BUILDING INCLUSIVE FOOD CHAINS

PATHWAYS BEYOND LAND INEQUALITY THROUGH COLLECTIVE ACTION

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THE LAND INEQUALITY INITIATIVE
SOLUTION PAPER
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EXECUTIVE SUMMARY

Land inequality fundamentally undermines the ambition of leaving no one behind in achieving sustainable development globally. Measures against land inequality must challenge its fundamental drivers through alternative approaches to agricultural development. These drivers include the increasing concentration of agri-food industry operations and beneficial ownership; large-scale land acquisitions; deficiencies in land rights recognition; narratives of monoculture agricultural development and the associated valorisation of land based on financial returns.

Inclusive food chains promise to address these challenges, and collective action (CA) strategies are a central aspect of building inclusive food chains. Such strategies seek to strengthen the inclusion of smallholders, workers, and low-income communities in agri-food value chains by reshaping the ways in which organisations create and capture value within a network of producers, suppliers, processors, distributors, wholesalers, retailers, and consumers.

This solutions paper examines eight cases of good practice in CA for inclusive food chains. They cover the horticultural, coffee, and rice sectors in Vietnam and the cocoa sectors of Peru and Switzerland. The results demonstrate that CA for inclusive food chains is effectively challenging the drivers of land inequality, along four distinct pathways. These are: 1) reshaping beneficial ownership and market access to better advantage low-income smallholders and communities; 2) offering alternatives to large-scale land acquisitions and farm expansion by reducing pressure to accumulate land through economically viable community-based enterprises; 3) supporting recognition of land rights; and 4) reshaping the way land is valued and the narratives of agricultural development.

The accountability, ownership, and governance structures of private sector enterprises are key levers in reshaping the organisational logics of such enterprises away from accumulating capital and land and towards aims and principles such as inclusiveness, solidarity, self-sufficiency, and agroecology. Enabling learning environments is pivotal for the development of the necessary skills and commitment, and land rights need to be secure. CA can enable ecologically sustainable agriculture if it is actively combined with principles of agroecology.

This paper identifies key strategies and limitations for private sector actors, including social entrepreneurs, local communities, and for-profit businesses, as well as policy-makers, researchers, and social movements to leverage collective action for inclusive food chains in order to overcome land inequality.

ACKNOWLEDGEMENTS

This solutions paper is part of the Land Inequality Initiative of the International Land Coalition (ILC). The authors are grateful to all interviewees and contributors to the case studies who shared their insights, time, and knowledge, and they acknowledge very helpful comments on earlier drafts by Giulia Baldinelli, Elisabetta Cangelosi, Barbara Codispoti, Jean-David Gerber, Johanna Jacobi, and members of AgriCo Vietnam. Financial support through ILC and the Institute of Geography at the University of Bern, as well as the CGIAR programme on Forests, Trees and Agroforestry, is also gratefully acknowledged.

LIST OF ABBREVIATIONS

CA  Collective action
CCN-51  Collection Castro Naranjal 51
CSO  Civil society organisation
FLO  Fairtrade Labelling Organizations International 1
GAP  Good agricultural practice
IMF  International Monetary Fund
ha  hectare
LSLA  Large-scale land acquisition
NGO  Non-governmental organisation
PGS  Participatory Guarantee System
VND  Vietnamese đồng

1 Named after the agronomist Homero Castro who developed the variety in Naranjal.
1 INTRODUCTION

Aims and overview of this solutions paper

This solutions paper aims to demonstrate how and under what conditions collective action (CA) strategies for inclusive food chains are challenging the drivers of land inequality. It presents eight case studies of good practices from Vietnam, Peru, and Switzerland.

Section 1 explains why land inequality matters. It then examines the drivers of land inequality and introduces how CA can develop inclusive food chains as alternative approaches to address the issue. Finally, the section provides an overview of the eight case studies. Sections 2 and 3 present the evidence from Vietnam and from Peru and Switzerland, respectively. They cover food chains from local to global scales. Section 4 analyses the commonalities and differences across the case studies that explain how and under what conditions CA strategies for inclusive food chains are effectively challenging land inequality. The paper concludes with key lessons learned and recommendations for ways forward.

Land inequality matters

Land inequality refers to inequality in land access, tenure, and control (Guereña and Wegerif, 2019). Social inequality by gender and other social identities is a frequent dimension of land inequality (FAO, 2020). Land inequality has important implications. It is tied closely with the distribution of the benefits from land use. Inequalities of land rights and control are closely associated with asymmetries in economic and political power (Drutman, 2015). High levels of inequality are associated with poverty traps, vulnerability to climate change, and deforestation, and undermine prospects of peace and prosperity (IPCC, 2014; Ostry et al., 2014; World Bank, 2016; Ceddia, 2019).

