



GTAC/CBPEP/EU project on employment-intensive rural land reform in South Africa:
policies, programmes and capacities

Thematic study

International experiences of support policies for smallholders:
A review and an exploration of underlying rationale and narratives

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Abbreviations and acronyms

AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
AU	African Union
AUDA	Africa Union Development Agency
CAADP	Comprehensive Africa Agriculture Development Programme
CAP	Common Agricultural Policy (EU)
CSO	Civil society organisation
EP	Environmental Programme
EPWS	Expanded Public Works Programme
FAO	Food and Agriculture Organisation
FARA	Forum for Agricultural Research in Africa
GCF	Green Climate Fund
GEF	Global Environment Facility
GMO	Genetically modified organism
IAR4D	Integrated Agricultural Research for Development
ICT	Information and Communications Technology
IFAD	International Food and Agriculture Development
ILO	International Labour Organisation
LED	Local economic development
MDG	Millennium Development Goals
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MSP	Multi-stakeholder platform
NAFSN	New Alliance for Food Security and Nutrition
NEPAD	New Partnership for Africa's Development
NGO	Non-government organisation
OECD	Organisation for Economic Cooperation and Development
PAEPARD	African European Partnership on Agricultural Research for Development
PES	Payments for environmental services
PPP	Public-Private Partnership
PSNP	Productive Safety Net Programme (Ethiopia)
RAI	Responsible Investment in Agriculture and Food Systems
SDG	Sustainable Development Goals
SPLUMA	Spatial Planning and Land Use Management Act
SSA	Sub Saharan Africa
TP4D	Territorial Planning for Development
UNSRID	United Nations Research Institute for Social Development
VGGT	Voluntary Guidelines on the Responsible Governance of Land Tenure
WDR	World Development Report
WTO	World Trade Organisation

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Executive summary

- Worldwide, the development of support policies for smallholders has been central to the growth of agricultural supply and the rapid improvement of productivity in agriculture.
- The importance given to supply, productivity and profitability has led to the adoption of a modernization paradigm which shaped public intervention over the last 150 years.
- The core component of modernization was the diffusion of a technical package based on improved seeds, chemical inputs (fertilizers, herbicides, insecticides) and mechanization.
- The diffusion of this 'conventional' package benefited from the development of public extension services and subsidies, targeted on credit, equipment, inputs, agricultural prices, as well as market regulations.
- This modernization process resulted in strong farm differentiation with concentration of farm structures and massive exit of workers from agriculture, or the development of a dual sector with large farms and numerous marginalized smallholders.
- Modernization of agriculture has developed parallel to the progressive vertical integration and concentration of the agri-food system with a growing role taken by processing and retail corporate companies.
- With the implementation of liberalization policies from the 1980s, the modernization process is now led by market development and the private sector, which is in charge of providing inputs, equipment and services at competitive market prices, and facilitates market integration, possibly with the development of contract farming.
- The role of public policies is restricted to market failures and primarily focuses on the provision of public goods related to basic infrastructure, the rule of law, education and training, information and research.
- The target of renewed support systems is not any more the smallholder but the 'agripreneur'.
- National public extension services have been dismantled or broadly reduced. However, limitations and biases related to the development of private advisory services have led to emerging new models supported by public-private partnerships focusing on innovation systems and improved connection between research, training and knowledge access.
- The negative externalities of the modernization model and its unsustainability in the long run in the context of climate change result in the search for alternative models with a gradient between environment-friendly smart solutions to a more radical disconnection from the modernization technical package (e.g. agroecology).
- In a market-led environment, incremental changes are more likely to occur, but innovative incentives could be developed if political will exist (e.g. payments for environmental services).
- It is progressively acknowledged that the existing siloed sectoral policies cannot deal with the challenges of an increasingly complex global environment. It results in a growing interest for place-based policies, including for the development of more sustainable food systems.
- In the context of the South African political economy, market-driven solutions are the selected option. They support corporate solutions, private sector led inclusive business models and a closer integration into national or global value chains
- The labour absorption capacity of this option is challenged by existing evidence. It highlights the potential of small-scale farming and the importance of local and regional markets which could contribute to a more balanced agri-food system.

- The development of smallholder support with local help desks at the municipality level and knowledge hubs at the district level is a possible and affordable option. It could contribute to territorial development.

1 Introduction

This thematic study on International experiences of policies supporting smallholder production is part of the background papers of the 'GTAC/CBPEP/EU study on employment-intensive rural land reform in South Africa.'

It aims at presenting the existing debates and at drawing possible lessons for South Africa. Specific insights, guidance and advice were required on extension services, access to markets, adaptation to climate change and agro-ecology, and to the adoption of a place-based approach for an employment-intensive rural land reform.

Support to smallholders is fully embedded in what has been the evolution of agriculture worldwide over the last 150 years. If major regional differences exist among farming systems, the general adoption of the modernization paradigm has deeply shaped the processes of agricultural development and farm differentiation. It has resulted in mainstream thinking which is challenged today by the limitations and consequences of the growth model, particularly climate change.

There is a profusion of references about support policies for smallholders. The choice made for this review is to propose first a historical perspective about the development of these policies, their rationale and related narratives (section 1). This background helps to better understand the existing policy toolkit which is presented in section 2, together with several building blocks central to the current policy architecture, as well as emerging new approaches which could play a larger role in the future. Section 3 is a preliminary discussion about first lessons which could be useful for the collective brainstorming and the completion of the current study on employment-intensive rural land reform.

2 An international historical perspective on smallholder support

2.1 *Agricultural policies and structural transformation*

To fully understand the rationale and types of support to smallholder agriculture, it is useful to adopt a broad perspective about what have been the main characteristics of agricultural policies, their underlying policy landscape, and their role in the dynamics of structural transformation.

Structural transformation refers to the observed historical process of change of economies and societies which was followed - so far - by the different regions of the world over the last centuries. It corresponds to changes overtime in the sectoral and spatial distribution of economic activities and people. A stylized summary of this process and its main determinants show the gradual transition from agriculture-based economies and societies to more diversified ones based on manufacturing and then on services, in conjunction with urbanization.

This transition, rooted in the development of capitalism and progressive globalization, was facilitated by major technological changes supported by the adoption of fossil fuels resulting in the first industrial revolution. They led to impressive productivity gains facilitating transfer of labour and capital from agriculture to other economic activities. This process was accompanied by a progressive spatial restructuring from scattered activities (agriculture) to more concentrated ones (manufacturing), and a migration of labour and people from rural areas to cities unlocked by huge progresses in transport and communication.

This structural transformation process has many variations and occurred and continues at different paces according to regional characteristics. Its general pattern, which is supported by statistical evidence (Johnston and Kilby 1975, Timmer and Akkus 2008) has contributed to a linear vision of economic and social change, with a replication of past processes which is challenged today. This pattern was observed first in Western Europe in the late eighteenth century with the agricultural and industrial revolutions; it then reached major European 'offshoots',¹ Eastern Europe and Japan in the nineteenth and early twentieth centuries, and developed next in other regions, albeit more unevenly, mainly after the Second World War.

In this process, Europe benefited immensely from its military and political hegemony, which gave it access to settler colonies and captive markets with little competition. Asia and Latin America (with strong differences) were able to rely on vigorous state-led modernization policies, started between the two World Wars in Latin America, after WWII in Asia, and which continued until the late 1970s (and more in India and especially in China). From the 1980s, the economic liberalization of the world economy rapidly led to the globalization regime (Amsden 2001).

Sub-Saharan Africa did not benefit from the same historical sequence which explains why the sub-continent lags behind with regard to its structural transformation, with a lasting low economic diversification (South Africa being an exception). New African states only and mostly gained their independence from the 1960s, inheriting the former colonial borders with poor infrastructure and skilled human resources. They all had to adopt very restrictive structural adjustment reforms after two decades, or less, of partially autonomous public policies, and they engaged in globalization under very asymmetric conditions with regard to other regions and competitors (Gabas and Losch 2008). These intertwined factors explain why SSA is still characterized by the importance of its primary sector (extractive industries and agriculture), the relative importance of its rural population, and a unique urbanization process without industrialization.

In this historical process, due the strategic nature of food, agriculture has always occupied a prominent place in governments' agendas. With fiscal policies, agriculture was central in State affairs and among the first interventions of modern states.

Three major objectives structured governmental action. The first was to increase food supply by supporting productivity growth and agricultural land expansion in order to feed the people: the farmers and the rest of the population, which was growing with urbanization and economic diversification. It was a condition for political and social peace and state continuity.

The second objective was to facilitate accumulation for economic diversification using productivity increase and direct and indirect taxes to stimulate the transfer of capital and labour from agriculture to other sectors.

