was at work.

The fact that some farmers are struggling is hardly surprising given the debilitating economic crisis and world record hyper-

inflation which framed much of period during which the Fast Track Land Reform programme has been implemented and from which Zimbabwe is still recovering. Along with the withdrawal of donor agencies, this cut off many of the sources of national and international assistance for farmers in the newly resettled areas. One of the common findings across various studies is thus that "most [land reform] beneficiaries report facing major constraints to realising the potential of their land and other resources because of lack of timely access to seed, fertilisers and other inputs to production, to credit, reliable markets with guaranteed fair prices, to labour, and to extension services" (Cliffe, Alexander et al. 2011: 926). This explains why nearly all of these investments were made by small-scale farmers without any outside assistance. More than 95% of farmers used their own savings to invest while only 3.9% and 0.7% received private and public support respectively (Moyo, Chambati et al. 2009). This speaks to the skill, ingenuity and sheer grit of many of these small-scale farmers who have been able to survive in the face of harsh economic circumstances.

These contextual factors also point of to the dangers of drawing a facile connection between Fast Track Land Reform and the decline in agricultural production levels. Clearly many intervening variables – the economic crisis, donor boycott, and drought – have all played a role. Moreover, while wheat, tobacco, coffee, tea, beef and maize production have all suffered, aggregate production of small grains, edible dry beans and cotton has expanded (Scoones, Marongwe et al. 2010). Recently, there are signs that small-scale farming in Zimbabwe is stimulating a tentative recovery of the agrarian economy (Moyo and Yeros 2009; Kumar 2011), with some even writing about the possibility of a new smallholder-led 'agricultural revolution' (Cliffe, Alexander et al. 2011).

A look at the empirical evidence thus reveals that land reform in Zimbabwe has not only or even primarily benefitted political cronies but has genuinely improved the lives of many asset and land poor Zimbabweans. In adding 100 000 small owners to the base of the property pyramid, the Fast Track Land

Reform programme has radically transformed Zimbabwe's agrarian structure from one where over half of the agricultural land was controlled by large-scale, commercial producers to one where small-scale, mixed farming now predominates (Cliffe, Alexander et al. 2011). It is in this sense that the Fast Track Land Reform programme can be described as progressive, especially when compared to the market-led land reforms of the 1990s promoted by the World Bank which in effect legalised the unequal land ownership and access patterns from colonial times (Palmer 2008). Using their own savings, skills and resources, the land reform beneficiaries are making productive investments on the new settlements. This form of 'accumulation from below' is a testament to the entrepreneurial drive of Zimbabwe's smallholder farmers and stands in contrast to those that argue that 'accumulation from above' i.e. the kinds of capital intensive investments associated with large-scale agriculture is the only viable means to develop and modernise agriculture (Helliker 2011).

## b) pastoralism and agrarian change in Kenya's Tana Delta

While pastoralists have been described as "specialists in the art of surviving in marginal environments", they themselves are facing marginalisation through policies of land fragmentation and enclosure (Nunow 2011). This is often based on the belief that pastoralism constitutes a backward mode of production incompatible with modern ways of life. In Kenya, such biases are clearly reflected in official government policy documents. Kenya's New Land Policy, which was adopted in 2009 by the Kenyan parliament, clearly prioritises individual land ownership over customary land tenure systems (FIAN 2010). The government's 'Vision 2030' strategy paper meanwhile promotes foreign investment as the key to further agricultural development (ibid). This has led to an increase in recent years of large-scale land allocations to private investors for commercial development, particularly in Kenya's Tana Delta (see Box 2), with serious water implications (Duvail, Médard et al. 2012). While these land deals form a new and potent threat to Kenya's pastoralists, they should be seen as but the latest manifestation of what is historically a much longer assault on pastoral systems (Flintan 2011).

Pastoralism is a mobile system which relies upon the ability to access and track spatially distributed resources such as grazing pastures and water across a landscape (ibid). It is this mobility, along with the creation of community based governance systems and the ownership of assets such as livestock, which forms the bedrock of the pastoral economy. It also means that pastoralism is closely aligned with complete ecosystem management as pastoralists follow the grazing cycle (ibid). In the Tana Delta in Kenya, the Orma and Wardei pastoralists migrate according to the wet- and dry-season, as new grazing pastures become fertile while others are left to regenerate (Temper). When the integrity of this cycle is undermined, by restricting access to these grazing pastures and other land

based resources, the whole foundation of the pastoral economy collapses. This is why large-scale land allocations in the Tana Delta represent such an existential threat to the pastoralist communities. It is estimated for instance that the realisation of a planned public-private joint venture between the Tana and Athi River Development Authority (TARDA) and the Mumias Sugar Company involving a 20 000 ha sugarcane plantation "would spell doom" for at least 2 000 pastoralist families and 350 000 heads of cattle (FIAN 2010).

Land and water grabbing ventures such as those in the Tana Delta are often justified on the basis that they promote the most profitable use of natural resources. Such claims must be critically interrogated. The economic returns projected for the abovementioned sugarcane project for example are only possible due to the fact that the developers will be allowed to abstract the required 2 420 000 m<sup>3</sup> of water per day free of charge, saving €6 million a year in water fees (Temper). The implicit subsidies given to the venture mean that the ecological irrationality of the project is likely to go unchecked. Negative externalities which might be generated by the vast water requirements of the project, such as the risk of downstream ecosystem damage, reduced water availability for livestock and wildlife, the pollution of groundwater, lakes and rivers, and increased potential for inter-tribal conflict, are therefore not integrated into any cost accounting mechanisms. Perhaps however the clearest indicator that sugarcane project does not represent the most profitable use of the land is provided by a cost-benefit analysis conducted by Nature Kenya on alternative development scenarios in the Tana Delta which shows that the income generated by traditional farming, fishing and cattle grazing is almost three times higher than potential sugar cane revenues (FIAN 2010). The planned sugarcane project is thus not only subsidised by vast ecological rents but also carries with it extremely high opportunity costs.

Far from being a backward mode of production, pastoralism can be an exceptionally effective economic system. This is particularly true for dryland areas where pastoralists' ability to move across a landscape to utilise a variety of vegetation states and to track scarce or unpredictably distributed resources offers them unique advantages (Flintan 2011). This allows pastoralists to build up resilience and reduce their vulnerability to drought. With drylands covering more than 80% of Kenya's land area, pastoralism plays a critically important role in Kenya's economy, accounting for 50% of its annual GDP (Abraham 2011). The livestock raised by Kenya's 4 million pastoralists on predominantly arid and semi-arid lands meanwhile is estimated to be worth \$800 million per year (Flintan 2011). These valuations support the findings of the majority of studies which show that pastoralism is the most profitable way to exploit a semi-desert environment (Nunow 2011). Pastoralism is likely to even prove a more effective production system in light of climate change, with Kenya identified as one of the countries most vulnerable to increased flooding and droughts as a result of climate change (FIAN 2010).

Yet rather than helping to secure pastoralists' rights to land and resources and to further adapt to new challenges such as climate change, the Kenyan government has instead promoted a process of land fragmentation, resource privatisation, and irrational commercial development, which are steadily eroding the foundations of the pastoral system. In particular, the loss of dry-season grazing areas and the blocking of migratory routes has left pastoralists more vulnerable to the effects of drought (Flintan 2011). This is something that is still underappreciated when it comes to evaluating the causes of food insecurity and poverty in the region. Although there are some signs that the incidence and severity of droughts has increased, pastoralists in Kenya, Ethiopia and Uganda report that it is not the increased frequency or intensity of drought that is so much the problem, as is the undermining of their coping strategies (ibid). A pastoralist response to the 2008/9 drought in Kenya for instance, which resulted in high loss of human life, high livestock losses and a total of \$4.6 million in humanitarian relief, stated that "If we could have access to grazing areas that we used 30 years ago, this drought would not have affected us and there would have been no need for you to come here" (ibid). The marginalisation of pastoral communities can thus have far-reaching and devastating consequences.

In recent years, there has been much debate about the future of pastoralism in East Africa. Pessimistic analyses focus on the declining people to livestock ratios, the few market opportunities, and the continued loss of grazing land to argue that most pastoralists are better off leaving the system (Scoones and Devereux 2008). This is perhaps true in the strict sense that today very few 'pure' pastoral settings remain intact (ibid). Pastoralists have however proven to be adept in responding to the dynamics of agrarian change. New social organisations are for example emerging around the marketing and trading in livestock and livestock products for commercial markets (Nunow 2011). This is generating new income earning opportunities, especially for women. Others are supplementing pastoral livelihoods with opportunistic farming and forms of agro-pastoralism as a risk-spreading strategy (Scoones and Devereux 2008). Pastoralists are also innovating to cope with drought and increasing water scarcity. In the Pokot areas of Western Kenya for instance, pastoralists are developing water storage facilities by constructing small dams across streams and rivers (ibid). They are also protecting weaker livestock from the effects of drought by leaving them in permanent homesteads where they can feed on hay and farm residues (ibid).