The significance of land inequality is increasing. Even though land is the major livelihood source for more than 2.5 billion people worldwide, agricultural land has been subject to concentration. Worldwide, 16% of the largest farms now possess 88% of agricultural holdings, leaving 12% of farmland for the 84% of smallest farms (Lowder et al., 2016). Growing levels of landlessness exacerbate these inequalities in land holdings (Ingalls et al., 2018). Land inequality is of particular significance in regions that offer few alternative livelihood options beyond land use and for communities and societies whose identities, social lives, and spiritual values are intimately linked to land (Guereña and Wegerif, 2019).
Land inequality is a key challenge in Southeast Asia and in Latin America (Bauluz et al., 2020), the focal regions of this solutions paper. In the Mekong countries, agricultural households are the primary managers of agricultural land. This land, however, is unequally distributed among these smallholder farmers. The average landholding of an agricultural household varies between countries, from 0.7 hectare (ha) per household in Vietnam to 3.1 ha/household in Thailand. It has declined over the past 10 years in four of the five Mekong countries (Ingalls et al., 2018). The Gini index of landholdings among smallholder farmers ranges from 0.34 in Laos to 0.54 in Vietnam, with Vietnam having the most uneven distribution in the region. The distribution between all landholders is even more uneven when large-scale agricultural and forestry concessions operated by companies are included, with Gini coefficients of 0.64 in Cambodia, 0.56 in Vietnam, and 0.49 in Laos and Thailand (Ingalls et al., 2018).

Taking land value inequality into account rather than land area inequality, as well as landless agricultural households, the Gini coefficient for Vietnam is as high as 0.68 (Bauluz et al., 2020). Land inequality is predicted to widen further in the region, with structural changes towards industrialisation and a reduction in agriculture’s share of the national economy (Ingalls et al., 2018). Latin America has the most unequal distribution of land in the world, with a land Gini coefficient of 0.79 (Guereña, 2016). Just 1% of farms occupy more than half of all productive land, with 80% of the smallest farms accounting for less than 13% of the land (Ibid.). The wealthiest landowners maintain this inequality by controlling the main levers of power in these countries, including agribusinesses, governmental institutions and officials, and trade agreements. It is further aggravated by weak land titling that is prone to corruption, judicial and political institutions that allow the landed class to gain access and expropriate land from the state and smallholders, leading to environmental degradation through increased deforestation and mining, and labour exploitation of the landless population (Guereña, 2016). This inequality has a gendered component too, with women in Latin America owning between only 7% and 30% of land, depending on the country (Ibid.).

Therefore, taking measures against land inequality is imperative. Rather than addressing the symptoms, however, measures need to challenge the fundamental drivers of land inequality.

Drivers of land inequality

Land inequality is the result of multiple, interacting drivers. Four main drivers are the focus of the present study.

1) Concentration of beneficial ownership and agri-food industries, with limited access for smallholders to processing and distribution channels

A first driver of land inequality is increasing market concentration in different stages of agri-food supply chains. The input, trading, processing, and retail stages of many such chains are now dominated by four to 10 agribusiness corporations with total market shares of up to 90% in some sectors (IPES-Food, 2017). Such market concentration affects the autonomy of smallholder farmers and leads to unequal distribution of benefits and costs of land use among supply chain actors (Ibid.; German et al., 2018). This limits the well-being of small farmers, workers, and rural communities (IPES-Food, 2017), who comprise approximately 75% of the global poor (FAO, 2015) and who produce a significant proportion of the world’s food – depending on the source, 34-70% of food calories on 25-50% of the agricultural land (Graue et al., 2016; Samberg et al., 2016; Ricciardi et al., 2018).

Structures of property rights perpetuate these effects by concentrating the beneficial ownership of value creation along supply chains in fewer hands. The five largest global asset management firms together own 10–30% of the shares in the largest agribusiness corporations involved in agri-food chains (Clapp, 2019). This ownership structure reinforces market concentration and consolidates wealth and income in the hands of shareholders (Ibid.).

Meanwhile, limited access to processing and distribution channels is a challenge that many primary producers across the globe are facing. This may be rooted in the limited accessibility of remote areas or in restricted access to processing and distribution infrastructure and networks. Value chain interventions are aiming to overcome this limitation by incorporating smallholders into markets. However, such market inclusion can lead to adverse impacts if it creates greater dependency and reduces farmers’ agency, transforming peasants into workers on their own land (Amanor and Chichava, 2016). Participation on an unequal footing may limit the benefits received by primary producers (Ros-Tonen et al., 2019). Integration into global markets may also undermine local and territorial markets if there is limited smallholder participation in them (Chamberlain and Anseeuw, 2018; Wegerif and Martucci, 2018).

2) Land concentration through large-scale land acquisitions and farm expansion

Large-scale land acquisitions (LSLAs) are directly contributing to land inequality by concentrating agricultural land holdings in fewer hands. One of the most common impacts of LSLAs is to accentuate socio-economic differentiation in rural communities rather than benefiting the bulk of the population (Oberlack et al., 2016). While the global boom of transnational LSLAs has slowed down (Land Matrix, 2020), their...
impacts in certain areas remain a reality. Beyond LSLAs, land concentration has also occurred through the widespread and gradual expansion of farm sizes as well as through small-scale land acquisitions over the past two decades (van der Ploeg et al., 2015; Friis and Nielsen, 2016).

(3) Recognition of land rights and influence on public policies

Public policies and property rights systems have facilitated land concentration and inequality. Development strategies across the Global South have created legal and political frameworks that pursue macroeconomic development through large-scale land investments (Wolfford et al., 2013; Nolte et al., 2016). Land inequality increases where these investments displace small-scale farmers and collective land uses. The lack of recognition of land rights in law is one of the enabling factors for such displacements (Alden Wily, 2011a; Oberlack et al., 2016). Community-based land rights are particularly under-protected in today's legal systems. While an estimated 65% of global land is held through customary, community-based land tenure systems, national governments recognise formal rights for only about 10% of these lands (Alden Wily, 2011b).