The third objective, which was generally delayed, was to support economic and social progress by improving farmers' incomes. This objective arose more firmly in the new representative democracies where peasants were the electoral base and were able to organize lobbies. It was then part of the adoption of welfare policies in many countries, and later generalized as common goals with the adoption of the international agenda on development and poverty reduction (MDGs and SDGs).

¹ The United States and Canada, Australia and New Zealand, and other countries such as Argentina with significant European settlements.

The importance of agricultural supply and productivity growth were central in policy design. It led to modernization policies which were and remain the backbone of public action for agriculture.

The modalities and rates of implementation of these policies across countries varied broadly with two main options: a progressive approach through market development and market integration; a transformative approach based on changing the distribution and ownership of the means of production. These transformational policies were mainly implemented through different experiences of agrarian reform and collectivization. They have had a more or less durable impact due to political circumstances but, in historical terms, they were 'moments' attempting to change the balance of power and trying to manage economic and social transitions.

The market option was supported by the belief of a linear process of development. For long, it benefited from a strong involvement of governments which contributed to the organization of national markets with direct interventions consisting in regulation and price support (e.g. marketing boards), protection (mainly through tariffs) and subsidies. It was then consolidated by the long-standing process of liberalization, based on a consensus about the supposed efficiency of markets and the need for state withdrawal (cf. the so-called Washington consensus), which directly contributed to the rapid development of global markets.

2.2 The modernization paradigm, farm differentiation and the shaping of the international agenda

The importance of supply and productivity deeply shaped public intervention and led to the adoption of a modernization paradigm which has developed and spread worldwide from the 19th century. This paradigm, rooted in the technical progress conveyed by the industrial revolution (particularly the mechanization and chemicalization of agriculture), remains central today. The objective is a 'productive optimum' corresponding to the best combination and use of existing production factors and innovation, resulting in the maximization of return to investment and profit. Even if it has been challenged by alternative paradigms grounded in other ideological frameworks, this view dictates the conditions of what is considered as farm viability.²

Therefore, according to this paradigm and to escape the backwardness of 'traditional' agriculture, it was critical to adopt new techniques and new management as the way to increase efficiency through economies of scale, production specialization (implying the end of self-consumption and mixed cropping), and deeper integration into value chains.

For very long, in the different regions of the world, peasantry did correspond to the majority of the population. It was never a homogeneous group. Due to different local conditions, social structures, and individual assets, a strong differentiation existed between landlords, land-owners, sharecroppers, tenants and labourers. However, due to limited available techniques and in spite of the existing socio-economic differentiation, there was a relative homogeneity of technical levels. It explains why modernization policies did not initially target any particular farmer category. The objective of the emerging agricultural policies was to facilitate access to innovation, generally private-led, to progressively support it, as well as to initiate the development of public-funded agricultural research in relation to the emergence of agronomic science.

² Cousins and Scones (2010) discuss these rival definitions of viability in the context of land reform programs in Southern Africa, with reference to neo-liberal, neo-populist, 'welfarist' and radical political economy approaches.

In industrialized countries, these public policies accompanied the pursuit of agricultural modernization with a clear acceleration after the Second World War. They aimed at progressive support to all types of farms, most notably with subsidized technical packages and extension, and price support (a major example being the Common Agricultural Policy – CAP – of the European Union). It developed hand in hand with the overall transformation of economies, the evolution of the food system - characterized by changing diets linked to improved livelihoods, urbanization, the rise of agrifood industries, and the development of modern retailing (supermarkets). As a result, it started a movement towards 'professionalization', where multi-tasking peasants were progressively becoming farmers, then specializing from technician to manager-entrepreneur, with increasing disconnection from the peasant's 'way of life' rooted to his rural setting. This evolution led Mendras (1967) to proclaim the 'end of peasants' and Shanin (1974) to advance the concept of 'agriculturization' (in the sense of agricultural industrialization).

This process of modernization and technical change spread in every region of the world but at very different pace and scales, depending on the structural characteristics of national contexts. In high income countries the need for investment, related to the new requirements of modern value chains and to the speed of technical change, resulted in strong marginalization and then the phasing out of farms which were lacking the capacity for permanent technical upgrading. It resulted in a massive exit of workers from the agricultural sector, facilitated by the development of other sectors (manufacturing and services), together with a progressive concentration of production structures and larger farms. The agricultural population today in these countries is under 5% of the total labour force, raising the question of a 'world without farmers' (Timmer 2009). Farmers are fully specialized and agriculture has become a sector among others, even if decreasing - a process which sanctions its 'normalization'.³

In the other regions of the world, the situation is far more diverse. The population engaged in agriculture remains important with a share of agricultural workers in the total labour force around 50% in South and South-East Asia, 60% in sub-Saharan Africa (SSA), with strong country differences. A more limited modernisation process results in a strong heterogeneity with many variations between the large majority of farmers - who are principally using manual techniques, therefore on small holdings with a very low labour productivity - and limited segments of highly capital-intensive agriculture, generally large farms or estates.

In most cases, the number of farmers in the capital-intensive segment is not significant with regard to the total farm population. Often a legacy of the colonial period and associated with land expropriation by settlers or large companies, they are like enclaves within existing farming systems. They have also developed more recently with large scale foreign investments, facilitated by governments in the aftermath of the food price crisis (from 2008) and referred to as land grabbing (Cotula et al. 2009, Althoff et al. 2015). The production capacity of these large farms facilitates their connection with agro-industries and the corporate retail sector. Sometimes their financial means support processes of closer integration into value chains with the development of their own processing facilities and marketing channels.

³ The liberalization of international trade in agricultural products and the inclusion of agriculture in the mandate of the World Trade Organization (WTO) in 1994 illustrates the loss of the long standing special status of agriculture.

Some regions have seen a significant development of this 'modern' agriculture. This is particularly the case of the southern part of Latin America (Brazil, Argentina, Chile) and some regions of Mexico, and of southern Africa, notably South Africa. It has resulted in very contrasted effects of marginalization on the one side, deep integration into world food markets on the other side, with sometimes an intermediary segment of 'transitioning' farms.

This strong differentiation in farm structures and growing performance gaps related to partial modernization have led to dual policies, implicit or formal, as in the case of Brazil where two ministries were in charge, till the recent political change, of family agriculture on the one hand, and of commercial agriculture on the other hand,⁴ with their own dedicated support programs (extension, credit and crop insurance for family farming; subsidies for investment and export facilitation for the entrepreneurial sector).

The result of these uneven modernization processes is a very asymmetrical global agriculture with dramatic productivity gaps and differences in farm structures. These gaps are in the range of 1 to 1000 if are compared the yearly production per worker in manual agriculture without any inputs, and the production per worker in highly motorized and chemicalized farming systems (Losch 2015a). Today, according to estimates based on incomplete FAO statistics (Bélières et al. 2014, Lowder et al. 2016), 66% of world's agricultural workers use manual traction, 31% use animal traction, and only 3% use motorized traction. 73% of agricultural holdings worldwide are under 1ha; 12% are between 1 and 2ha; and 10% are between 2 and 5ha. These average numbers mask a strong diversity between and within regions of the world. They reflect the demographic importance of Asia and the small-size of Asian farm structures. In SSA, 76% of farms have less than 2ha.

Another indirect outcome resulting from this diversity of situation is the uncertainty of farm typologies and the difficulty in giving names to characterize the different types of agricultural producers. The historical massive group of peasants has split into unstable categories: smallholders, commercial farmers, subsistence farmers, medium and large scale farmers, etc. (see box 1), which make policy design harder.

Nevertheless, despite evidence about the variability of contexts, roles and forms of agriculture, the modernization paradigm, based on the narrow objectives of optimizing the production function and maximizing returns, continues to shape agricultural policies – even if rarely so explicitly. As such, it also frames the support to smallholders, who remain the majority of agricultural producers.

A useful illustration of this dominant paradigm is provided by the World Bank's World Development Report 2008 on agriculture (World Bank 2007), which offers a vision of development rooted in the replication of past processes of structural transformation. This report, which received a worldwide audience, has contributed to the consolidation of mainstream thinking.

⁴ Till the recent merger into a single department (2019), but with far more limited public support, the South African agricultural policy was not so far from this dual model with two ministries (agriculture and rural development).

Box 1: Smallholder, subsistence farmer, family farmer, commercial farmer:

what's in a name?

The notion of smallholder is frequently used but it shows quickly limitations: 'small' is only relative and linked to a specific context shaped by agro-ecological conditions and agrarian history; 'holding' does not specify the type of tenure, direct or indirect, and the size of the holding cannot reflect access to commons which frequently play a critical role for the sustainability of many farming systems.

The separation between commercial and subsistence farms is also inadequate because it does not reflect a reality where connection to markets is the rule and its absence the exception. The general pattern shows a dualism with a share of self-consumption and a share of marketed products, the variation depending on the market environment and its impact on farmers' choices. In addition, depending on the value of farm products, a low share of marketed products may result in high income and inversely.