It is important however to gloss over the very real difficulties faced by many pastoral communities in Kenya and East Africa more generally. It is often only the better off pastoralists, who possess sufficient assets and capital, who are able

to take advantage of new market opportunities or have managed to gain favouritism within land allocations (Scoones and Devereux 2008). For the majority of pastoralists, the process of land fragmentation is compromising their ability to invest, produce and overcome drought (Flintan 2011). It is therefore imperative that dominant policy visions which promote large-scale commercial agricultural development are confronted. In this struggle, it is important to note that policy visions are not hegemonic and that many land deals are not fixed but can be challenged. Opposition from pastoralists and the formation of 'resistance coalitions' is for instance given as one of the primary reasons for why many of the land deals in the Tana Delta have stalled (Smalley and Corbera 2012). Parlaying such rural activism into a broader counter-movement in support of pastoral rights to land and water, mobility, and customary governance systems will be critical to protect the future of dryland ecosystems such as the Tana Delta.

## 2.2 Agro-ecology and the 'peasant principle'

Investments made by small-scale farmers are often based on what has been called the 'peasant pedagogy' (Rosset, Machin Sosa et al. 2011) or the 'peasant principle' (Van der Ploeg 2008). These notions refer to the ability of small-scale family farmers to harness locally derived knowledge about agriculture and natural systems in order to build up forms of ecological, social and cultural capital which allow for the reproduction of the peasant condition. It is intimately connected to the (re)assertion of peasant autonomy and control over land and other productive resources in order to construct a 'farmer road to development' based on the principles of food sovereignty, agrarian reform and human rights (Rosset 2006; Desmarais 2007). In resisting the increasing commodification of nature and the undemocratic control of the world food system by 'food empires', the peasant principle is above all an emancipatory notion (Van der Ploeg 2008).

A powerful example of this form of peasant driven development is the agro-ecological movement. Agro-ecology combines insights from both agronomy and ecology in order to generate an agro-ecological systems approach to the management of natural landscapes. This management is based on five key ecological principles<sup>2</sup> which advance a form of low-external input, sustainable agriculture based on farming systems which are resource-conserving, resilient and highly biodiverse (De Schutter and Vanloqueren 2011). Agro-ecology does not involve just the technical aspects of farming. Since the ecological principles underpinning agro-ecology are adapted to best suit local circumstances, agro-ecological systems are highly

2 De Schutter and Vanloqueren (2011) detail the five key ecological principles as follows: 1) recycling biomass and balancing nutrient flow and availability; (2) securing favorable soil conditions for plant growth through enhanced organic matter; (3) minimizing losses of solar radiation, water, and nutrients by way of microclimate management, water harvesting, and soil cover; (4) enhancing biological and genetic diversification on cropland; (5) enhancing beneficial biological interactions and minimizing the use of pesticides.

reliant on local, traditional, and indigenous knowledge of farming techniques. Agro-ecology is thus strongly aligned with processes of re-peasantization and the strengthening of small-scale agriculture. This forms perhaps the key difference with other sustainable agriculture initiatives such as organic agriculture which simply involve forms of input-substitution. Agro-ecological systems meanwhile emphasize food, technological and energetic sovereignty which ensures that agro-ecology does not end up becoming subsumed by corporate controlled agriculture (Altieri and Toledo 2011).

This section will consider two examples of investments in agro-ecology. The first is that of agro-forestry in southern Africa. The benefits of agro-forestry in terms of increased yields, food security, bio-mass conservation and long-term adaptation to climate-change are clearly visible here but obstacles are still encountered in relation to inclusion thresholds and the wider incentive structure needed to foster its adoption. The second example is that of Cuba where agro-ecology has been structurally embedded as part of national agricultural policy. Discussion here will focus in particular on the emergence of the farmer-to-farmer agro-ecological social movement as a way to spread agro-ecological knowledge and practices.

### a) agro-forestry in southern Africa

Agro-forestry refers to a range of techniques and practices involving the integration of trees into farming systems. As a land management approach, agro-forestry has a long precedent, forming an integral part of many traditional agricultural systems before mono-cropping and other intensive land use practices led to the clearance of trees and woody shrubs from the landscape. The negative effects of these industrial farming practices, which destroy organic matter, leach soil nutrients, and increase the risk of soil erosion and desertification, have prompted a revisiting of the benefits of agro-forestry. By adding biomass and replenishing soil fertility, improving soil aggregation, and providing a favourable environment for soil fauna and flora to flourish, agro-forestry can help reverse these trends. Agro-forestry is not just a conservation tool. In building up the resilience of the land and enhancing on-farm fertility production, agro-forestry can help farmers realise greater cash incomes and food security as the trees do not just act as an organic source of fertilizer the trees but can also serve as a source of fruit, animal fodder, fuelwood and timber.

Agro-forestry is practised across a range of different ecological settings in both the North and South. It holds particular promise for land rehabilitation efforts in sub-Saharan Africa where 65% of the land is at risk of degradation due to the depletion of soil fertility (Garrity, Akkinifesi et al. 2010) and where arid and semiarid areas are projected to increase by 60 million to 90 million hectares (De Schutter and Vanloqueren 2011). A variety of different agro-forestry programmes have been initiated throughout the region. In Malawi, the 'Malawi Agroforestry Food Security Programme' - a four year programme begun in 2007

which provides training and assistance to small-scale farmers on the intercropping of maize with nitrogen fixing tree species - is a noteworthy example (Ajayi, Akkinifesi et al. 2008; Pye-Smith 2008). The programme is supported by the World Agroforestry Centre which works with 20 research and development stakeholders in Malawi, including the National Smallholder Farms Association, NGOs, national universities and government ministries, to provide farmers with seedlings and polythene tubes and to disseminate knowledge about agro-forestry techniques (Pye-Smith 2008). Uptake has been high: 200 000 households are now believed to be practicing agro-forestry techniques, covering some 40% of Malawi's districts (ibid). As a result maize yields in Malawi have increased on average from 1 t/ha on unfertilized land to 2-3 t/ha with the integration of tree-fertilizer species (Garrity, Akkinifesi et al. 2010).

The yield increases which have been observed in Malawi have been corroborated by a meta-analysis conducted across several countries in Africa which found that agro-forestry generates between 57-114 extra person days of maize consumption per year on an average tree plot size of 0.2 hectares (Ajayi, Place et al. 2011). Indeed, the benefits of agroforestry are being realised throughout southern Africa. Table 3 shows the gains which are netted by farmers in Malawi, Zambia and Mozambique where the majority of households report improvements in yields, food security, income, and soil quality following the adoption of agro-forestry techniques.

However, even though the benefits of agro-forestry are manifest, a significant obstacle to the adoption of agro-forestry practices still remains, namely the time-lag which exists between the initial investment and the realisation of the benefits following from the investment. This is indeed a familiar problem when it comes to the adoption of new technology and management practices. As Figure 1 shows, before farmers will see a net return on their investment, they will have to be able to absorb net losses. In agro-forestry this is particularly a problem given that the time-lag is fairly long: it takes on average two years before farmers will see a return on their investment depending on the growing period of the trees (Ajayi, Akkinifesi et al. 2008). A study (ibid) has shown that it is this time-lag, rather than a lack of information or farmer awareness, that is the major constraint to the adoption of agro-forestry in southern Africa.

Despite this constraint, there are a number of measures which can mitigate the effects of this time-lag. The first is through the prioritising of relay and intercrop rather than set-aside agro-forestry systems in which the trees are grown in between food crops rather than on fallow land. This allows the farmer to still harvest food crops from the land while waiting for the trees to impact on soil fertility. This has proven successful in Malawi where very small plot sizes do not allow for the setting aside of land (Ajayi, Place et al. 2011; Kinver 2011). The second measure which could help overcome this adoption threshold is through governments offering a so-called 'subsidy to sustainability'. In Malawi, the possibility is being explored of linking

fertilizer subsidies to agro-forestry investments (De Schutter 2010). This not only eases the credit constraints faced by small-scale farmers but would also offer the Malawian government a possible exit strategy from fertilizer subsidies altogether as agro-forestry systems provide the basis for sustainable soil management.