Recent evidence from 100 countries indicates an overall global trend of growing recognition of community-based land rights in statutory laws (Alden Wily, 2018). However, land inequality can grow despite better recognition of community land rights in individual laws if political and legal systems are incoherent or if policy implementation and law enforcement are limited on the ground (Alden Wily, 2011a; Nolte and Vath, 2015).

Inequality is self-perpetuating (Guerenfa and Wegerif, 2019). Concentration of economic wealth is closely associated with asymmetric political power, as indicated through lobbying expenditures (Drutman, 2015) and the control of political positions through economic elites (Guerenfa, 2016; IPES-Food, 2017). The concentration of wealth in the hands of super-rich individuals has been associated with investment-driven agricultural expansion of flex crops in South America and Southeast Asia since the 1990s (Ceddia, 2020).

(4) Shifts in valorising land and narratives of agricultural development

Land inequality is shaped by dominant narratives of agricultural development and the associated valorisation of land (Sikor et al., 2013). Narratives of “feeding the world,” “modernising agriculture,” and a “green revolution” are presenting visions of increased food production linked to intensive farming (IPES-Food, 2016). Such narratives value agricultural land as an asset for monoculture (which is perceived to be more efficient) commodity crop production for international trade (Ducastel and Anseeuw, 2017; Clapp and Isakson, 2018; Ducastel and Anseeuw, 2018). With an increasing commodification of land resources, land use decision-making is typically moving further away from a logic of agroecological diversity and multifunctionality towards a logic of accumulation and uniformity (IPES-Food, 2016). The increasing role of monetary values in the production of commodity crops contributes to narrower valuation of land from a distance (Clapp, 2014). The complex process of financialisation through globalisation ties local markets more closely to international commodity markets with increased volatility (Clapp and Helleiner, 2012; Isakson, 2014). This process creates power imbalances in the market between smallholders and their organisations and the multinational agro-industry firms that control these global markets, limiting the effectiveness of, and thus the desire for, smallholder collective action. Such socio-ecological changes have the effect of undermining food system resiliency (Clapp and Isakson, 2018).

Collective action for inclusive food chains: alternative strategies for agricultural development

Understanding collective action strategies for inclusive food chains

Alternative approaches to agricultural development may challenge the drivers of land inequality. Inclusive value chain strategies are gaining relevance as an alternative approach to rural development through private sector actors. Such strategies seek to strengthen the inclusion of smallholders, workers, and low-income communities in agri-food value chains (Ros-Tonen et al., 2019). The impetus for building inclusive food chains can come from different actors and positions within agri-food systems (Ros-Tonen et al., 2015):

- For-profit businesses or social entrepreneurs with expertise in processing, distribution, and marketing are creating inclusive business models in partnership with smallholders and low-income communities, aiming to integrate the latter into agri-food chains in an equitable way (Chamberlain and Anseeuw, 2019).
- Communities of agricultural producers and food consumers are developing self-organised, needs-based initiatives based on principles of agroecology and a solidarity economy. Examples include consumer-producer cooperatives and community-supported agriculture (IPES-Food, 2017).
- Communities of rural producers are creating cooperative enterprises to improve local value creation and capture. Examples include producers’ credit associations, seed and machinery cooperatives, and marketing associations. They are building their capacities and pooling their resources in processing and creating direct marketing and exchange schemes such as local food fairs and community and school gardens (IPES-Food, 2017).

In all these instances, collective action (CA) strategies are a central aspect of building inclusive food chains. CA refers to actions taken jointly by, or on behalf of, a group of people to realise common values or interests (Ostrom, 1990).
CA strategies for inclusive food chains differ in terms of their scales, organisational structures, and logics:

- CA strategies seek to achieve change in agri-food systems at different scales. While some seek to change or challenge global agri-food supply chains, others focus on local to national markets and consumer-producer networks.
- CA strategies are creating various organisational structures, such as inclusive businesses, cooperative enterprises, or local exchange schemes, in which they create and capture value within a network of producers, suppliers, processors, distributors, wholesalers, retailers, and consumers (German et al., 2018).
- These enterprises follow different organisational logics and values. Three important logics range from for-profit accumulation of capital in agribusiness-led strategies (Roesler et al., 2013), through solidarity at local and global scales in social entrepreneur-led strategies, to needs-based self-sufficiency in community-based organisations (IPES-Food, 2016).

The degree of inclusiveness of the enterprises created for inclusive food chains can be assessed in terms of how an enterprise distributes voice and representation, ownership, risks, and benefits among its stakeholders (Vermeulen and Cotula, 2010; Chamberlain and Anseeuw, 2018).

Scoping the risks of inclusive food chains

The incorporation of smallholders into global supply chains implies significant risks and can create new dependencies (Ros-Tonen et al., 2019). The distribution of wealth created during the agricultural production process between company shareholders and wage labour workers is much more unequal than the distribution of value-added amongst small and medium family farms (Cochet and Merlet, 2011).

Under these circumstances, inclusive food chains may widen rather than reduce inequality and associated poverty gaps.

Small business start-ups may initially improve land equality for associated smallholders. However, if their accountability and governance structures urge or incentivise their decision-makers to follow a logic of capital accumulation, start-ups may reinforce extractive models of agricultural development as they grow bigger. Inclusive food chains may also strengthen inequalities within households and communities, if access to land, capital, and decision-making differs along lines of gender or other social axes (Ros-Tonen et al., 2019).