A lot of attention has been given to smallholder typologies using profitability as a criterion (e.g. Fan et al. 2013) or the share of farm incomes in household incomes (e.g. World Bank 2007) with the objective of identifying viable smallholders and others. However, smallholder farming can sometimes result in non-profit due to a bad cropping season, an instable local context and/or insufficient assets. When it occurs, sustainability can be reached through the diversity of rural livelihoods which can include non-monetary resources (e.g. self-consumption), other activities outside of the farm sector and sometimes remittances.

The overwhelming majority of farms around the world are family farms where agricultural activities are embedded in the family organization with regards to assets, means of production, use of labour, and decision-making (Sourisseau 2015). This importance was fully recognized through the United Nations International Year of Family Farming in 2014. Therefore, the major differentiation is between family and corporate farms. In corporate farms, labour is exclusively based on wage workers, with a technical management, a shareholder ownership and the entire output is sold.

The report acknowledges the importance of rural poverty in today's world and the role that can be played by agriculture to alleviate the number of rural poor. It identifies three distinct 'worlds of agriculture' – agriculture-based, transforming, and urbanized countries - depending on the contribution of agriculture to growth and the importance of rural poverty. In each world, the role of agriculture is specific but the options to get out of rural poverty for rural people are the same: become an agricultural entrepreneur, become a waged worker in any rural activity, develop an activity in the rural non-farm economy, or migrate to cities or abroad. For smallholders, if they want to continue in agriculture, there is only one option: become an entrepreneur and reach viability and profitability through complete integration in the 'sector' and its markets. The other possible futures are to exit the sector or even to exit the rural areas where they live.

This WDR's view is a good stylized summary of the modernization paradigm and its expected outcomes. It helps to understand the rationale and main objectives of existing policy support to smallholders: perform better in order to reach the status of entrepreneur.

2.3 *Cracks and breaches in the modernization mainstream*

This vision of socio-economic change rooted in the belief of replication of past processes of structural transformation faces significant challenges at different levels.

At the macro-level, the first challenge is related to growing asymmetries in the global open economy. Globalization offers clear market opportunities and producers worldwide can participate in global value chains. But it also means confronting huge productivity and competitiveness gaps, and producers in many developing countries face increasing competition, in both foreign and domestic markets. This situation hampers the diversification of economies and the development of new sectors which could include a growing labour force. As a result, in regions with limited diversification, where agriculture remains a backbone of employment and livelihoods, exit options out of the sector are limited. This is the case of SSA, characterized by a process of urbanisation without industrialization (Losch et al. 2012, Gollin et al. 2016), where employment opportunities outside agriculture are first and foremost in low-paid informal urban activities. In addition, due to its delayed demographic transition, the region faces a huge youth bulge⁵ which questions the absorption capacity of this new labour force. In this regard, the global adoption of the modernization paradigm for agriculture by most African governments (see 2.1.2) is a major contradiction.

This question of absorption capacity is strengthened by a second challenge related to the increasing substitution of labour by capital resulting from technological progress. Due to the linear objectives of productivity growth and profitability, mechanization, automation, robotics and now artificial intelligence affect every sector, in manufacturing but also in services and agriculture. In addition to the international competition on labour costs, it prevents the historical transfer of labour between sectors central to the evolutionist view of structural change (Autor 2014, ILO 2015).

The third challenge to the replication of past transitions relates to the physical limits of the current growth regime, based on its massive requirements of fossil fuels and other non-renewable natural resources, which has resulted in huge negative externalities, particularly climate change. The related threats raised for nearly half a century (since the Club of Rome report in 1972) are now central in the international agenda and at the core of SDGs. The stock of global resources, which cannot accommodate the continuation of the same extractive model, and the constraints relative to the adaptation to the changing natural environment prevent the catching-up of 'rich countries' (mainly OECD) by the rest of the world and dismiss a core assumption of development economics.

At the meso-level of the agri-food sector, the consequences of productivity gaps on farm differentiation and marginalization, already mentioned, are a major concern. However, the unsustainability of the modernization model relying on chemical inputs based on non-renewable fossil fuels, on a few selected seeds and GMOs, and mono-cropping on large surfaces results in additional threats. Biodiversity is collapsing; micro-climates are changing; the efficiency of costly fertilizers is reduced, particularly in tropical areas, by soil degradation (acidification, loss of soil organic carbon and micronutrients) due to continuous cultivation and lack of crop rotation where high population densities exist (Affholder et al. 2013; Tittonell and Giller 2013).

The unsustainability of many regional food systems is an additional challenge. The industrialization of food related to the process of vertical integration along value chains, structured by major agro-

⁵ The annual cohort of youth entering the working age group in 2015 was estimated at nearly 20 million, of which around 60 to 65% were located in rural areas.

processors and retailers, and the growing power of corporate firms have major effects. The first and massive impact is on human health, with the explosion of non-communicable diseases (obesity, diabetes, hypertension) with huge consequences on child development and global welfare. Another dimension is the impact of corporate power on local development because concentration hampers the emergence or continuation of local businesses in processing and in the marketing space (with the extension of supermarket networks), even if significant interstices are often filled by the informal sector. This is particularly the case in developing countries where the informal sector is a major player in the food system.

At the micro-level, farm differentiation and the marginalization of many smallholders lead to the diversification of rural households which is the major way of adaptation to growing constraints. In developing countries of Africa and Asia, the large majority of households continue to farm, often for selling but also for their self-consumption, but they also engage in other activities in the rural economy or in the nearby town. It is facilitated by changing rural realities where progresses in transportation, new communication tools, and growing densities modify rural-urban linkages and question the definition of 'rural' itself (Losch 2015b). These new spatial patterns change the characteristics of migration which also diversifies with a mix of short and longer term, short and longer distance movements, and the development of circular migration. It results in new rural livelihoods characterized by their multi-activity and multi-localization. A reality which is far from the farmer-only view of support policies.

All these challenges to the modernization mainstream are echoed by multiple contestation movements from producers to consumers and to civil society organizations. They develop with differences in every region of the world; in the rich countries where the societal model is challenged, as well as in developing countries where they can meet political action or indigenous movements, like in Latin America. This contestation is rooted in the critic of the productivist model and its downward slide, synonym of the ecological crisis, junk food and health problems, dependence on the agro-industrial and modern retail sectors, unsustainable pursuit of mechanization and chemicalization, leading farmers into dead-ends where they can be trapped in bank indebtedness.

Contestation movements bring back in or consolidate the figure of the peasant,⁶ call for food sovereignty, for local food systems and for the recognition of the multiple roles of agriculture.⁷ Agriculture is not only about producing food, but also about managing natural resources, and preserving biodiversity, a way of life and cultural heritage. More broadly, it calls for alternative models of socio-economic progress.

⁶ The creation of Via Campesina (the peasant's way) in 1993, which brings together farmers and farm workers from all regions of the world (in 70 countries), is in line with these multiple perspectives.

⁷ The multifunctionality of agriculture was central in OECD policy debates in the 1990s and 2000s, especially in European countries. This approach, however, was largely derailed by its instrumentalization in the context of the WTO discussions on agricultural liberalization (Losch 2004).

3 An overview of support policies for smallholders

3.1 *Architecture, main instruments and programmes*

3.1.1 *The current toolkit*

The range of agricultural policies supporting modernization is quite similar across countries. It is the result of the domination of the neo-liberal agenda based on market development, the role of the private sector and the priority given to economic growth, even if contested. The role of governments is limited to the correction of market failures, principally public goods, and it is important to remind that, if the modernization paradigm is more than one-hundred-year-old, this private-led approach to agricultural development is relatively new (since the 1990s).

For long, public policies have deeply shaped the development of the sector, particularly in today's high income level countries. Governments supported farmers with massive subsidies, incentives, price management and regulation, which explain the spectacular rise in productivity and the improvement of farmers' incomes. This type of support is today denied to developing countries in order to avoid market distortions banned by the WTO (Chang 2009). However, farmer support is still very significant in many countries (e.g the EU or Japan), even if formally decoupled from production according to WTO's rules and focused on environmental services and food safety.

This market-led agenda is consolidated by the alignment of donors and international organizations⁸, formalized by major alliances and programs – like the CAADP⁹ in Africa, which results in a unified vision available for budget-constrained governments.

Rooted in the objective of technical progress and economic performance, support policies for smallholders target a modernization based on increased productivity and improved access to markets, which are supposed to result in better profitability for farmers. The related instruments can be divided into two broad categories related to institutional and market environments (HLPE 2013, TFRA 2019).

Provision of public goods

The first category pertains to public goods, namely the basic infrastructure, the rule of law, education, training, information, and research.