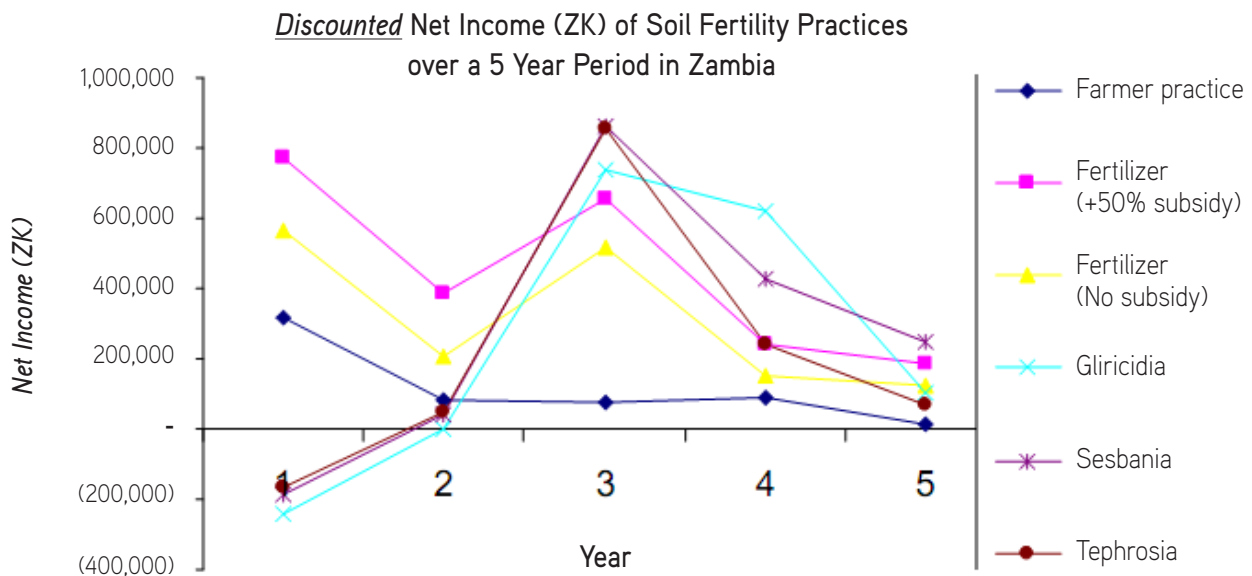
This could prove to be a particularly useful innovation, especially in a context where government policies which encourage industrial agricultural practices, such as synthetic fertiliser subsidies, are rationalised on the basis that they are pro-poor and development oriented. Linking these subsidies to agro-forestry systems would help align the broader incentive structure governing farmers' investment decisions with more ecologically sound, climate friendly farming practices. The economic case for doing so is equally compelling. Although one must always set improvements in crop yields, curtailment of productivity losses, and cash outputs against the value of the land, labour and capital required to establish and maintain an agro-forestry system, evidence from Zambia suggests that the long-term net incomes to be gained from agro-forestry are positive (see Figure 2). In particular the tree species *Sesbania* holds out much promise, granting farmers a greater net income from year 3 onwards compared with a 50% subsidy on synthetic fertilizer. When one factors in the beneficial ecosystem services provided by agro-forestry systems compared to the negative externalities generated by conventional farming practices then the true accounting costs are likely to be even more in favour of agro-forestry systems. It is thus up to government to set up the right policy frameworks and institutional mechanisms to allow for such a transition.

b) the *campesino-a-campesino* movement (MACAC) in Cuba

Cuba's agro-ecological revolution provides one of the best examples that alternative agriculture can succeed. The novelty and strength of this revolution is derived from the fact that small farmers were at the forefront of Cuba's transition from a form of high-input, export-oriented, industrial agriculture towards agro-ecological farming. Beginning with the activities of small farmers on the ground, whose knowledge and use organic fertilisers, biological forms of pest control, and animal traction made them remarkable adept at responding to the Cuban economic crisis, these practices were to become transformed into a grassroots agroecological social movement known as the Campesino-to-Campesino Agroecology Movement or MACAC (Rosset, Machin Sosa et al. 2011). The success of this movement, which is spearheaded in Cuba by the National Association of Small Farmers – ANAP – is reflected in its rapid membership proliferation. From just over 200 families in 1999, MACAC has grown to encompass 110 000 families, a third of the total peasant sector, in 2009 (ibid). In 2008, MACAC registered more than 2 million participants in its over 60 000 activities (ibid).

The success of MACAC in Cuba can be attributed to a number of factors. By far the most important is the fact that MACAC relies strongly on the 'peasant pedagogy' (Rosset, Machin Sosa et al. 2011). By harnessing the power of peasants, MACAC developed a form of 'horizontal communication' in which farmers themselves were the main agents in the dissemination of agro-ecological techniques (ibid). This involved peasant families with proven success in particular agroecological farming methods,

Figure 1. Comparison of annual net incomes between agro-forestry, synthetic fertilizer, and non-fertilizer systems in Zambia.



Note: Gliricidia, Sesbania, and Tephrosia refer to particular tree species  
 Source: Ajayi, Akkinifesi et al. (2008)

linking up with other peasant families in the country through the support of facilitators, promoters and coordinators, to demonstrate these agroecological practices. This farmer-to-farmer exchange offers considerable advantages over conventional forms of extension which can be top-down and demobilising. In the blueprint set out by MACAC, farmers themselves are the main actors in both the generation and dissemination of agricultural knowledge and technology.

MACAC would not have succeeded however had the benefits of agroecological over industrial agriculture not materialised. Bolstered by the Cuban government's national food sovereignty policy, the creation of farming cooperatives and the transfer of 80% of formerly state-owned farmland to cooperative and individual farmers, Cuban food production rapidly rebounded after its collapse following the end of the Soviet trade bloc (Rosset 1998). By mid-1995, Cuba's food shortage had been overcome and in the 1996-97 growing season Cuba recorded its highest-ever production levels for 10 of the 13 basic food items in the Cuban diet (ibid). Between 1996-2005, Cuba posed the highest food production scores in Latin America and the Caribbean with an annual growth in per capita food production of 4.2% compared to a regional average of 0% (Altieri and Funes-Monzote 2012). These production increases (which are highest on farms with the greatest degree of agroecological integration) have allowed Cuba to achieve high levels of food, energetic and technological sovereignty (Altieri and Toledo 2011; Rosset, Machin Sosa et al. 2011). Cuba now imports only 16% of its food while the use of agricultural chemicals declined by 72% between 1988 – 2007 (Altieri and Funes-Monzote 2012).

The spread of the agroecology movement in Cuba has been accompanied by a growth in the total value of peasant production in Cuban agriculture and in the number of small-scale farmers (Rosset, Machin Sosa et al. 2011). As the transition from conventional agriculture to simple input substitution to agroecological farming raised the total productivity of both land and labour, farmers' incomes relative to other sectors of society increased (Tharamangalam 2008). This has sparked a process of re-peasantization with former urban workers, especially from the Eastern part of Cuba, moving back to the countryside (Enrique 2003). It has also contributed to an unprecedented growth in urban agriculture (Rosset 1998; Altieri and Funes-Monzote 2012). The movement of non-agricultural to agricultural labour challenges the fundamental premise of the agrarian transition paradigm while the growth in urban agriculture holds out "... the potential of creating a rural-urban continuum that will reduce the gap between rural, agricultural life on the one hand and urban non-agricultural life on the other" (Tharamangalam 2008). In many respects Cuba

thus represents a truly alternative model for the role of agriculture in society.

Can Cuba's agro-ecological revolution be replicated elsewhere? Some sceptics argue that Cuba's unique characteristics and historical experience make it an unlikely model for emulation.<sup>3</sup> This is however to miss the opportunities for spreading agroecological knowledge and practices presented by the campesino-a-campesino social process methodology. Considering that "in the typical case, in most countries most of the time, there are abundant and productive ecological farming practices 'on offer', but low adoption of them is the norm, because what is lacking is a methodology to create a social dynamic of widespread adoption" (Rosset, Machin Sosa et al. 2011: 168), MACAC's decentralized, non-hierarchical process of innovation and diffusion based on the 'peasant pedagogy' offers significant advantages over the 'project based' nature of many NGOs (Holt-Gimenez 2006) and the 'cyclical mindset' of state authorities (Altieri and Funes-Monzote 2012).

Having initially spread in a capillary fashion throughout Mes-america and the Caribbean (Holt-Gimenez 2006), MACAC is now increasingly being consolidated as a global movement for social change, in large part due to the championing of agroecology by the world-wide peasant movement, La Via Campesina (LVC). According to Rosset, Machin Sosa et al. (2011), "The past three to five years have seen virtually every organization in LVC around the world attempt to strengthen, initiate, or begin to plan its own program for promoting, to varying extents, the transition to agroecological farming among their members". Agroecology is consistently being recognised as a new approach to rural development and features prominently in the IAASTD (2009) report and in the work of the UN Special Rapporteur on the Right to Food, Olivier de Schutter (2010). It will be through the continued on all these fronts that the new agroecological paradigm will take hold.