Moreover, views differ on how far inclusiveness extends (German et al., 2018). While some consider business strategies to already be inclusive if they adapt the sharing of value and risks among farmers and agri-food chain actors, others see control over land, produce, organisations, labour rights, and effective contributions to food security as fundamental pillars of inclusive businesses (Ibid.).
Table 1: Overview of case studies.

<table>
<thead>
<tr>
<th>CASE</th>
<th>#1 PÔ KÔ FARMS</th>
<th>#2 XOM GUA PGS</th>
<th>#3 DONG THUAN</th>
<th>#4 TAN DAT</th>
<th>#5 CHOBA CHOBA</th>
<th>#6 ORIGINAL BEANS</th>
<th>#7</th>
<th>#8 CACAOSUYO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of organisation</td>
<td>Cooperative, small enterprise</td>
<td>Cooperative, association</td>
<td>Cooperative</td>
<td>Norandino</td>
<td>#8 Cacaosuyo</td>
<td>Private limited company</td>
<td>Limited cooperative</td>
<td>Small to medium-sized company</td>
</tr>
<tr>
<td>Land tenure and arrangement</td>
<td>Individual tenureship, coordinated production</td>
<td>Merging of adjacent individual farms</td>
<td>Individual tenureship, coordinated production</td>
<td>Cooperative</td>
<td>Stock corporation</td>
<td>Private limited company</td>
<td>Limited cooperative</td>
<td>Small to medium-sized company</td>
</tr>
<tr>
<td>Food value chain(s)</td>
<td>Coffee</td>
<td>Vegetables</td>
<td>Black pepper and coffee</td>
<td>Merging of adjacent individual farms</td>
<td>Individual tenureship, coordinated production</td>
<td>Individual tenureship, coordinated production</td>
<td>Individual tenureship, coordinated production</td>
<td>Individual tenureship, coordinated production</td>
</tr>
<tr>
<td>Primary and processed products</td>
<td>Coffee grains, roasted and blended</td>
<td>Vegetables</td>
<td>Rice</td>
<td>Cocoa</td>
<td>Cocoa</td>
<td>Cocoa, coffee, sugar, and fruits</td>
<td>Cocoa</td>
<td>Cocoa beans, cocoa nibs, couverture chocolate, chocolate bars</td>
</tr>
<tr>
<td>Production region</td>
<td>Kon Tum, Vietnam</td>
<td>Hoa Binh, Vietnam</td>
<td>Dak Nong, Vietnam</td>
<td>Vinh Long, Vietnam</td>
<td>Berne, Switzerland</td>
<td>Amsterdam, Netherlands</td>
<td>Piura, Peru</td>
<td>Lima, Peru</td>
</tr>
<tr>
<td>Value chain(s) in other countries</td>
<td>Europe, USA, and other Asian countries</td>
<td>None</td>
<td>USA</td>
<td>Vinh Long, Vietnam</td>
<td>San Martin, Peru</td>
<td>Piura and Cusco, Peru</td>
<td>Piura, Tumbes, Amazonas, Cajamarca and San Martin, Peru</td>
<td>Cusco, Piura, and Amazonas, Peru</td>
</tr>
<tr>
<td>Main role within value chain</td>
<td>Producer, input services, initial processing, and wholesale</td>
<td>Producer, technical services, packaging, and wholesale</td>
<td>Producer, technical services, initial processing, and wholesale</td>
<td>USA, Europe</td>
<td>Switzerland</td>
<td>Latin America, West Africa, Caribbean, Europe</td>
<td>Europe</td>
<td>Europe, USA, and Japan</td>
</tr>
<tr>
<td>Volume of commodity handled, 2018</td>
<td>800 tons</td>
<td>15–20 tons</td>
<td>150 tons Coffee and 150 tons pepper</td>
<td>Producer, input services, initial processing, packaging, and wholesale</td>
<td>Producer, technical services, distribution and marketing</td>
<td>Sourcing, technical services, distribution and marketing</td>
<td>Producer, technical services, sourcing, processing, and distribution</td>
<td>Sourcing, technical services, processing, distribution, and marketing</td>
</tr>
<tr>
<td>Ownership structure</td>
<td>Shareholders, with extended membership and commercial business</td>
<td>Shareholders, with association with extended membership</td>
<td>Shareholders, with extended membership</td>
<td>60 shareholders, 300 members</td>
<td>15 employees, 40 producer families</td>
<td>15 employees, 222 producers</td>
<td>6,000 associated producer families</td>
<td>N/A</td>
</tr>
<tr>
<td>Year of establishment</td>
<td>Initiated 2009, registered 2019</td>
<td>Initiated 2013, registered 2019</td>
<td>2016</td>
<td>Minimum profits per land area</td>
<td>Minimum price per kg of qualified product (double market price)</td>
<td>Minimum price per kg of qualified product (market-oriented)</td>
<td>Minimum price per kg of qualified product (double market price)</td>
<td></td>
</tr>
<tr>
<td>Employees and producers</td>
<td>30 shareholders, 118 members (50% women)</td>
<td>13 members (all women)</td>
<td>17 members</td>
<td>USDA, GlobalG.A.P.</td>
<td>Swiss organic certification in process</td>
<td>EU/Swiss organic</td>
<td>USDA/EU and Swiss organic, fair trade</td>
<td>Organic</td>
</tr>
<tr>
<td>Price setting for commodities</td>
<td>Minimum leverage per kg of qualified product</td>
<td>Fixed price for qualified product (higher than market price)</td>
<td>Fixed price for qualified product (higher than market price)</td>
<td>Minimum profits per land area</td>
<td>Minimum price per kg of qualified product (double market price)</td>
<td>Minimum price per kg of qualified product (market-oriented)</td>
<td>Minimum price per kg of qualified product (double market price)</td>
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Note: * indicates tentative provisional data; N/A indicates non available data.
Context