If the development of roads facilitating the opening of rural areas is a necessary step in many places and requires first and foremost adequate budget, a major attention is paid to the consolidation of a conducive legal framework for smallholders. It concerns first land rights because in many regions, particularly SSA, agricultural land is generally governed by customary arrangements. The main focus is not to develop formal land registers everywhere, but to secure land access and usage rights based on effective practice and collective recognition. The main tools are land documentation and the delivery of certificates with deeds recording, in order to secure individual or collective access and

⁸ Can be cited: the main donors for agriculture (World Bank, IFAD, several bilateral aid agencies, regional banks like the African Development Bank), other UN agencies (FAO), regional organizations (e.g. the African Union, the different Regional Economic Communities, NEPAD). The Global Donor Platform for Rural Development, a network bringing together many of these organizations (39 to date), facilitates coordination and contributes to alignment.

⁹ The Comprehensive Africa Agriculture Development Programme is a pan-African framework adopted by the African Union (AU) in 2003 which is an integral part of the New Partnership for Africa's Development (NEPAD).

investment. It is supported by the adoption of common frameworks like the Voluntary Guidelines on the Responsible Governance of Tenure of Land (VGGT).

The second issue is about addressing the missing legal status for smallholders and family farming because youngsters, men and women, cannot access land tenure and farm management which are under the control of elders. This prevents initiatives and technical innovations that young people could more easily adopt. Giving a legal status to family farms¹⁰ can ease the intergenerational transfer of farm assets to young family workers, as well as their access to collective assets (an option is to design compensatory measures guaranteeing elders' livelihoods). Rights and status of family workers, particularly youth and women, and decent work regulation are also on the agenda.

Another area of attention is the improvement of research, education and innovation systems. Innovation can be facilitated by efficient agricultural research. However, the limitations of the existing and underfunded linear top-down research systems are acknowledged and support favour the design of new models based on the combination of scientific and farmers' knowledge. Improved innovation systems need to combine teaching (including vocational training), research and extension through a systemic collaboration between research, higher education and extension services, as a way to fight against 'siloining', which prevents economies of scale and efficiency at the farmer's levels.

The current preferred option is about supporting the 'knowledge triangle' – research-education-innovation – through the implementation of multi-stakeholder knowledge platforms and innovation hubs (TFRA 2019). The favoured design is to develop these platforms at the local level in order to address the needs and constraints of farmers and other stakeholders (including information, training and extension) with close connection to regional hubs to benefit from network effects.

Improvement of markets

The second category of instruments concerns the improvement of different types of markets (agricultural products, inputs, credit and insurance), because they are often underdeveloped and imperfect (missing information, monopolies and oligopolies, weak regulation, inadequate or lack of supply), which results in high transactions costs and impacts profitability. This is also a condition for reducing risk, a major obstacle to investment.

Several types of actions are generally considered. Increased productivity implies improved output per land or livestock unit and per worker, which means access to innovation and to the 'best' technical packages (i.e. allowing the maximization of the output) adapted to local agro-ecological conditions and the sustainability of agro-systems – a new dimension which has developed over the last two decades.

The classic or 'conventional' technical package includes fertilizers, pesticides, herbicides and high yield selected seeds, together with credit and extension services. It was the recipe of the Asian Green revolution,¹¹ which was successful in terms of production and alleviation of hunger, and it remains a major reference in Africa today. Its high environmental costs have raised awareness about

¹⁰ Several countries have engaged in this direction, notably in Latin America and West Africa (Marques and Ramos 2012, Bélières et al. 2015).

¹¹ Irrigation was a major component of the Green revolution, allowing significant yield improvement and freeing the production cycle from seasonal constraints. It is very limited in Africa and could be developed when constraints on water resources are not too high. But developing irrigation systems is costly and requires specific budget support, which explains its specificity among the existing tools.

risks and the current approach is to mitigate impacts through a close monitoring and a better use of ecological processes. The package is completed with mechanization, broadly underdeveloped in SSA, which can boost labour productivity, reduce the arduousness of farm labour and, at the same time, offer more attractive working conditions to youth. Today, ICTs, with internet and cell phone tools, easily used by young people, are largely supported as a major avenue for information and technical advice.

The question is how to facilitate access to these many inputs, equipment and services, which are not always easily accessible in rural areas and generally costly. Business solutions are the preferred answers through incentives to develop providers' networks (tax reduction) and through competition in order to get right market prices. However, it is increasingly acknowledged that, in spite of their costs and flaws, subsidies are necessary at least for a transitional phase. 'Smart subsidies' with well identified targets and time duration are a reference today for input supply, notably with the development of voucher systems.

Another area of action is to secure access to market and to fair prices. Information systems and stakeholders' platforms are suggested tools. Public support can be decisive but private actors can also contribute to their development. They can help the connection between producers and buyers, facilitate dialogue and give voice to producers, and possibly enable the definition of good practices within a value chain. However, the development of contracts between producers and buyers is generally presented as the major answer. They can secure selling and prices and even facilitate access to inputs and services.

3.1.2 Implementation

All these categories of instruments and specific tools are central to many existing agricultural development programs. They are identified and targeted by international and regional institutions and by national policies.

In SSA, the specific support to smallholders is hardly ever the core issue in these programs, which is most often the growth of the agri-food sector, its modernization and the achievement of the SDGs. Many programs or plans rarely refer to smallholders and what is preferred is the producer, the farmer, the entrepreneur and, more and more, the 'agripreneur'.

The Comprehensive Africa Agriculture Development Programme (CAADP) of the African Union, implemented by AUDA-NEPAD,¹² is a major reference described as 'Africa's policy framework for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all.' Initiated with the Maputo Declaration in 2003, where African governments committed to spend 10% of their annual budget in agriculture and rural development, the CAADP focuses on a series of core issues, central to the preparation and adoption of national CAADP Compacts identifying national investment plans for agriculture and food security. The commitment of African governments was reaffirmed by the 2014 'Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods', which targets: increased agriculture production and productivity; increased intra-African trade and better functioning markets; expanded local agro-industry and value chain development inclusive of women and youth; improved management of risks for increased resilience of livelihoods; and improved

12 The NEPAD Planning and Coordination Agency was transformed in 2019 into the African Union Development Agency (AUDA) as the technical body of the AU.

management of natural resources for sustainable agriculture (NEPAD 2015). The recommendations of the recent 15th CAADP partnership platform focusing on trade and market access (June 2019) confirmed the consolidation of this market agenda.¹³

The current African Development Bank's strategy for agricultural transformation (2016-2025) uses the same arsenal of policy orientations and related tools. Its main enablers are: increased productivity; improved downstream markets; enabling infrastructure development; catalytic agricultural finance; improved agribusiness environment; inclusivity, sustainability, and nutrition; and coordination of actors for agriculture and agribusiness development (AfDB 2016). And the different Africa Agriculture Status Report of the Alliance for a Green Revolution in Africa (AGRA), created in 2006,¹⁴ adopt the same perspective with a strong focus on the Green Revolution package (mostly fertilizers and improved seeds).

For the operationalization of all these massive programs, and due to the limitations of national public budgets and of public donors' and private foundations' contributions, the preferred tools are the Public-Private Partnerships (PPPs).

There is a broad diversity of domains of intervention for PPPs in agriculture, food processing and also distribution. In its review of agri-business PPPs, FAO (2016) distinguishes four main categories focusing on: developing agricultural value chains; joint agricultural research, innovation and technology transfer; building and upgrading market infrastructure; and delivering business development services to farmers and small enterprises.

However, in its review, FAO points out the difficulty of adapting PPPs usual institutional set-ups, most often targeted on infrastructure projects, which differ from the reality of the agricultural sector. The transaction costs associated with sourcing from numerous smallholders are an issue for private partners; and they are an incentive to support collective action facilitating the participation of smallholders in modern value chains. Also, being a suitable candidate for participation in agri-PPPs requires a certain level of skills and assets, which means that they likely exclude the poorest.

Facing the huge investment gap for supporting the development of the agri-food sector, specific multi-stakeholders' platforms (MSPs) have been progressively implemented to facilitate fundraising, resource mobilization and to channel finance. MSPs can be defined as collaborative arrangements between stakeholders from different spheres (public sector, private sector and/or civil society), pooling their resources together, sharing risks and responsibilities in order to ensure the production or delivery of an outcome of collective and/or public interest (HLPE 2018).¹⁵

Among the MSPs dedicated to funding, it is possible to cite: the New Alliance for Food Security and Nutrition (NAFSN), launched at the 2012 G8 Summit, and dedicated to the promotion of responsible

¹³ The participants called, among others, for: 'increasing access to information through the use of information and Communication Technology, strengthening trade practices to transform markets systems (...)' (#2); 'accelerate the development of the agro-processing industry through a value-chain approach' (#3); 'institutionalize public-private partnerships that promote innovative investments in agricultural value chains' (#4); 'develop strategies for making agriculture and agribusiness attractive to the youth' (#5); and 'encourage smallholder farmers to see agriculture as a business (...)' (#6) (NEPAD 2019).