### 2.3 Alternative food networks and new 'nested' markets

The corporate dominated world food system does not work in the interests of the majority of the world's farmers. The liberalisation of agricultural trade has facilitated a wave of mergers and acquisitions which have allowed agri-business corporations to exert increasing ownership and control over almost all upstream and downstream stages of the food chain – from the provision of inputs, to transport and logistics, through to food processing, and finally to retail and marketing (Desmarais

<sup>3</sup> The 'Cuban exceptionalism' thesis argues that the confluence of factors which induced Cuba's switch to agro-ecological farming do not exist in conjunction elsewhere. These include: i) the economic crisis engineered by the collapse of the Soviet trading bloc which imposed extraordinary high 'scarcity costs' for imported agricultural inputs; ii) an agrarian reform which had placed land in the hands of an organised peasantry; and iii) a supportive state committed to the renewal of peasant farming. See Rosset, Machin Sosa et al. (2011) for further discussion.

2007; GRAIN 2010). The outcome has been an astounding degree of market concentration in which a small number of food buyers, manufacturers and retailers are able to profit from the differential between farmgate and consumer food prices. With the dismantling of national marketing boards and minimum price guarantees, this differential has dramatically expanded delivering high profits for the intermediaries but leaving primary producers battling an extraordinary 'cost-price' squeeze (Desmarais 2007). While a bushel of corn sold for less than \$4 in 1998 for example, a bushel of cornflakes sold for \$133 (ibid). The result is that the proportion of the shopping basket price which goes back to farmers has fallen steadily (Ritchie and Martinez 2011). Yet as globalisation is deepening and the vertical integration of transnational agro-food chains is intensifying, it seems as if the options available to the world's family farmers are radically narrowing.

It is against this backdrop that the emergence of alternative food networks (AFNs) and new 'nested markets' is particularly interesting. Both share a number of defining features in common. While formally existing alongside corporate agriculture, AFNs and nested markets differentiate themselves from conventional markets and food chains by their shorter, de-centralised, more flexible circuits of production, their autonomous governance structures and the high degree of reciprocity and mutual understanding that exists between the different market actors (Van der Ploeg and Ventura 2010). In an age of 'super-market revolutions' and long distance food production, AFNs and nested markets aim to redistribute value through the food chain by signalling a switch to a more territorial mode of food governance in which the social relations of food production and consumption are re-patterned (Vihinen and Kroger 2008). This offers farmers much greater autonomy and potential reward than that which is possible within industrial food chains where a small number of actors often exert undue and unaccountable influence. AFNs and nested markets do not arise spontaneously. Rather they are the active creation of an often quite broad array of social forces – from farmers organisations, to urban consumers, to social movements, to public ministries – that seek to 'de-monopolise' existing agricultural markets and thereby open up space in which "alternative relations, tendencies, identities and transactions can be constructed" (Van der Ploeg, Jingzhong et al. 2010). It is in the ability to "identify spaces of production within the market but outside the norms of capitalist evaluation" that the power of AFNs and nested markets can be realised (Watts, Ilbery et al. 2005).

In this section, two examples of investments in AFNs and nested markets are examined. The first is the movement to (re)build local food systems in Europe by promoting the model of 'community supported agriculture'. Different aspects, including forms of direct selling, community land trusts, and the participatory guarantee system of food labelling will be discussed as a precursor to calling for a reform of the EU's Common Agricultural Policy. Food re-localisation strategies adopted by the community supported agriculture model can

only succeed where they mobilise a wider 'community of food practice' should they wish to exist beyond the margins of the mainstream food economy. This brings in the second example of 'nested' markets in Brazil. Here, innovative public procurement policies have functioned as a transformative tool for guiding rural development by opening up new market spaces for Brazilian small-scale farmers. Particular attention is paid to the role of social actors in the creation of these nested markets. This will set the stage for a reflection on the role of the state and how public investment in agriculture can help support these nested markets.

### a) building local food systems: community supported agriculture in Europe

Community supported agriculture (CSA) refers to arrangements between farmers and consumers in which both commit to support each other on a long term basis. In return for the supply of fresh, high quality food of known provenance, consumers help farmers to secure fair and stable incomes by signing standing orders and forward contracts which cover an entire growing season (Urgenci). Examples even exist of the creation of local food credit unions in which members exercise collective purchasing power to procure fresh food from local producers (Ritchie and Martinez 2011). Whatever the precise financial infrastructure, the CSA model signals a radical restructuring of producer-consumer relations as consumers are mobilised to share in the risks of agricultural production and contribute to the continuation of local farming futures. In Europe, local food systems are being supported by the 'CSA for Europe' project. This is a three year project running from 2011 to 2013 facilitated by the EU Grundtvig Lifelong Learning Programme which promotes the concept of CSA by organising information tours, peer-based training sessions, knowledge exchange workshops and farm visits between four 'mature' countries – France, Germany, Austria, UK – where CSA is more developed and four 'fledgling' countries – Greece, Slovakia, Czech Republic, Hungary – where CSA is less well known (Urgenci).

The CSA model in Europe has been linked to the critical issue of access to land. In the UK for example, the Community Farm Land Trusts (CFLT) project has been established by Stroud Common Wealth Company Limited, a not for-profit company which seeks to secure and develop (agrarian) property for public rather than private benefit. The CFLT project "provides a mechanism for the democratic ownership of farm land and related assets by the community" and is a particularly interesting option to explore when it comes to issue of inheritance and the continuation of working farms when there are no farming family successors (Stroud Common Wealth 2005). In France, the national 'Association of Land Links' (La Foncière Terre de Liens), born the late 1990s out of several popular movements related to organic farming, CSA, and rural development,



promotes collective access to land through forms of social financing (Terre de Liens). It buys land with the savings of citizens to lease to farmers who sign up to the environmental and social charter of Land Links. In a period where land is being increasingly enclosed, commodified and privatised through the creation of land markets, land trusts and CSA movements allow for much greater public involvement in determining local food policy and land use.

Direct selling through box schemes and farmers' markets is one prominent strategy through which farmers can receive a fairer share of the food price. Local food economies are however likely to remain marginal if they rely on direct selling alone given that the takings from farm shops and farmers' markets tend to be slim relative to the amount of working hours that are invested (Ritchie and Martinez 2011). Moving from direct selling to supplying food retailers can however be a risky transition, particularly given the disappearance of many independent food retailers and the strict specifications of supermarket chains which typically exclude all but the largest and most specialised producers (ibid). There is also a danger that in the encounter with large food retailers, the commitment to local, fair and sustainable food production becomes subverted as the products of local farmers may for instance go through large intermediary processors before reaching the supermarket (ibid). In Europe, a number of guidelines are being prepared to ensure that the CSA model retains its integrity. These guidelines include a commitment by CSA practitioners to the 'participatory guarantee scheme' (PGS), a tool used by producers, consumers and other stakeholders to collectively define, monitor and evaluate standards and certification procedures. By putting civil society and local communities in charge, PGS ensures that labelling and certification do not simply become a corporate branding exercise but an open mechanism through which to support and build local food systems.

Growing local food systems depends on a range of both top-down and bottom-up initiatives. These can bring together a wide array of actors including farmers, consumers, food policy councils, non-profit organisations, public health professionals, environmental and social justice campaigners amongst many others. It is this 'community of food practice' which give meaning to the notion of the local food economy, moving it beyond a mere defensive and fringe movement, towards a coherent vision for an alternative food system (Friedmann 2007). Although, local food systems are by their nature preoccupied with more local and regional factors, they cannot escape tackling the larger policy framework which exercises such a determining influence. In the European context, reform of the Common Agricultural Policy is critical in this regard given the subsidies it affords to an export oriented, import dependent model of 'competitive' agriculture based on large-scale farming enterprises (Fritz 2011). Redirecting such a subsidy regime towards small-scale alternatives could be one of the key ways through which public investment could support local food systems at zero extra cost. This would allow food relocalisation

strategies such as the CSA model in Europe to truly form part of a wider 'alternative food geography' (Wiskerke 2009).