Land policy has seen three major reforms in Vietnam's modern history. The first occurred in 1953–1956 in northern Vietnam, where all the land previously owned by French-backed landlords was distributed equally to households under a policy called “land to the tiller” (Vo, 2015). A similar redistribution took place in the southern region after reunification in 1975. The second reform was the “collectivisation” of land that happened together with the bureaucratic centralisation of the economy, which took place mainly in the north from the early 1960s to the mid-1980s. The third reform was the establishment of household agricultural leases (under the Land Law 1993). All these reforms were influenced by the guiding principle of “land to the tiller”.

The equal distribution of land to farmers has been credited with being essential to poverty reduction. It has contributed to the fragmentation of agricultural land, with many small farms. The majority of Vietnamese are smallholders, with 63% of them having access to less than 0.5 ha. However, many agro-economists and even senior officials in Vietnam often associate these small landholdings and fragmentation of agricultural land with limited productivity and obstacles to commercial agriculture (Baomoi, 2017).

Along with the economic reforms that have taken place since the 1990s, especially in the last 10 years, there has been increasing influence from neoliberal economists and the private sector advocating for the concentration of land into large-scale, private sector possession, with the rationale of modernising agricultural production. To support this position, the Vietnamese government has been promoting land consolidation and accumulation for larger-scale production. Vietnam has also passed legislation allowing expropriation not only for public purposes but also for “economic development”, which has led to the legally permitted dispossession of smallholders for large commercial enterprises (To et al., 2019).

In support of the rights and benefits of smallholder farmers, experts including those from Oxfam and the Vietnam Agriculture Coalition (AgriCo) have argued that land fragmentation is just one of many factors that constrain the country’s agricultural sector. Others include weaknesses in the markets that distribute agricultural inputs and limited investment in agriculture by the government (Ibid.). Another concern is that concentrating land in the hands of large companies might increase productivity but at the cost of limiting the access of many farmers to this crucial means of production. Vietnam has a very low per capita amount of productive land, and there are still 558,485 poor ethnic minority households who are lacking both productive and residential land. Indeed, a shortage of land for cultivation is the major cause of widespread poverty among ethnic minorities in mountainous areas of the country (National Assembly Standing Committee’s report, 2011).
Cases of good practices in Vietnam

Pô Kô Farms

Introduction
Family farming is common in coffee production in the Central Highlands of Vietnam. Farmers work on their own farms, with autonomy in production decisions. With limited financial capacity, small-scale farmers have to buy fertiliser and other inputs from dealers at high prices and they often sell their products at a low price in the volatile, internationalised market. In order to pay for this price inversion, farmers in the region are highly indebted, with a high rate of land mortgages.

Approach and set-up
- Pô Kô Fair Agricultural Cooperative (Pô Kô Farms) was initiated in 2009 by a group of smallholder farmers (average land holdings of 1.2–1.5 ha of coffee) in Dak Ha District, Kon Tum Province. The farmers initially came together as a group to coordinate coffee production and to market their product. They then organised themselves into a cooperative in 2019.
- The cooperative has 30 members, who are all shareholders; 50% of members are women, with women in key leadership positions such as director, deputy finance director, member of the control board, and accountant.
- Cooperative members have equal rights and responsibilities; the board is responsible for supervision, ensuring compliance and transparency of the management board.
- The cooperative provides services to its members, including drying, initial processing, supply of fertilisers, and monitoring of quality.
- Standardised procedures strictly regulate the use of production inputs, using bio-friendly, organic products. The quality of beans is tested before selling, and is certified by Fairtrade.
- Profits are shared according to members' contributions, with some added to a reserve scheme for reinvestment.
- The main customers are wholesalers and a small number of local distributors, coffee shops, and consumers. All products are sold via future contracts, 35% of them with a fixed price, which is always about 20% higher than the normal market price.

Impacts on land inequality
Pô Kô Farms has effectively challenged beneficial ownership in food chain operations and market concentration in the processing and distribution stages of food chains through smallholder collective action and self-organisation.

- It has improved the capacity of farmers in processing, storage, and meeting labour safety standards. Women have become more active in the organisation's activities, and many of them hold leadership roles.
- With input support from the cooperative valued at between VND 10 and VND 14 million per hectare (USD 1 equals around VND 23,170), farmers are no longer dependent on input suppliers, are free from the burden of debt, and have reduced their dependence on land mortgages.

Pô Kô Farms has also effectively contributed to revalorising land and agricultural development based on smallholders' visions of economic well-being:

- Because of strengthened capacities, the cooperative has been able to establish a coordinated, well-structured business model with its members. This has helped to increase production capacity and productivity and to reduce input prices, thanks to wholesale purchases and improved market competition by meeting the volume requirements of commodity markets.
- It has also improved farmers' production practices, including by targeting markets, following market standards, and improved planning. This has resulted in significant increases in selling prices e.g. VND 9,000 per kg of fresh beans compared with a market price of VND 6,000–7,000/kg.
- Changes in farming practices have contributed to sustainable economic development, as methods such as planting shade trees to increase biodiversity have improved the soil's organic matter and enhanced its fertility.