¹⁴ Among the funding partners are Yara (the world biggest fertilizer company), the Rockefeller Foundation, the B.M. Gates Foundation and the usual donor agencies.

¹⁵ Other types of MSPs address issues related to capacity building, knowledge, advocacy or standards.

private investment in African agriculture benefiting small farmers;¹⁶ the Grow Africa Partnership, founded in 2011 by the AU, NEPAD and the World Economic Forum (WEF), and grouping over 200 companies and governments in 12 countries; the Initiative for Smallholder Finance (ISF) led by private foundations in collaboration with USAID and proposing innovative solutions like covering lending risks for farmers.

Finally, a couple of soft law instruments have been endorsed by governments, regional organizations, agencies and CSOs to support the respect of common guidelines, which are mostly a litany of principles. They include the adoption of transparent rules and appropriate consultation and participation of stake and right holders which can be referred to in policy dialogue. Two main instruments related to agriculture and food have been adopted: the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT), already mentioned, endorsed by the Committee on World Food Security in 2012, and the Principles for Responsible Investment in Agriculture and Food Systems (known as RAI). RAI notably targets sustainable and inclusive economic development, gender equality and women's and youth's empowerment, the respect of tenure and of access to natural resources, as well as cultural heritage and traditional knowledge.

3.2 Insights on several classic and emerging building blocks

3.2.1 Market access and integration through contracts

Contractualization with downstream economic agents (processors,¹⁷ brokers, wholesalers, agribusinesses, exporters, supermarkets' procurement services) is often presented as the 'voie royale' to secure market access, reduce risk, and improve farmers' returns due to better prices and adequate support.

Contract farming can be defined as 'a sales arrangement between a farmer and a firm, agreed before production begins' (Ton et al. 2018), which secures a price and possibly provides the farmer with resources or services.

In practice, the specific terms and structure of these contracts can vary quite dramatically and correspond to a gradient between the spot market (i.e. no contract) and vertical integration (i.e. when the production is fully incorporated in the buyer's enterprise). The different types of contracts have been well described since Mighell and Jones (1963) who distinguish three main groups: the market-specification contract, where the farmer is fully in charge of the production and agrees on a pre-harvest arrangement with a buyer which guarantees purchase and price under specific conditions (quantity, quality and date of delivery); the production-management contract, where in addition the buyer defines the type of inputs and farming practices to be followed by the producer; and the resource-providing contract, where the buyer is directly involved in the farm management at the plot level and supplies the requested inputs (to be paid when the production is delivered)

¹⁶ The New Alliance has been heavily criticized by many NGOs considering that it first favours the interests of transnational business corporations. External reviews have led to the withdrawal of some founding partners (Pascal et al. 2014, Alpha and Sédogo 2017).

¹⁷ Out-grower schemes are a specific configuration where smallholders directly supply a private estate – generally plantation crops – which has its own processing facilities. Together with the estate production, the additional smallholder production contributes to the profitability of the agri-business. The estate is generally the only buyer and the smallholder is totally bound to its contractual conditions.

Recent changes in agriculture and food systems have supported the development of contractualization. Taking advantage of huge technical changes in ICT, processing, storage and transportation, food value chains are engaged worldwide in a rapid process of restructuring and upgrading. The 'supermarket revolution', characterized by the development of large scale retailing and procurement systems, which started from the mid-1990s in developing countries (Reardon and Timmer 2007), was mostly targeting high value products (fruits and vegetables). It is now complemented by the 'quiet revolution' which reaches staple foods through direct sourcing between producers, processors and storage outlets (Reardon et al. 2012).

Large agribusinesses have become major powerful players, with a capacity to provide credit, technology and information. They are viewed, particularly in Africa, as the main driver for change and modernization, with the capacity to transform the subsistence-oriented sector into a 'more commercialized, profitably productive, and smallholder and entrepreneur-led' agriculture (AGRA 2019).

However, if opportunities for easier smallholders' integration into value chains are real, some strong caveats about the development potential of contract farming are needed (Oya 2012). First, several risks of regional and farm marginalisation exist (Soullier et al. 2019). The 'revolutions' do not affect all value chains and, when they occur, they most often concern limited country areas depending on the agro-ecological conditions and the quality of access (infrastructure, security). Agribusinesses are not development agents: in order to reduce their costs and uncertainty, they tend to target the producers who can most easily meet their quality standards, which results in the exclusion of the already less endowed smallholders. They can also outsource the riskier crops and directly produce the most profitable.

Then, there is very contrasting evidence about the benefits of contract farming for smallholders. Several reviews highlight mixed results (Ton et al. 2018, Bellemare and Bloem 2018) and show that many factors influence the quality of the outcome: the mutual expectations and trust between the two parties, the geographical location and the related transportation costs; the quality of contractual arrangements which can reduce risks of free riding and side-selling on the producer's side, or delayed payment, price cuts or rejection of the product (with reference to real or disputable quality issues) on the buyer's side (Barrett et al. 2012).

Local successes can be registered, including for staple crops. Contracts can stimulate the production and improve incomes (Maertens and Vande Velde 2017, on rice in Benin), but profit can also be reduced due to the cost of provided services, like credit (Soullier and Moustier 2018, on rice in Senegal).

Finally, impacts of contract farming must be put in perspective when compared to the importance of agricultural population and rural poverty: which types of value chains are concerned, in which areas of a country, and for how many smallholders (Ragasa et al. 2018)?

In developing countries, the proportion of farm households involved in contract farming is only estimated around 1 to 5% (Devaux et al. 2016). In practice, in Africa today, most of the production is still sold through traditional marketing channels. They involve middlemen and other intermediaries who resort to informal arrangements based on trust and networks and who are connected to retail systems and exporters. When contractualization exists, it is often between the wholesaler or the cooperative and the processing firm or the procurement service (Losch et al. 2012).

These limitations are confirmed in South Africa. The development of contract farming can definitely facilitate access to markets, services and resources and result in increased incomes, but it is far from providing a response to rural poverty. The number of producers involved correspond to a small share of smallholders, and they are generally the already better-off who possibly benefitted from specific public support in the past (Freguin et al. 2012).

Even if different in nature, the specific case of inclusive businesses and inclusive business models can be discussed here because they are a way to provide smallholders with market access and technical upgrading through a 'merger' with a larger farm or a vertical integration with downstream players (agribusinesses or large corporations). They have developed over the last ten years, particularly in South Africa.

They are formally legal joint ventures between a 'commercial partner' and 'beneficiaries' who can be smallholders or rural communities, and they are created and run based on their profitability and commercial viability. In practice, the beneficiaries are providing their land and labour force and the commercial partner brings its financial capacity, productive assets and skills. Fully aligned with the modernization paradigm and a market and private-driven development, these models are praised by governments because they are an opportunity to involve private enterprises in the support to smallholders.

Because they meet the criteria for viability, these inclusive businesses can be successful with regard to their production outputs and asset development, but there are also well informed cases of failure for rural communities involved in land reform programs in South Africa (Lahiff et al. 2012). Like contract farming, these experiences remain limited in number; and the impacts on individual beneficiaries can be very narrow in terms of incomes and changing livelihoods, due to repayments and shared costs, as well as skill development if the commercial partner does not play enough its role of mentor (Chamberlain and Anseeuw 2018). At the end, the joint venture can be a way to take control over smallholders' assets and also to be politically correct like in the context of the South African land reform.

Due to the existing asymmetries of power between smallholders and agri-businesses, a challenge is to rebalance relationships in value chains. Collective action can be a major answer as well as the development of multi-stakeholder platforms and inter-professional associations (HLPE 2018).

Farmers' organizations have historically played a major role (Bijman et al. 2016). They can join forces with their labour and capital, benefit from economies of scale, and get more bargaining power in the value chains with the bulking of their products. They have been successful in many regions in consolidating their market access and support to their development has generally resulted in positive outcomes (Mercoiret and Perret 2003, Moustier et al. 2010). This can be a role for governments which can help collective action through information and incentives and which must guarantee the effectiveness of dialogue between parties in value chains platforms.

3.2.2 Extension and advisory services

Advisory and extension services for agriculture have historically played a major role in the modernization process, the progressive technical and management upgrade in farm practices, and the improvement of farm performances. They started in Europe in the late 19th century, focusing first on the use of chemical fertilizers, central in the productivity boom, parallel to the initially private-led development of mechanization. They surged everywhere after WWII and were part of the development arsenal of every government, particularly in the new nation-states, and as such

fully part of the public sector, generally integrated into agriculture ministries or ad hoc parastatals (Faure et al. 2015).