## b) new 'nested' markets and rural development paradigms in Brazil

The construction of new market spaces in which alternative modes of production, exchange, and value creation can flourish is often the outcome of intense social struggle. Yet it is within these spaces that new synergies and investment opportunities are visible, pointing towards a new model of agrarian political economy. Brazil is an interesting example of how new markets have come into being through the interactions of different social actors including farmers' organisations, trade unions, rural NGOs, social movements and various government ministries. Some have identified in this constellation of forces a new emergent Brazilian rural development paradigm centred on land reform, agro-ecology, food security and support for small-scale farmers (Schneider, Shiki et al. 2010; Van der Ploeg, Jingzhong et al. 2010). Rural development is however a contested notion and the ability to steer it in any one direction is often compromised by conflicting interests and power agendas. The state reveals itself to be a contradictory and uneven actor in this process. This is reflected in the evolution of Brazilian rural development policy over the past two decades.

On the one hand, the Brazilian government has enacted policies and mobilised resources in support of small-scale farmers. In 1994, the government established the National Programme for the Enhancement of Family Farming - PRONAF. Over the years, the size of its financial resources and the number of its beneficiaries has steadily grown. Between 1996 - 2008, PRONAF extended more than 14.5 million loans worth around \$ 31 billion (Schneider, Shiki et al. 2010). Family farming has grown as a result, with a 10% increase between 1995/96 - 2006 in the number of family farm units as well as in their gross value of production (ibid). The agro-ecology movement is also supported by the Brazilian government through its PROAMBIENTE policy which promotes environmental conservation and agro-ecological practices by providing farmers with technical assistance, investment and credit, making direct payments for environmental services, and enabling market access for sustainably produced products (ibid).

The Brazilian state has also been adept at using public policy tools to open up new market spaces for poor, small-scale producers through its School Meals Programme and the Government Food Procurement Programme (PAA). Under the School Meals programme, each Brazilian municipality receives a daily subsidy for each student enrolled for 200 days a year with the requirement that 70% of the municipalities' procurements should be staple, non-processed foods, with 30% of the food coming from local family farms (ibid). The PAA programme meanwhile involves the public procurement of food, either by the state or by institutions such as schools, hospitals and restaurants, produced by small-scale farmers grouped together in

associations and registered with the National Supply Company. This is set to benefit over 300 000 poor family farmers – about 10% of the total number of family farmers in Brazil (ibid).

On the other hand, these investments occur against the backdrop of the huge expansion of Brazilian agri-business, accelerating land and resource grabs, continued deforestation and environmental degradation, and vast inequalities in the distribution and ownership of land. The state is often directly implicated in these processes. The National Bank for Economic and Social Development (BNDES) is for example the largest source of credit for sugar ethanol production – one of the major drivers of large-scale land appropriations in Brazil (Sauer and Leite 2012). Indeed, while the Brazilian government has recently responded to criticisms related to land grabbing by banning foreign land ownership, it actively facilitates other mechanisms (foreign-domestic partnerships, processes of land regularisation, failure to secure the territorial rights of indigenous groups) through which land can be controlled by large-scale corporate capital (ibid). In this way the dynamics of the global land grab are perhaps subverted but not overturned by the Brazilian state (Oliveira 2011), in large part due to the government's belief that increasing competition for agrofuels and agricultural commodities represents a 'window of opportunity' for Brazil 'assuming technological leadership in a globally dynamic sector' (Wilkinson and Herrera in Sauer and Leite 2012).

This tension at the heart of Brazilian politics serves as a reminder that 'enlightened' public policy has only come about through significant grassroots struggle. Following its founding in 1994, PRONAF was expanded in 1996 in large part due to political pressure from rural workers' unions which organised one-day marches that were to become consolidated into an annual national protest event, the 'Shout of the Brazilian Land' (Schneider, Shiki et al. 2010). In a similar vein, it is largely thanks to the activism of social movements such as the Brazilian Landless Movement (MST) that land reform has received any attention in policy circles at all (Stedile 2002). The National Forum for Agrarian Reform (FNRA) – a nationwide network gathering together over 40 different agrarian movements, rural organisations, and NGOs – led a national land-ceiling campaign in 2010 calling for an upper limit of 35 fiscal units to be set for all rural property (Schneider, Shiki et al. 2010). Although this has not been taken up by the Brazilian government, it has forced the issue of land concentration onto the national political stage.

Reflecting on the trajectory of Brazil's rural development policies thus reveals many contradictions. This is in part due to the context in which rural development programmes operate. Where neoliberalism has reified markets and rendered state intervention unthinkable, rural development policies prevaricate between the adoption of the ordering principles of global capital accumulation and more redistributive social policies which seek to regulate the free flow of capital. This makes it clear that rural development should not be a state-led project.

This is not to say that public investment has no role to play. On the contrary, in an age where capitalist agriculture mobilises many vectors of rural dispossession (Li 2009), states have a crucial role to play in guaranteeing the right to a living wage, enforcing labour legislation and protecting the Right to Food (De Schutter 2009). This should include opening up new markets spaces for small-scale farmers, either through public procurement or through other policy tools. Against decades of government neglect of agriculture based on 'let die' rather than 'make live' interventions (Li 2009), it is time for states to foreground small-scale agricultural alternatives in official policy making and investment.

## 2.4 'Inclusive' business models: contract farming, a farmer owned cooperative in Ghana, and joint ventures in South Africa's land reform

One of the justifications for the withdrawal of public support for agriculture is the claim that the private sector can step in to bridge the investment gap, which various estimates put between \$83 billion (FAO 2009) and \$90 billion per year (GHI 2011). With land suddenly proving to be an attractive investment opportunity, private sector investment in agriculture has grown in the last decade (CFS 2011). The need for such private sector investments to be 'smallholder sensitive' is frequently referenced (ibid). It is argued that if these private sector investments "are mindful of, and attentive to respecting the rights, interests and potential of smallholder agriculture and family farmers" (ibid), then they can serve as positive alternatives to large-scale land acquisitions and leases. This section will critically examine this claim by looking at three examples of 'inclusive business models': contract farming, a farmer-owned enterprise and a series of joint ventures. These examples show that the record of private sector investments to benefit smallholders is mixed and highly contingent upon the terms under which smallholders are incorporated into economic structures and value chains.

### a) contract farming

Contract farming describes a pre-agreed arrangement between farmers and buyers for the production and supply of agricultural commodities (De Schutter 2011). The agreement usually specifies the purchase price and may include terms on delivery dates, volumes and quality (Vermeulen and Cotula 2010). In many cases the buyer commits to supply upfront inputs, such as credit, seed, fertilisers, pesticides and technical advice, which may be set against the final purchase price (ibid). Contract farming has become one of the main models of agricultural production as well as one of the key sourcing mechanisms for agribusiness corporations. In the livestock sector, half of the world's pork and two-thirds of the world's

poultry and egg production is controlled by large meat corporations and their contracting arrangements (GRAIN 2010). Transnational corporations are engaged in contract farming in 110 countries around the world (UNCTAD 2009) with a particular dominating presence in certain countries: 75% of poultry production in Brazil, 90% of fresh milk, 50% of tea and 40% of rice production in Vietnam, and 80% of the total volume of fruit and vegetables procured by South African agribusinesses is based on contract farming (Da Silva 2005; Ortmann and King 2010).

Contract farming has been presented as a possible positive alternative to large-scale land acquisitions and leases (Cotula and Leonard 2010; Vermeulen and Cotula 2010). It is argued that in contrast to stereotypical 'land grabs' involving the displacement of smallholders from their land through the imposition of a highly mechanised, extensive form of labour dispelling agriculture, contract farming arrangements can bring in investment while allowing smallholders to remain on their land. Contract farming arrangements can furthermore offer smallholders benefits including access to markets, inputs and credit, facilitation in meeting certification standards, and the provision of technical advice and on-the farm training (Da Silva 2005). This can translate into higher incomes for farmers, with potentially positive spin-off effects for other rural classes, including wage labourers.

Yet evidence for such claims is highly variable. Examples in Guatemala, Kenya, Indonesia do show the income of contract farmers to be double that of non-contract farmers (UNCTAD 2009). One however has to be careful in drawing any firm conclusions on the basis of this information alone. The rewards of contract farming are often highly differentiated along class and gender lines and without further study on the relative incomes of farmers before and after the contract arrangement as well as the opportunity costs in terms of alternative investment options, it is impossible to make an informed appraisal. Furthermore, there is no guarantee that such higher incomes will last. Although the purchase price may be fixed, it can also be tied to prevailing market prices, exposing smallholders to international fluctuations in commodity prices (Da Silva 2005). There is also the danger that the buyer will abuse the power imbalances that exist between the two parties in the arrangement by delaying payments, manipulating price formulas and exposing smallholder farmers to a disproportionate share of the risk (ibid).