Success factors and challenges
Pô Kô Farms has determined and pursued its strategic direction through ecological production methods and strict quality control for high-quality coffee targeting high-value markets. Its prestigious relationships with long-term partners ensure that it has a stable market for its outputs. In addition to these internal efforts, Pô Kô has received support from projects and government programmes in terms of training on operating a cooperative and agricultural techniques, and it has received subsidies to build its processing facilities.

Challenges include limited human resources and technical capacity. Currently, staff at Pô Kô Farms are inadequately trained in professional business management. They also require technical assistance to adopt best management practices. A shortage of capital limits the expansion of membership and also the cooperative's ability to support farmers in the area. Quality control and processing still need to be improved. Pô Kô is targeting high-quality markets, which requires strict compliance to standardised procedures and appropriate preliminary processing methods that are suited to the characteristics of each type of coffee. This requires a more organised system and costly facilities.
Xom Gua Organic Vegetables PGS

Introduction
Gua village is located in Cu Yen commune, Luong Son District in Hoa Binh Province. Gua is a poor community of Muong ethnic minority people, who rely solely on agriculture on very small landholdings for their livelihoods. Each family has less than 0.1 ha of paddy fields and around 0.1 ha of land for gardening. Even with this limited land holding, farmers plant different types of annual crop such as peanuts, maize, and vegetables. Previously, these products were used mainly for self-consumption or animal feed, and generated minimal income; few families planted vegetables for sale. Production was unstable, and prices fluctuated greatly. Sometimes, after months of investing time and money in their fields, there were seasons when farmers only used the vegetables for livestock feed, as prices were so low.

Approach and set-up
- The Xom Gua organic vegetable group was established in 2013 by 12 women, who had adjacent plots amounting to 1.3 ha of agricultural land.
- Farmers worked on their own land, following the procedures for organic vegetable growing issued by the Vietnam Organic Agriculture Association and monitored by the Coordination Board of the Participatory Guarantee System (PGS).
- Farmers produce their own organic fertilisers, apply integrated pest management practices with manual weeding, and use homemade organic pesticides as needed.
- For PGS certification, regular inspections are conducted at least twice a year, plus irregular inspections and monitoring. Monitoring is done at different levels: group monitoring, where every member monitors the compliance of other members, inspections by the intergroup coordinators, and random inspections by the national PGS coordination board.
- In 2015, the group was granted a PGS certificate for their 1.3 ha of land. To maintain their PGS certification, the farmers pay an annual membership fee of VND 50,000 per household. When selling their produce, the farmers also pay VND 150 per kg to the PGS coordination unit.
- The group has joined with three other groups of organic vegetable growers in the Cu Yen commune to form a cooperative. This handles certain services, such as transporting vegetables, post-harvest handling, and packaging produce with the PGS QR code before selling it to stores for distribution.
- Products are sold under contract at a fixed price of VND 15,000 per kg, which is 50-100% higher than the normal market price, to four or five companies and grocery chains in Hanoi and to vegetable stores in the province.

Impacts on land inequality
The Xom Gua PGS has effectively contributed to revalorising land and agricultural development based on smallholders’ visions of economic well-being:
- By joining together, sales volumes have increased, which has helped to overcome the difficulties of individual smallholders selling dispersed products; this creates a better competitive position by offering a larger quantity of standardised products.
- A family with two persons growing vegetables on 3,600 m² of land now earns a net profit of VND 10-12 million per month, which is double the average income in the area. Average incomes for households increased by 25.9% between 2016 and 2018 (CISDOMA, 2019).
- The application of organic production techniques has contributed to a significant improvement in health in participating households, reducing the number of times that a person fell sick each year from 5.1 times in 2016 to 4.3 in 2018 (CISDOMA, 2019).

“In the beginning, we didn’t know where to sell, who would buy our products, and especially if the vegetables would grow well without fertilisers (mineral) and pesticides. Then we started, and we felt more confident. As long as I still have energy, I will expand organic production to other crops and also to raise fish and livestock.”
Mrs Thuy, a vegetable grower in Xom Gua

Currently, the group produces around 1.2 tons of vegetable each month. Organic vegetables have proved to be a good example to demonstrate that smallholder farming is efficient, and the scheme is being replicated across the country. The PGS in Vietnam now coordinates with 70 groups similar to that in Gua village, reaching out to nearly 600 farmers across Vietnam and with a network of more than 100 food stores in the main cities.

Success factors and challenges
Persistence, patience, and hard work are among the success factors needed for this kind of enterprise, as “organic agriculture is very labour-intensive and requires a lot of care and attention,” according to Mrs. Thuy, one of the vegetable growers in Xom Gua. Close compliance with the PGS regulation standards is crucial to ensure quality and maintain the trust of distributors and consumers. Support from both non-governmental organisations (NGOs) and local authorities has also been crucial to success, in terms of capacity building, technical advice, infrastructure and facilities, and providing initial contacts with markets and potential distributors. The cooperative group has faced challenges such as limited efforts to enhance public awareness and also farmers’ perceptions of organic products. Some farmers were hesitant to change from conventional practices and adopt the coordinated production methods of the cooperative group with its stricter requirements. The group also found it difficult to expand the area under organic production, as pieces of land are scattered, and to find fields that meet the conditions required for organic production with adequate soil quality and access to irrigation. Further, some markets did not fully trust PGS, as it has not been officially recognised as a quality assurance system, but only as a voluntary mechanism.
**Dong Thuan Organic Pepper Cooperative**

**Introduction**
Nhan Co is a remote commune in Dak Nong Province. A large proportion of the farmers here are from ethnic minorities. The community’s land has basaltic red soil, which is very suitable for growing industrial crops and special varieties of pepper. However, due to long-term overuse of chemical inputs in the past, many pepper and coffee gardens in the area have seriously degraded soils.