The focus was the dissemination of the up-to-date technological package made of selected varieties and chemical inputs, targeting cash crops and major staples. The methods were strongly prescriptive with the replication – the extension - of recommendations per the instruction book, without taking into account the specific situation of farms and farmers. More demand-orientated practices, addressing the diversity of smallholders were experimented from the late 1960s with farming systems approaches (Chambers et al. 1989), but the dominant model was about numerous, poorly efficient and costly public extension services.

Structural adjustment programs focusing on the reduction of public spending targeted first these public extension systems. Rationalization was supported by the World Bank with the ‘training and visit’ method, recording poor results (Anderson and Feder 2004), as well as the decentralization of extension to sub-national levels, and then a tentative transitioning from public to private systems.

Presented as an alternative, fully private extension services depending on farmers’ contributions have shown their limits, because they were targeting the most profitable areas and cropping systems, where enough profit was possibly supporting the activity. As a result, remote areas with limited outputs and poor smallholders were marginalized and let aside of the expected modernization of agriculture (Benson and Jafry, 2013).

Today, public delivery of extension services is perceived as outdated and inefficient, and private systems are acknowledged as a very partial answer. They can only be an effective option when they are embedded in a value chain through contract farming. In order to address the needs of smallholders, the extension function must be improved and move towards tailored advice adapted to the reality of local contexts and the situation of farmers. And to be effective it must benefit from the existing information and be plugged into innovation systems.

The proposed answer is the promotion of the ‘knowledge triangle’ and the creation of knowledge platforms connected to innovation hubs, allowing more than technology transfers. Based on farmers’ needs and skills, demands and experience, and the promotion of multi-stakeholder dialogue, experience sharing (farmers to farmers) and on-site training, this new approach benefits from international support (TFRA 2019).

In Africa, the Integrated Agricultural Research for Development (IAR4D), developed by FARA (Forum for Agricultural Research in Africa), a continental organization responsible for coordinating and advocating for agricultural research for development, has developed a concept of Innovation Platforms. These platforms are forums for a group of relevant stakeholders in a selected value chain or a selected farming system. They include farmers, researchers, extension agents, downstream operators (processors, wholesalers or retailers), financial institutions, policy makers (local governments or ministries’ representatives), as well as consumers’ associations and other CSOs.

These innovation partners work together to identify problems, to investigate existing solutions - mobilizing information from knowledge platforms and using resources based on digital tools (see box 2) – and finally to design adapted local answers which can contribute to new innovation streams.

The funding of these collaborative platforms is based on members’ contributions - PPPs being a possible and supported instrument, and external support from donors and international agencies. A

good example is the Platform for African European Partnership on Agricultural Research for Development (PAEPARD), coordinated by FARA with support of the European Commission, which facilitates contacts and collaboration between farmers' organizations, civil society groups, research and education institutes, private companies and policy networks. PAEPARD is not a financing tool but provides capacity strengthening, information, and help partners through a brokering mechanism to access funding opportunities.

Box 2: Digitalisation for agriculture (D4Ag)

Digitalisation for agriculture (D4Ag) is presented as a major option for helping Africa to accelerate its agricultural modernization, bringing on board more easily the imperatives of sustainably and inclusiveness (CTA 2019). As such it could be a major component of new innovation systems and support the knowledge platforms and innovation hubs. D4Ag Advisory services are supported by donors and private enterprises because of their ease of delivery; they avoid coordination costs specific to every value chains.

The sector is booming with many start-ups and service providers. Integrated precision advisory solutions for smallholders already exist and are being deployed by big technology players and by mobile network operators, like Vodafone which is part of the Connected Farmer Alliance (a PPP) in East Africa.

Using a combination of drones, satellites and big data, new tools and services are developed for pest and disease surveillance (e.g. Rise Africa in South Africa) and for weather management with weather-based adapted solutions for smallholders (e.g. the Dutch Weather Impact, and its Rain4Africa partner in South Africa).

In addition to banking facilities provided by ICTs, D4Ag can also support credit access with the new development of 'crowdfarming' (e.g. Growsel in Nigeria or Live Stock Wealth* in South Africa).

However, for now, many barriers remain preventing a strong development: first and foremost a limited connectivity and the lacking infrastructure in many rural areas; then the cost of operating a mobile phone and accessing internet in Africa which can be prohibitive for small farmers; also, the conditions of access to technology with the growing sophistication of D4Ag solutions. As a result, the number of registered farmers and pastoralists is limited, knowing that even the actual impacts of cell phones development rural incomes are uncertain (Mabiso and Benfica 2019).

Most companies are still working to develop a viable business model more adapted to rural realities and infrastructure development remains the bottle neck.

(*) On this crowdfarming platform, one can invest in macadamia trees, pregnant cows, free-range calves or connected gardens. <https://www.livestockwealth.com/home>

3.2.3 New production models and agroecology

The common technical package in agriculture supporting the modernization model and its connection to the industrialization of food leads de facto to an externalisation of its impacts on natural environment (pollutions and losses) and on public health systems (non-communicable diseases). This is a significant example of market failure where the negative externalities of conventional agricultural production are not costed and the benefits of systems with positive ecological impacts are not rewarded.

This unsustainability of conventional techniques for ecosystems and societies is amplified by the anticipated impacts of climate change resulting from the existing growth model. It leads to a progressive general agreement about the need for changing agricultural practices and more broadly

the development model itself, and for moving from uniformity to diversity as a way to take full advantage of local agro-ecological practices (IPES-Food 2016).

However, the identification of adapted pathways to sustainable agriculture, if critically needed, is not easy due to insufficient knowledge and dedicated research in specific regional contexts, particularly in developing countries (Côte et al. 2019). Multiple initiatives exist, which promote different approaches relying on diverse technical, socio-economic and political options. It results in a vast array of proposals, promoted by different stakeholders and lobbies, and often leading to controversies and partisan visions. There is however an agreement about the importance of identifying answers adapted to local contexts and including farmers in the search for response to the challenges they face.

Promoters of sustainable agricultural intensification (Pretty et al. 2011) call for a necessary intensification to answer the needs of agricultural supply in a context of growing demand, adopting a careful use of external inputs and the full usage of ecosystem resources. Among different options for development, an 'eco-technical pathway' has been proposed (Windmeijer et al. 2017) combining the rational use of biotechnology with a 'modest' utilization of external inputs (i.e. chemicals), irrigation and mechanisation, compatible with ecological cycles.

These 'go-between' approaches trying to adapt the modernization paradigm to the sustainability challenge are strongly rejected by the advocates of agroecology who adopt a more radical approach based on natural processes, using beneficial on-farm ecosystem interactions in order to reduce off-farm input use and improve farm efficiency (AFSA 2016, HLPE 2019). The key objective of agroecology is the diversification of farming systems through practices such as mixed cropping, intercropping, agroforestry, and livestock integration, as a way to amplify the positive effects of biodiversity on productivity through better use of sunlight, water, and soil resources, and the enhanced regulation of pest populations (Altieri et al. 2012).

The major problem for the development of this new paradigm and these new techniques, careful of the environment and using the full potential of ecosystems, is that farmer support remains today almost entirely directed at subsidising the conventional toolkit. As reminded above, in Africa, international support continues to push towards the dissemination of the conventional modernization agenda, which results in major obstacles to a most needed transition (see for example the Zambian case illustrated and discussed by Swanepoel et al. 2015).

In order to fund the transition towards agroecology and improved environmental practices, two objectives must be targeted. The first is to remove subsidies for degrading practices, for which there is a massive resistance of the 'agro-chemical complex'; the second is to give incentives for sustainable practices maintaining and restoring natural ecosystems and the services they provide.

Identifying budget for payments to producers developing eco-friendly practices in their farming systems is not easy in a context where national fiscal austerity is the rule. Major funding vehicles exist, supported by the international community – like the Global Environment Facility or the Green Climate Fund – but they are not so easily accessible to directly address the situation and needs of farmers and the implementation of the agro-ecological agenda. This difficulty illustrates the existing segmentation of public policies and obstacles to cross-sectorial interventions: it is not so easy to use funds targeted to climate and the global environment for interventions in agriculture, even when

they aim at sustainable farming practices. However, if today climate funds are mostly used for mitigation, it should be possible to target more budget on adaptation (TFRA 2019).

National experiences show that a major avenue has been so far to use conditional transfers, initially designed for poverty alleviation, and which have been progressively extended to sustainability objectives through payments for environmental services (PES). These conditional transfers are generally based on public works programs where guaranteed wage employment is proposed on a daily basis for work on specific tasks like roads, infrastructure and more specific environment oriented programs focusing on natural resource management (e.g. watershed-related projects, clearing of alien vegetation, rehabilitation of wetlands, fire protection, as well as eco-tourism).