There are measures that can be taken to mitigate such risks. In one example of contract farming involving sugar production in Misindi District in mid-western Uganda, individual sugarcane producers grouped together to form the Kinyara Sugarcane Growers Association in 2005 (Mwendya 2010). By forming this association, the sugarcane farmers have been able to negotiate more favourable terms in their contracting arrangement with the Kinyara Sugar Company. The executive board of the growers association holds regular meetings with the company management to discuss issues such as tractor hire services,

sugarcane price, payment schedules, and supply of planting materials and fertilizers (ibid). This consultation and participation process did not happen before the formation of the growers association. It is possible therefore for small-scale farmers to exercise 'producer power' in order to achieve influence over the terms of the contracting arrangement (De Schutter 2011).

The role of the state in contract farming is complicated. Governments can intervene positively to extract obligations from investors and help secure benefits for smallholders. An oil palm smallholder contracting scheme in Sulawesi province in Indonesia for example – while seriously flawed in certain aspects – has allowed smallholders to prosper (Li 2011). The contracted smallholders have been able to generate rural employment, taking on their own wage labourers at double the national minimum wage. The scheme also generated a secondary economy for house building, consumer goods, and other services. A key reason for the relative success of this contracting scheme is that it was originally negotiated during the era of greater state control, allowing the Suharto government of the time to impose conditions on the investor relating to the development of infrastructure, the preparation of land, and the provision of management and processing services. Li however questions whether in the current era of 'laissez-faire' capitalism these conditions can be replicated.

Indeed, it is not only the capability of the state to regulate investment that has to be questioned but also the readiness of states to take extraordinary risks with the welfare of smallholders in the name of development. The spectacular failure of a 140 000 hectare Israeli managed, European financed castor for bio-diesel, cosmetics, and paints project involving a smallholder contracting arrangement is one such example (Lavers 2011). Despite the fact that many of the smallholders live in areas classified as chronically food insecure with an average landholding of less than 0.5 hectares, community leaders were paid by the investors to convince the farmers to switch up to half their land from cereals to castor (ibid). The company however greatly overestimated castor yields, having failed to carry out proper seed tests or plan for fluctuating commodity prices. Facing liquidation, the managers fled the country in 2009, leaving behind massive debts and unpaid wages. Having lost up to half of their annual production in the switch to castor, the smallholder farmers were left in a situation of extreme vulnerability. While the failure of this scheme rests first and foremost with the investors, the Ethiopian state must also be held accountable for allowing such a flawed project to go ahead in the first place.

The above example illustrates some of the dangers with the narrative of investment that is constructed around contract farming. While the project may appear to be 'smallholder based', this masks the predominant role played by corporate capital in structuring the entire arrangement. Even though smallholders may retain access to land, their autonomy of production is greatly diminished as the buyer is in the position to decide what to produce, in what quantities, and against what

price. This gives rise to a more complicated set of dynamics between land, livelihoods, rights and power. The loss of control by smallholders over their surplus production shows that “Land is not the only focal point of social justice struggles in rural areas; labour issues and control over other forms of property are just as important” (Kenney-Lazar 2012: 1035). It is only when one conceives of this whole ‘bundle of rights’ that the struggle for access to and control over land makes sense (Lavers 2011). The rise of contract farming, associated as it is with the expansion of transnational agribusinesses and the consolidation of global agro-food complexes, then becomes more problematic.

b) hybrid business model: the case of Kuapa Kokoo in Ghana

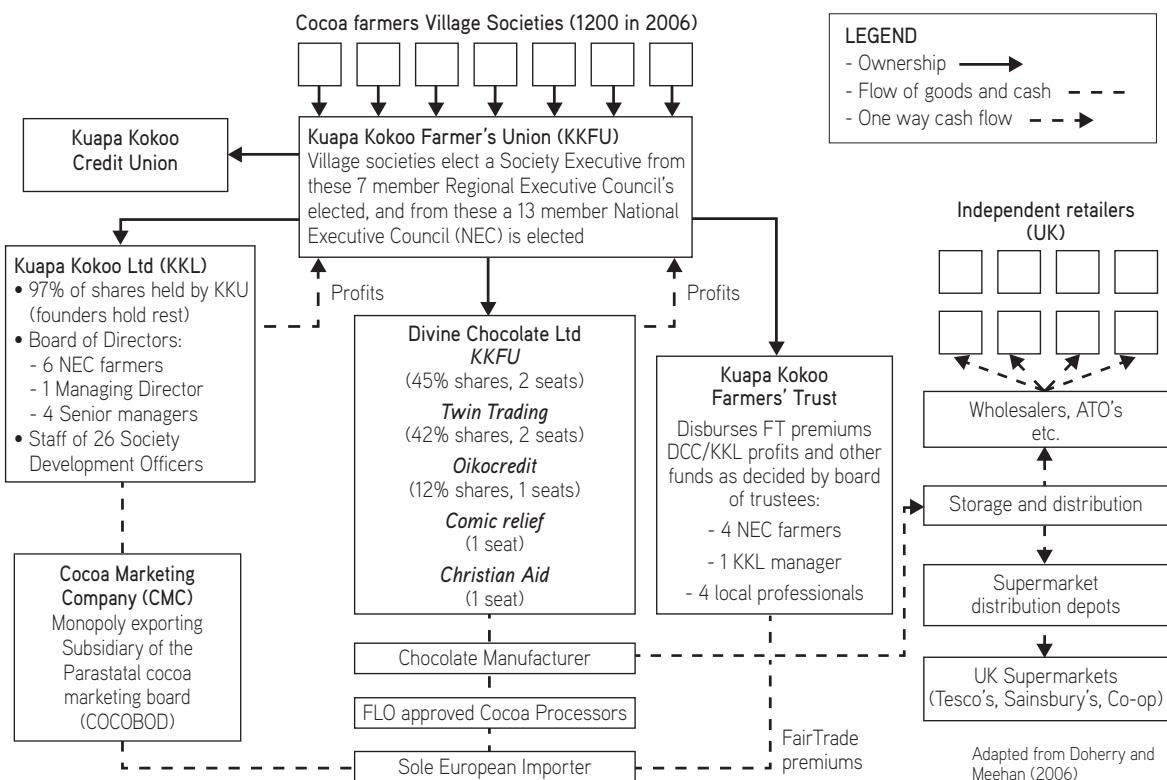
Kuapa Kokoo encompasses a diverse business structure including a farming owned enterprise, a joint venture and a fair trade initiative. It therefore provides an interesting case-study with which to examine a range of ‘inclusive’ business models in depth. Kuapa Kokoo itself is a farmer owned cooperative in Ghana, made up of about 68 000 cocoa farmers (Tagoe 2010). Kuapa Kokoo established Kuapa Kokoo Ltd, a licensed cocoa trading and marketing company, which buys cocoa from farmers to sell to the Cocoa Marketing Board, a subsidiary of Ghana Cocoa Board. Kuapa Kokoo Ltd follows the cooperative structure. It is wholly owned by the Kuapa Kokoo Farmers Union with cocoa farmers have the biggest say and influence over

management decisions. Five out of the nine board members of Kuapa Kokoo Ltd are cocoa farmers themselves and a democratic structure which extends all the way from the President to the many Village Societies ensures that it maintains an extensive grassroots presence (ibid).

In 1998, Kuapa Kokoo Farmers Union embarked on a joint venture with a UK based chocolate manufacturer and distributor to create Divine Chocolate Ltd (Koning and Steenhuijsen Piters 2009). Kuapa Kokoo owns 45% of the shares in Divine Ltd, with the rest split between Twin UK, a farmer-owned membership organisation dedicated to developing fair trade supply chains, Oikocredit, a micro-finance provider, Comic relief and Christian Aid, which are both charitable organisations (ibid). With the help of a £400 000 loan from DFID as well as the access to all Body Shop outlets, Kuapa Kokoo has been highly successful in marketing its own brand of chocolate bar (ibid). In 2007, Divine Chocolate’s annual turnover was \$19 million and between 2000 -2009 it sold \$71.5 million worth of chocolate (ibid). In 2006, following a \$750 000 investment by Oikocredit, Divine Chocolate expanded to set up a US branch in which Kuapa Kokoo owns 33% of the shares (ibid). Figure 3 gives an overview of the business model of Kuapa Kokoo and its ownership structure.