**Approach and Set-up**
- Dong Thuan Organic Pepper Cooperative was established in 2016 by 12 founding members who had a desire to improve the value of local production of black pepper and to protect the environment. Currently, the cooperative has 17 official members and a capitalisation of VND 500 million, and it coordinates 70 ha of pepper and coffee plantations. It also provides technical guidance to another 70 households with associate status, who manage a total area of 180 ha.
- Land adjacent to the members’ organic fields forms a special buffer zone. In this area, members must comply strictly with organic production procedures, under the technical guidance of district agencies and the control committee of the cooperative. At harvest, the peppercorns are tested and certified according to the targeted standards.
- The cooperative supervises its members on technical issues, such as how to preserve local pepper seeds and diversifying crops on their farms. It takes care of drying and packaging the produce to ensure food safety and hygiene before it is sold. The cooperative also serves as a focal point to engage with wholesale buyers, collecting and transporting peppercorns and coffee produced by its members.
- Members work on their own fields during the production period; some also engage in cooperative work as paid labourers. There are 8–15 people working for the cooperative throughout the year.
- The cooperative sells the peppercorns and receives a premium of VND 10,000-15,000. About 2% of profits are paid into the cooperative’s reserve fund, and the rest is shared with members according to the amount of produce sold by each.
- In 2019, the cooperative produced 30 tons of coffee and 50 tons of pepper, which was certified to U.S. Department of Agriculture (USDA) organic standards. There are more than 100 tons of coffee and 100 tons of pepper under an organic transition period of between six months and three years, to be fully certified with the organic standard. Currently, the cooperative has wholesale contracts with three companies to market certified products in the US and Europe.

**Impacts on land inequality**
Dong Thuan Organic Pepper Cooperative has effectively challenged market concentration at the processing and distribution stages of the food chain. It has helped to revalorise land and agricultural development based on smallholders’ visions for economic well-being and sustainable land management practices:
- Coordinated production as part of the cooperative means that smallholders are no longer dependent on intermediaries, and farmers gain direct access to exporters. They have also gained market power by offering a large quantity of standardised produce.
- Producing pepper following organic procedures has resulted in fewer diseases of the crop. The percentage of dead trees is 20% lower than in fields where chemical fertilisers are used. There is a stable yield of about 3–5 tons/ha, with over 70% of that being ripe fruit. Production costs have been reduced by 30–50%, and the incomes of member households have increased.
- Because production is organic, the local water source is no longer polluted.
- There have been changes in the production modality away from intensive chemical use. By participating in the cooperative, local farmers have become more aware of the benefits of collaboration and of adopting sustainable practices.

**Success factors and challenges**
The passion and credibility of the cooperative’s leader is one of the biggest success factors. The director not only has a very deep knowledge of the environment and organic production but also believes strongly in and is committed to the long-term benefits of sustainable production and high-quality agricultural produce. Cooperative leaders have strengthened their social capital by building trust and farmers credit them with the good outcomes achieved. Because of the confidence that farmers have in them, they have been able to influence the community to develop good relationships with buyers.

Limited access to markets that demand high-quality products is one very challenging factor. To date, the cooperative has worked with only a few exporters to reach these high-quality markets, and the prices are often not competitive. Poor-quality management of products in domestic markets is reducing the competitiveness of the cooperative’s high-quality products. As the cooperative has only recently been established, there is still a need for further strengthening of its operational and management capacity.
Tan Dat Cooperative

Introduction
Trung Ngai commune is one of the poorest communes in Vung Liem District of Vinh Long Province in the Mekong Delta. A large proportion of the population are Khmer ethnic minority people. Each family has less than a hectare of land planted to rice. In the past 10 years, rice production has become more and more difficult due to climate change, diseases, and land degradation. Production requires more investment but markets are unpredictable, with prices continually fluctuating. Due to the inefficacy of rice production, many people lease their land to others to grow other crops, but land rental values are very low.

Approach and set-up
- Tan Dat Cooperative was initiated in September 2017 with 15 members. The main activity is the production of organic rice. To join the cooperative, members can contribute capital either in cash or by giving easement of their land to the cooperative. If the contribution is in the form of land, it is deemed to be equivalent to the rental value of the land. The cooperative signs a contract with each member, with the land lease price fixed for three years. A minimum profit of VND 2 million per ha and per crop is guaranteed for members who offer their land. By 2019, Tan Dat had expanded its membership to 65 farmers, with 50 regular employees, providing services to 400 families who manage 450 ha of rice.
- The cooperative carries out all production activities. Tan Dat has created work teams to prepare the fields, and members are given priority for employment on these teams. The cooperative also provides all services for input supply and marketing of the rice. After the deduction of a contribution to the cooperative’s development fund, profits from the business are shared among members according to their contributions.
- When the farmers first established the cooperative, they did not agree to merge their fields together, and they retained all the levees between plots. This made it difficult to prepare the land and to mechanise production. After a few seasons of seeing the benefits from the cooperative and the need to reorganise their fields, the farmers proactively proposed that they should remove the levees, and merged their land, only keeping markers to determine the boundaries.