Among the many existing examples are the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India, which is the world's largest works-based social protection scheme, the Expanded Public Works Programme (EPWP) in South Africa,¹⁸ which contains several sectorial programs, including environment, the Ethiopia's Productive Safety Net Programme (PSNP), the several China's eco-compensations programmes (e.g. the Sloping Land Conversion Program), as well as several PES in Latin America like in Costa Rica, Mexico and Brazil (Le Coq et al. 2015).

Karsenty (2015) distinguishes two types of PES: the use-restricting PES, which are collective contracts with communities, rewarding them for preserving specific ecosystems; the asset-building PES, which support farmers in the adoption of environment-friendly practices. Farmers receive payments generally based on labour costs invested in new techniques and specific landscape management, as well as the use of specific species.

PES appear as one of the most accessible and promising options, which can also contribute to farmers' incomes and their diversification. Their development remains limited because it implies necessary certification and monitoring, the implementation of which can be difficult and result in additional costs.

Financing PES can be based on the willingness to pay from beneficiaries, which in practice is a difficult option to implement, requiring high transaction costs with limited potential to scale-up. Because they address a market failure, states can directly and need to step in using their own resources, which can also be a way to leverage private or donor support. Dedicated budgets depend on the green agenda of governments and how climate change adaptation and mitigation and sustainable development goals are prioritized in their development plans.

Public finance for environmental investments and PES can be based on several sources (Porrás and Asquith 2018): the general budget based of the fiscal policy, public debt (e.g. bond emissions) and earmarked taxes based on specific sectors or usage. The advantage of earmarked taxes is to prevent fiscal changes and financial withdrawals for other purposes. The most used sources are water and fuel taxes based on consumption and tourist charges (based on hotel nights or hunting licenses). Innovative tools could also be developed, using broad base and low rate taxes, as for example small

¹⁸ The EPWP is managed by the Public Work Department which coordinates several sectorial programs led by other departments, like the Environment Programs (EPs) managed by the Environmental Affairs Department. EPs focus on investments in ecosystem services targeting specific ecosystem threats or issues (e.g. Working for Water – WfWater – or Working for Wetlands - WfWetlands) and provide social benefits for work in these programs, mostly implemented at the community level.

fees on telephone units (Karsenty 2015). At the end, moving towards a new development model is first and foremost about international and country choices and political will.

3.2.4 Place-based approaches and territorial development

There is a growing international debate and recognition about the importance of local and territorial dynamics (TFRA 2019, OECD 2020). In many countries, it has resulted in the adoption of place-based approaches to socio-economic development and to the emergence of territorial governance (Torre and Traversac 2011).

Place related concepts (territory, region, landscape, place, space) can be perceived as imprecise because they have different meanings in different languages (AfDB et al. 2015). A territorial perspective is not limited to existing administrative boundaries. It considers the territory as a space of governance for human activities, structured by economic and social networks, where future projects are conceived and implemented. A territory is governed and influenced by a community of actors and includes all the environmental, social, political, cultural and economic assets and processes interacting within it (TP4D 2018).

This new perspective is grounded in three dimensions which are related to the evolution of public action, to the change in the macro-economic environment, and to the dynamics of the food system. The first dimension is about the efficiency of public action resulting from the acknowledgement of the strong segmentation of public policies. Governmental action is segmented between sectorial departments and levels of government (i.e. national, provincial, district and local levels, depending on every country's constitution), which all have a strong culture of mandate (and budget) protection. It prevents adequate responses to complex situations and results in a mix of defensive and offensive public behaviours depending of the existing balance of power within the government and the influence of lobbies.

This is the case of rural development strategies where the policy practice has generally resulted in biases favouring the agricultural sector - a situation reflecting the historical political status of agriculture which positions the sector as a policy priority. This vision has for long prevented a fully informed policy design, bringing on board the different dimensions of local dynamics like new rural realities and stronger rural-urban linkages. It has hampered a closer articulation of sectorial policies and adequate policy answers to local constraints faced by rural households and smallholders.

This need for better articulated policies has led to the identification of a new rural development paradigm (OECD 2016), resulting in the recognition of the importance of place-based approaches integrating the new spatial dynamics existing beyond the rural and urban silos. These place-based or territorial approaches are founded on local participation and dialogue, which create ownership and consolidate stakeholders' commitment to identified priorities of action (Caron et al. 2017). They are a way to rebalance power and give a sense of agency and local citizenship, in contrast to national level choices decided by governments. They can improve cross-sectoral effectiveness, but they require more than a better coordination of existing sectorial policies: they call for a paradigm shift towards more inclusive policy making addressing the specific strengths and weaknesses of a place.

The second dimension is related to the macro-dynamics of economic restructuring. Globalisation and climate change prevent the same historical sequencing than economic transitions followed by other regions of the world. The stimulus of market liberalisation, which drove international dynamics in the 1990s and 2000s, is flagging and the current growth regime is uncertain with risks of stagnation and trade tensions – a perspective even more accurate today with the world facing a

global pandemic . As a result, the replication of high growth rates based on export strategies – the official recipe of donor agencies - appears more difficult today and the national dynamics – the Rodrik’s ‘what happens at home’ (2013) - become decisive, giving ground to local approaches.

In that perspective, agri-food productions can actually play a key role in contributing to local development processes. They have a major development potential and the unlocking of rural-urban dynamics can stimulate the historical linkages between agriculture, rural diversification and local development, which have been undermined by corporate vertical integration and globalization (UNSRID 2010): agri-processing and other agri-services have a key role to play in this process and can support small towns’ and cities’ diversification; they can be labour-intensive and have strong upstream and downstream linkages.

The third dimension is about the evolution of the food system itself. As mentioned above (1.3), the industrialization of food, the vertical integration and deep concentration in food value chains, the long-distance food trade and procurement systems negatively impact human health, ecosystems and non-renewable resources, as well as development dynamics supporting local activities and employment.

Debates have arisen since the early 2000s about the benefits of a progressive relocalization of food systems, as a way to limit long distance movements of goods and to connect local producers and local consumers. Such a shift would bring more efficiency related to the reduction of transaction and transportation costs; it would progressively reflect in lower ecological footprints and foster local development.

Social movements and emerging coalitions related to citizenship and food sovereignty have been at the forefront of these debates. In order to develop more self-reliant and resilient food networks, local food movements have developed. They aim at connecting food producers and consumers in the same geographic area, avoiding the long distance sourcing of large retailing systems, to the benefit of human health, natural environment and the local community (Waltz 2011). At the ground level, local food initiatives often promote sustainable and organic farming practices and community-supported agriculture models, where consumers directly contract with farmers (e.g. subscribing to fresh product baskets delivered on a weekly basis).

These dynamics are also integral part of the public policy debate with a conceptualization of city-region food systems referring to bioregions, ‘foodsheds’ and short supply chains (Blay-Palmer et al. 2018). They are promoted by international organizations as a way to deal with food security and the imperative of sustainability (OECD et al. 2016). Large cities and metros, which have sufficient human resources for managing that type of approach, are playing a major role. This is illustrated by the Milan Urban Food Policy Pact¹⁹, where cities coordinate and join forces for identifying and testing new instruments which are not in the arsenal of existing public policies.

The underpinning principles of territorial development is that interventions need to be people-centred, place-based, cross-sectoral, multi-level, multi-stakeholder, flexible and promote integration and synergies.

¹⁹ The Milan Urban Food Policy Pact is signed by 209 cities around the world, grouping 450 million inhabitants. Cape Town and Johannesburg are partner cities. <http://www.milanurbanfoodpolicypact.org/>

Several steps can support the formulation of a territorial strategy and the identification of local action programmes (AfDB et al. 2015, TP4D 2018). The first critical step is to secure the participation of representative stakeholders in order to develop a sense of ownership and to consolidate collective action. It must be associated with capacity building particularly among disadvantaged groups, providing support about technical, managerial and legal issues and knowledge for understanding the main local challenges. The second step is to implement a shared diagnosis of the local context, informed by a stock taking exercise of territorial assets and existing socio-economic dynamics. It results in the identification of major challenges, binding constraints and opportunities for job creation and inclusive growth. Careful consideration must be given to the identification of local resources which are specific to the place. Good examples are cultural heritage, natural landscapes or the quality of agro-food products from a geographical origin. Generally, these specific resources are not given, they must be 'activated' (Campagne and Pecqueur 2014) through common actions of local stakeholders (recognition and promotion). They can result in new activities in the agri-food sector, in tourism and in support services (Camignani 2009). They can also boost local agriculture and provide more diversified incomes. The third step is about the adoption of a foresight approach based on the co-elaboration of alternative scenarios for the future by local stakeholders, using a long-term horizon (15 or 20 years). It does not require any specific education and skills from the local participants and it is an opportunity to give voice to actors who are rarely heard, to facilitate a common understanding of territorial challenges and to assess the capacity of local resources to respond to them. The future of agriculture and of the socio-economic development of the place is naturally central to the approach and provides another possible dimension to farmers' support.