Kuapa Kokoo Ltd is also registered as a fair trade company. This means that the Kuapa Kokoo Farmers Union receives both a guaranteed minimum price of \$1 600 per tonne of cocoa beans and a social premium set at \$150 per tonne (Koning and Steenhuijsen Piters 2009). Divine Chocolate also invests 2%

Figure 2: Business structure of Kuapa Kokoo



Source: Koning and Steenhuijsen Piters (2009)

of the turnover in a development support programme, managed by Twin. Between 1998 and 2007, Divine contributed over \$1.22 million to the programme (ibid). In 2007, the Farmers Union received \$338 000 in farmer support and \$213 000 in fair trade social premiums (ibid). The Kuapa Kokoo Farmers Trust manages the price premiums paid for fair trade cocoa and channels them into community development projects. It has, amongst other things, invested in the construction of water wells, schools, medical facilities, and projects supporting income generating activities for women. Recently, investment has also gone into funding Kuapa Kokoo's Research and Development department, which engages in farmer education and training and the strengthening of the membership, governance and democratic structure of the cooperative – all critical factors for the long term sustainability of the enterprise.

The case of Kuapa Kokoo demonstrates the potential for alternative or 'inclusive' business models to work. It has succeeded largely because as it has climbed up the value-chain it has still managed to keep its integrity as a farmer-owned enterprise. By engaging in internal trading and marketing, shareholding, and management decisions, it has been able to capture a greater share of the value added. The cooperative structure of Kuapa Kokoo has allowed it to enjoy much greater bargaining power than had the cocoa farmers been atomised as individual producers thereby reducing significantly the power asymmetries which are in place. Kuapa Kokoo has also benefitted greatly from its shareholding partners who have provided it with funding and access to markets. The Kuapa Kokoo business model is however not without its weaknesses. While fair trade has brought benefits to Kuapa Kokoo, the volume of cocoa exported by Kuapa Kokoo under fair trade is very low – 20% – while the costs of maintaining fair trade standards and inspections are very high – about €15 000 per year (Tagoe 2010). Another weakness is that not all farmers own the land on which they produce cocoa and therefore have to transfer a percentage of their income to the landowner (ibid). Nevertheless, the hybrid business model adopted by Kuapa Kokoo has allowed it to achieve remarkable success.

### c) joint ventures in South Africa's land reform: the case of the Motelele community land claim

Joint ventures involve the establishment of a business venture by two independent market actors who enjoy co-ownership of the venture through a shareholding agreement (Vermeulen and Cotula 2010). In terms of agricultural investment, joint ventures between a farmers' organisation and an agribusiness firm represent, in theory, a more equitable arrangement. In contrast to contract farming for instance, joint ventures allow farmers to influence price policy, access corporate information, receive dividends and generally exercise greater decision making authority (De Schutter 2011). Whether such benefits actually materialise in practice however is another question. This paper

will examine the case of joint ventures in South Africa's land reform process, with special attention given to the Motelele land claim. This allows not only for a critical analysis of who really stands to gain in such partnerships but also some of the normative assumptions which have underpinned the South African government's decision to base part of its land reform process on the promotion of joint ventures.

Land reform in post-apartheid South Africa has largely followed a market-based approach based on the 'willing buyer, willing seller' model promoted by the World Bank (Palmer 2008; Davis and Lahiff 2011). This philosophy, and the prominent role it affords the private sector, has pervaded all three prongs of the South African government's land reform strategy including restitution, redistribution and tenure reform (Davis and Lahiff 2011). It is particularly in the restitution programme that the government has championed joint venture initiatives – 'strategic partnerships' – as a way of drawing previously dispossessed communities into the sphere of high-value agricultural production (ibid). These strategic partnerships involve joint ventures in which the restitution claimants enter into agreements with one or more agri-business partners. A management contract is signed whereby the agri-business partner manages the land on behalf of the restitution claimants. Both parties stand to gain from the venture: for the private sector partners (some of them the former land owners) it presents an opportunity to continue and possibly expand their commercial agricultural enterprises while for the claimant community the provision of technical and financial assistance is a major incentive.

The promise of this mutual benefit has guided the government's promotion of joint ventures in the Motelele community land claim in the Hoedspruit area of south-east Limpopo covering a community of over 13 000 people who have lodged a claim for 78 000 hectares of land (ibid). As part of the restitution process, the former land owners were bought out by the state and the land transferred to the Motelele Communal Property Association (CPA) which takes ownership of the land in freehold title on behalf of the community. Persuaded by the government's plans to release substantial development grants to new joint ventures and the promise by private sector partners to provide further technical, financial, and managerial assistance, the Motelele community has broadly supported the joint venture strategy (ibid). Between 2007 and 2010, the CPA signed on to the creation of four joint ventures: New Dawn, Batau, Dinaledi and Richmond (ibid). All of these strategic partnerships involve a contractual agreement between the CPA and a private sector company in which a jointly owned company is founded that operates but does not own the land. Under a lease agreement, this operating company pays annual rent to the CPA for the use of the land while a management agreement stipulates a management fee which is to be paid to the private sector partner for the running of the joint venture. The strategic partnerships are signed for either 10 or 15 years.

Under the structure set out by the contractual arrangement of the joint ventures, the Motelele community was thus set to benefit from the strategic partnerships in the form of: i) rent from the private sector company; ii) income from employment at the agricultural enterprise; iii) training by the private sector company in a range of technical and business skills; iv) dividends from the shares in the joint venture; and v) development grants provided by the state (Greenberg 2009). However, so far many of the benefits held out for these strategic partnerships have failed to materialise. Two out of the four joint ventures created as part of the Motelele land claim have in effect collapsed while the others have yet to realise a profit (Davis and Lahiff 2011). The Dinaledi joint venture is something of an exception with the agri-business company investing in a new pack house, computers for training young people and new offices for the CPA. In 2009-10, Dinaledi paid R622 000 in rent to the CPA, making it the 2<sup>nd</sup> biggest contributor to the community. This still does not alter the bigger picture in which “Twelve years after the lodgement of their restitution claim, and five years after the return of the first lands, most households have yet to see any positive impact on their livelihood” (ibid: 20). In fact, in many respects, the situation actually appears worse than before restitution with employment levels on all farms below what they were under the previous land owners and with a marked shift from permanent to seasonal labour (ibid).

The Motelele community land claim case thus raises serious concerns with respect to the joint venture model, especially within the context of a land reform process. Those which were supposed to gain the most from the land reform – the claimant community of smallholder farmers – have not really benefited while a range of private-sector operators, who were not the targets of the restitution programme, were drawn into the process. In aligning the restitution process so closely with the promotion of joint ventures, the South African government has been accused of prioritizing productivity and the continuation of large-scale commercial agriculture over the rights of the claimant community to access to land (Greenberg 2009; Davis and Lahiff 2011). Following the setbacks experienced with the strategic partnerships, the South African government has announced an end to its joint venture strategy in the land reform process (Greenberg 2009). It is still however not contemplating a true agrarian reform based on smallholder agriculture, instead shifting towards a loser land-lease arrangement – termed ‘community-private partnerships’ – between farming organisations and private companies (Greenberg 2009; Davis and Lahiff 2011).

### 3 Conclusion

In the context of the current rush for land in which the flows of land based wealth and power are being increasingly (re) concentrated in the hands of dominant social classes and groups (Borras, Franco et al. 2011), an urgent debate on the future of farming is needed. Rather than accepting and seeking to regulate land grabs as if they were inevitable, this paper has proposed alternative investment opportunities which challenge the normative assumptions of the model of large-scale, industrial agriculture that these land appropriations promote. While the modernisation discourse tells farmers to either ‘get big or get out’, this paper has shown that a form of agrarian accumulation which ignores the imperatives for social reproduction and which destroys the natural resource based upon which agriculture depends is fundamentally flawed (Bernstein 2009). Guided by the philosophy of ‘one no and many yeses’, this paper has illustrated a variety of alternative investments. Some of these provide the basis for forming a strong counter-movement. This paper will therefore end on a prescriptive note, offering suggestions on how to strengthen these alternative investments.

It should once again be noted that the largest single investors in agriculture around the world are small-scale agricultural producers. By mobilising different sets of capital (human, intellectual, natural, physical and financial) small-scale producers significantly improve the value of their natural and physical asset base by making productive on and occasionally off-farm investments (CFS 2011). The investments made by small-scale farmers following Zimbabwe’s Fast Track Land Reform Programme are illustrative of this form of ‘accumulation from below’ (Scoones, Marongwe et al. 2011). Contrary to predictions of complete agricultural collapse, close analysis of the livelihood outcomes of Zimbabwe’s land reform shows that small-scale farmers are making productive investments, are selling produce for the market, and are stimulating a growth in the agricultural productivity and the rural economy (ibid). The possibility of a new ‘agricultural revolution’ based on smallholder agriculture, which now forms the bedrock of Zimbabwe’s new agrarian structure, is currently being discussed (Cliffe, Alexander et al. 2011). Similarly, the example of pastoralism in Kenya shows that indigenous communities, with low technology and few inputs, can engage in substantial capital accumulation and investment. This is based on the ability to harness and transform natural capital, adapt to landscapes, and engage in the collective and sustainable management of common property and resources. It is these abilities which make pastoralism the most effective system to develop dryland areas. Despite this, the Kenyan government appears committed to phasing out pastoralism through a process of land fragmentation.

The power of the 'peasant pedagogy' is a cross-cutting theme across all the examples studied. It is this repertoire of knowledge and skills that has underpinned the agro-ecology movement in Latin America and the Caribbean in which farmers themselves are the main agents and beneficiaries of change. The transnationalisation of this movement through its uptake by La Via Campesina amongst others offers real hope for transformative change. This example also shows that although farmers should clearly be leading this change, outside assistance which builds upon the activities of small-scale farmers is also very important. Many of the cases examined in this paper have thus focussed on investments which mobilise public policies in support of small-scale agriculture. From the examples of agro-forestry in southern African, to re-localised food networks in the EU, to new nested markets in Brazil, there is much to be gained from public investment which helps protect and strengthen these initiatives. A convincing argument can therefore be made in favour of 'bringing the state back in' (Borras, Franco et al. 2011).

This is not without risks given the prominent role the state plays in 'land grabbing'. Even so, the case for positive public action and investment in agriculture remains compelling. As Du Toit and Hickey (2007) comment, "... the state remains the only institution that can protect people from the forces of either markets or 'tradition' and though history has shown the limitations of modernist hopes, there is a broad consensus that the time has come for a re-evaluation of the role of the state in development and economic transformation". At the very least, states should avoid the (re)concentration of land and the extraction of wealth from rural populations for global capital accumulation (Borras, Franco et al. 2011). States can play a much more constructive role than this however by implementing (re)distributive land reform form, enforcing competition laws to break agri-food monopolies, supporting farmer cooperatives, promoting urban food strategies, creating food policy councils, investing in public goods, and endorsing the Right to Food (De Schutter 2009). Some of the examples which this paper has highlighted, from community supported agriculture in the EU to the creative public procurement strategies of the Brazilian government, point to the success of these policies.

Not in all cases examined in this paper has the state played a positive role. The South African government's imposition of the joint venture model in its restitution programme has not delivered material benefits to the rural communities which were supposed to gain the most from the reform while allowing a range of private sector actors to insert themselves into the process. This does not necessarily hold true for all inclusive business models. The case of Kuapa Kokoo in Ghana shows that it is possible for farmers to exercise 'producer power' by forming a cooperative and climb up the value-chain by expanding into trading and marketing activities. Yet there does exist something of an inherent tension when it comes to linking two groups of actors – agribusiness and small-scale farmers

– with very different asset bases, bargaining power, and long-term interests (Vermeulen and Cotula 2010). These differences remain a major obstacle to realizing any kind of mutual benefit. It is precisely this understanding which is the rationale in constructing an alternative food geography based on horizontal food networks rather than hierarchical food chains.

In addition to the power asymmetries, there is another important concern when it comes to these inclusive business models. Investments which integrate small-scale farmers into longer value chains are premised on the notion that market access is the major problem facing small-scale farmers without sufficiently defining what is meant by the term 'market' nor the way in which access to such a market is structured. This is in turn related to a residual approach to poverty which sees poverty as a consequence of being excluded from markets and the development process (Du Toit and Hickey 2007). What the concept of 'adverse incorporation' brings to the debate is the understanding that inclusion within highly unequal markets can also create and perpetuate poverty (ibid). The discussion on contract farming presented in this paper is relevant in this regard. Unless steps are taken to radically improve the position of primary producers within international markets, as in the Fairtrade framework in which Kuapa Kokoo operated, such investments run the serious risk of deepening rather than alleviating poverty.

The counter movement for building a more just and sustainable world food system should thus centre on strengthening of investment types which build up multiple forms of capital and which conceive of food not just as a commodity but also a source of social solidarity, political identity and substantive rights that make farm based livelihoods something to aspire to for the next generation of rural youth (McMichael 2009; White 2011). A global movement for food justice and sovereignty should not be confined to those working in agriculture. Given the number of human rights it touches, including the right to food, the right to produce, the right to access to land and its resources, and the right to a living wage, a global food movement has the potential to become an articulating theme for a broad campaign for social justice which draws its constituents from both the global North and South (Holt-Gimenez and Shattuck 2011). Policy tools such as the Voluntary Guidelines on Responsible Governance in Land and Natural Resource Tenure, De Schutter's Minimum Human Principles Applicable to Large-Scale Land Acquisitions or Leases, and the wider Right to Food approach serve as a useful frame of reference for further civil society struggles for agrarian reform. It is only through such struggle and contestation that positive rural futures can be realised.

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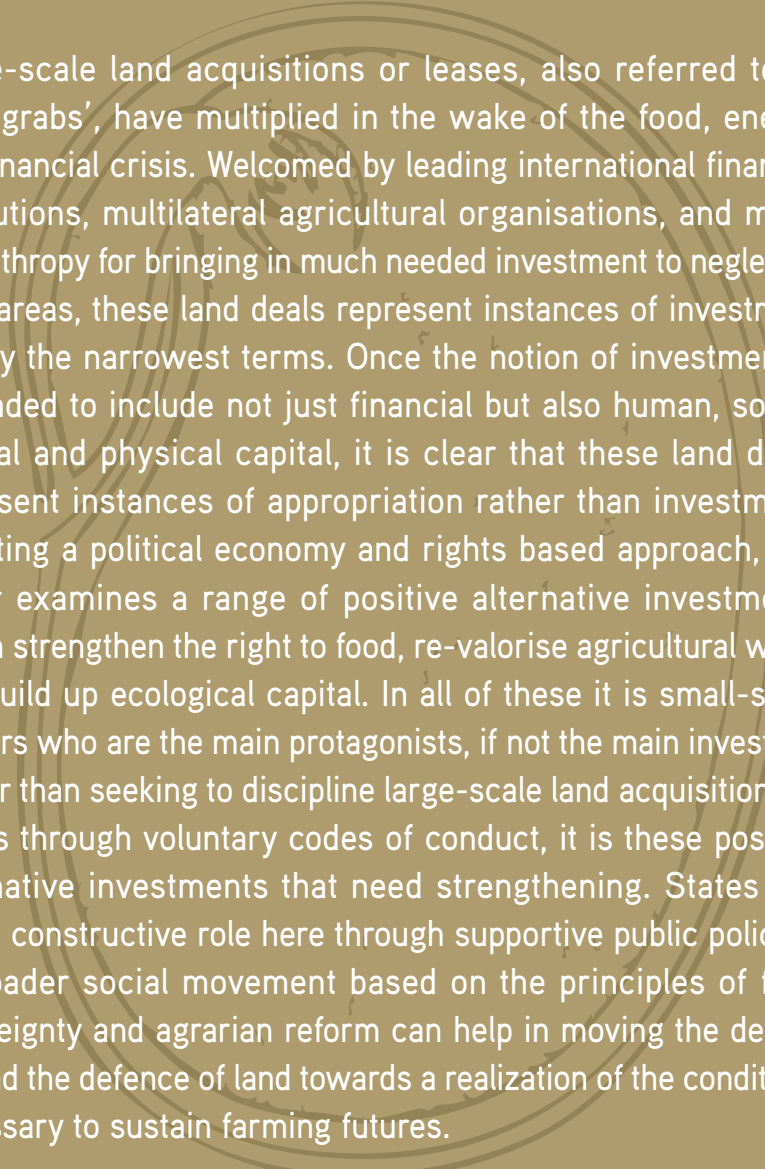
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Large-scale land acquisitions or leases, also referred to as 'land grabs', have multiplied in the wake of the food, energy and financial crisis. Welcomed by leading international financial institutions, multilateral agricultural organisations, and mega philanthropy for bringing in much needed investment to neglected rural areas, these land deals represent instances of investment in only the narrowest terms. Once the notion of investment is expanded to include not just financial but also human, social, natural and physical capital, it is clear that these land deals represent instances of appropriation rather than investment. Adopting a political economy and rights based approach, this paper examines a range of positive alternative investments which strengthen the right to food, re-valorise agricultural work, and build up ecological capital. In all of these it is small-scale farmers who are the main protagonists, if not the main investors. Rather than seeking to discipline large-scale land acquisitions or leases through voluntary codes of conduct, it is these positive alternative investments that need strengthening. States can play a constructive role here through supportive public policies. A broader social movement based on the principles of food sovereignty and agrarian reform can help in moving the debate beyond the defence of land towards a realization of the conditions necessary to sustain farming futures.

*Key words: agricultural investment, alternatives, land grabbing, agro-ecology, local food systems, inclusive business models, land reform, livelihoods, rural futures*