4 What lessons for South Africa?

4.1 Preliminary remarks

When putting into perspective the evolution of agriculture worldwide, what have been the modernization choices, their rationale and consequences, and the long-standing experiences of support to smallholders with the South African trajectory, several major characteristics easily arise.

These characteristics determine an opportunity-constraint policy space which determines the room for manoeuvre for action, and South Africa faces several adverse conditions with regard to an increased and improved support to smallholders which will need to be overcome. The existing difficulties are related to the following:

- South Africa faces the legacy of a very unique situation of deeply dual agriculture originating in land expropriation and appropriation by white settlers, consolidated by a racial-based political system which has durably supported large white farms and marginalized the black agriculture consisting of generally poor smallholders.
- This agrarian history as well as rural labour capture policies for other economic sectors have deeply destructured rural economies and led to a spatially and economically unbalanced development model, characterized by rocketing inequalities (Gini's world record), a high urban ratio, heavy metropolization processes and weakening local economies.
- The corporatization of the agri-food system with high concentration of economic power among a few big players in processing and retail industries has created huge asymmetries and barriers to entry into highly integrated value chains (Ledger 2016, Greenberg 2017). It prevents the continuation or the development of small and medium enterprises in processing and retail and hampers local development.
- The modernization paradigm has been fully adopted to the benefit of large farmers with highly mechanized, chemicalized, mono-cropping and integrated production systems resulting in environmental unsustainability (Von Bormann 2019) and strong processes of farm concentration.
- Support to smallholders has been erratic, with a multiplicity of low-endowed public bodies and a very inefficient public extension system (Khulisa 2016, de Satgé 2020), and the knowledge of the smallholder segment is limited (strong data do not exist about the socio-economic characteristics of farm households).
- The national government has for long adopted a market-led agenda giving a specific role to the private sector for the development of smallholder agriculture. Despite apparent contradictory positions between different departments (Greenberg 2019), this market-led agenda has been confirmed and the development of inclusive business models is presented as the key option for the development of the sector and job creation (Steenkamp et al. 2017, National Treasury 2019) regardless of mixed results and the insufficient absorption capacity of this approach.

In this context, a systemic reshaping of the agricultural policy and a transformative reform of the agri-food system will require a strong political commitment. Because they are unlikely to occur in the short to medium term, the objective is more to identify interstices and opportunities where a targeted support adapted to the reality of South African smallholders could progressively develop.

What can be the room for manoeuvre for a dedicated support to smallholders facilitating a successful labour intensive rural land reform? Based on the review of the existing support toolkit adopted worldwide, its development, partial reorientation and on-going crisis, and on this quick summary of the national policy space, two major issues of focus can be delineated. They are related to market access for smallholders and to the conception of a possible adaptative support system. Their discussion can benefit from existing experiences in other countries.

4.2 Access to markets

In terms of economic opportunities, the options for smallholders are deeply shaped by the agro-ecological conditions (fertility, climate and water access) which determine the type of possible production (vegetables, fruits including tree crops, cereals and different types of livestock).

However, market access is the immediate second criteria: do these productions benefit from existing marketing networks connected to provincial or national value chains? And, if yes, what are the conditions of access? Or does the marketing of products only rely on local markets?

If locally well-organized value chains exist, with existing buyers – large commercial farmers connected to wholesale markets, processors, wholesalers, procurement systems of big retail companies – the opportunity must of course be taken for smallholder development. It can be consolidated by contract farming and support can target the design of well-balanced contractual arrangements. Support to collective action and to the creation of smallholders' organizations is an option for the bulking of products which can facilitate contractualization. Similarly, if inclusive business models are implemented, they can be a local option for a limited number of smallholders, with the same necessary support regarding the conditions of inclusion in the new entity and an effective guarantee in terms of returns and skill development.

However, for the large majority of smallholders in the 44 district municipalities of South Africa, and particularly in communal areas, the situation is more likely the absence of organized access to value chains. Producers rely on neighbourhood consumers, hawkers and bakkie traders who connect to local, provincial or national markets. Informal sales with spot prices are the rule. They can be an efficient marketing channel depending on the existing demand and on existing informal arrangements based on commercial and social networks. The remaining question is the absorption capacity of these local markets which can be an obstacle to the development of smallholder production and can create uncertainties detrimental to investment.

A way to increase marketing opportunities for smallholders could be to implement a national policy incentivising the procurement of their products. A quickest and less expensive option is to explore locally what could be additional outlets and to support their development. The information is key; it requires a good understanding of the local context; and local support must be designed for facilitate access to this market knowledge.

Among the possible local marketing options, it is possible to mention:

- the creation of local farmers' markets in the main localities;
- the organization of municipal markets;
- public procurement for local public institutions (schools, hospitals...): it already exists in theory but its effectiveness is unclear and it could be developed;
- the negotiation with procurement systems of local supermarkets when this option is available, which is the case for some retailers (e.g. SPAR).

With more ambition, the creation of regional fresh produce markets would be worth to be explored. An existing reference is the Mooketsi market in Limpopo (see Greater Tzaneen municipal study), which has been developed by ZZ2 and RSA (two major companies in fresh products marketing) and FGX (an online trading service platform). This experience should be further investigated and assessed and possibly adapted in other provinces or districts of the country (ITI 2015).

4.3 *Conception of support*

The evolution of the international debate about support to smallholders has clearly moved from linear centralized nation-wide public extension systems to decentralized multi-stakeholders' advisory approaches embedded into broader innovation systems.

Support must be place-based and there are no one-size-fits-all solutions – an over-used slogan rarely translated into practice due to institutional inertia. Instead of non- or dimly coordinated actions initiated by different (sometimes competing) departments, it is preferable to develop local platforms, support hubs, help desks – whatever the name – as a way to join forces between local stakeholders and to rally external support in terms of information, knowledge, networking and access to funding.

In the South African context, local municipalities could be an effective level of action. Of course, municipal management face many problems: lack of human resources, insufficient budget, heavy administrative burden, difficulty of service delivery, standstills related to local politics and changes of alliances. In addition, municipalities do not have any specific mandate related to agriculture and land reform. But there is room for manoeuvre if local political exist, which could be stimulated.

Municipalities have a constitutional mandate about local economic development and a partial mandate about food related issues and food security. According to De Visser (2019), they have original powers to conduct spatial planning and land use management (granted by the 2013 Spatial Planning and Land Use Management Act - SPLUMA) and they have competencies for trading regulations, markets and street trading. As such, they can:

- influence the availability of and access to food through the protection of agricultural land and food trade regulation;
- facilitate food trade activities in informal settlements;
- balance the role of large retailers and support local food producers and traders with municipal markets;
- improve access to healthy and nutritious fresh food through advertising (they regulate billboards) and support to farmers' markets.

This mandate of municipalities with market access and regulation creates an opportunity for supporting local smallholders. Moreover, their local economic development mandate gives them a position to organize an effective local debate about existing challenges, opportunities and constraints to development, the support to economic activities and the management of natural resources. Such an approach implies an effective commitment, broader than the routine monitoring and updating of the municipal Integrated Development Plans.

Without risking to start institutional conflicts with the national or provincial departments in charge, it would be worth considering the viability of implementing help desks hosted under the umbrella of the LED officer, which could provide support in terms of market information, technical knowledge,

facilitation and coordination with the different departments and institutions (including research). These help desks could also contribute to the planning activities of the municipality.

Such an approach would be initiated with willing municipalities, adopting a flexible methodology in terms of detailed design and implementation. Due to the local human resources and budget constraints, dedicated staff would have to be funded by a support project targeting labour intensive land reform. In order to get economies of scale, some functions like information and knowledge base management could be backed by an information hub possibly implemented at the district level.

Such a framework could be progressively developed nationwide. It would be much less expensive than agri-parks (certainly with less private business opportunities) and more efficient in terms of support. Depending on the existing political will to support that type of design, an option could be to benefit from reappointment of staff from the existing extension services subject to adequate training.

This reinforcement of capacity at the municipal level could definitely contribute to a progressive rebalancing and decentralization of the agri-food system and to the revitalization of local economies, bringing on board a necessary fine-tuned approach of natural resources management. The later could be supported through a collaboration with the Department of Environmental Affairs and the Expanded Public Works Programme and include payments for environmental services which already exist and could be adapted to target more directly small farmers. It could be a significant contribution to the move towards a place-based vision for sustainable development.

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