Impacts on land inequality
The Tan Dat Cooperative has effectively contributed to opening new channels for processing and distribution and has revalorised land based on smallholders’ visions of economic well-being.
- By merging the parcels of land together, the cooperative’s model of locally driven land consolidation has overcome issues of land fragmentation and the difficulties that smallholders often encountered in the areas of mechanisation, quality control, and bargaining power.
- All the members joining the cooperative have enjoyed tangible benefits. They receive a higher price by leasing their land to the cooperative, a payment of VND 6 million per ha and per crop (1.5 times higher than normal market rates). Members receive payments for the work they do for the cooperative, and patronage. More importantly, due to using organic production practices, their health has improved significantly and their soil has become more fertile.
- The cooperative has obtained organic certification to European standards for 60 ha of rice. All production is contracted with exporters. The cooperative also processes, packages, and distributes rice products under its own brands.
- Tan Dat no longer has to seek out customers. The cooperative has built a strong reputation so that different companies now approach it wanting to enter into a contractual relationship. Tan Dat collaborates with several companies that provide agricultural inputs and have advance contracts for purchasing produce. Having good products and credit in the market, Tan Dat is now in a good position to negotiate directly with buyers and to choose whom it wants to work with.

Success factors and challenges
Providing market access is of utmost importance in land consolidation for the production of commodities. This requires strong connections with other market actors for both the purchase of outputs and for input provision. Because of its strong associations with suppliers and product buyers, the cooperative does not need to worry about the cost of supplies or fertilisers. Long-term cooperation with business partners, the assurance of product quality, and good standing in the credit market are important factors in the enterprise retaining commitment and investment. Its members are motivated by the higher profits they receive from joining the cooperative. In addition, the support of local authorities in terms of capacity building, subsidy to support an accountant, and some processing facilities was a significant factor in establishing the cooperative initially. The capacity of the management board is currently a challenge. There is strong demand for expansion of the cooperative, but this requires more professional management competencies, and the leadership has yet to catch up with the ambition of expansion. There are also difficulties in completing tax and administrative procedures. Although there is a policy that provides tax assistance for agricultural cooperatives, it is difficult to follow as the procedures are complicated and the tax authorities provide little guidance.
Context

Even though over 70% of cocoa (Theobroma cacao) is harvested in Africa, 12% is still sourced from South America (Gayi and Tsowou, 2016). Buyers and consumers, mostly in Europe, value cocoa from this region and particularly from Peru because of the high-quality flavour characteristics of its cocoa. The Peruvian and Ecuadorian Amazon is the origin of cocoa, and this native cocoa has a unique flavour that is desired for the highest-quality chocolates (Gayi and Tsowou, 2016; Cornejo et al., 2018). Small-scale farmers produce nearly all of this cocoa in Peru and the rest of Latin America; in fact, 95% of cocoa producers in Latin America are smallholders (Fountain and Huetz-Adams, 2018).

Even though smallholders face challenges in dealing with diseases, climate change, and soil degradation (Beg et al., 2017), the main problem lies in the unequal power relations between multinationals and smallholders. Volatile cocoa prices, a lack of capital to invest in farms, and overall poor infrastructure and educational opportunities are all symptoms of this problem and make it difficult for smallholders to alleviate their economic insecurities (Potts et al., 2014; Beg et al., 2017; Rueda et al., 2018). Furthermore, their weak bargaining position in comparison with multinational companies reinforces structural poverty among smallholder communities (Potts et al., 2014). Political instability in producing regions and the limited success of institutional support are further challenges facing smallholders (Byerlee and Rueda, 2015; Beg et al., 2017). External organisations such as NGOs and local and regional governments play a major role in the formation of organisational structures (Donovan et al., 2017). However, in Peru these institutions have often failed to provide access to financial assets, build healthy commercial relationships, or improve governance structures to the benefit of smallholders (Ibid.). Therefore, most Peruvian producers are not organised, have limited access to technical assistance, and face high production costs. This inefficiency and the lack of high-quality produce force smallholders to sell to multinational companies and intermediaries. Additionally, gender inequality and lack of opportunities for youth continue to challenge the cocoa sector. While women are active in cocoa production, they are largely excluded from training, marketing decisions, and the management of cocoa parcels (Armbruster et al., 2019; Blare and Useche, 2019).
Production of cocoa following voluntary sustainability standards – such as organic standards, Fairtrade International/Fairtrade Labelling Organizations International (FLO), UTZ Certified and Rainforest Alliance – has greatly increased in South America (Potts et al., 2014). So far, neither private initiatives based on voluntary sustainability standards nor government-regulated standards have succeeded in introducing proper codes or criteria to fully integrate smallholders into international markets and improve their livelihoods (Byerlee and Rueda, 2015; Lambin et al., 2018). As an alternative to the highly complex governance structures of international markets involving many actors and intermediaries, some chocolate manufacturers have begun to trade cocoa beans directly and to share the profits with smallholders (Rueda et al., 2018). This section follows the value chains of four inclusive businesses, two Peruvian and two Swiss, and links consuming regions with producing regions.

Cases of good practices in Peru and Switzerland

Choba Choba

Introduction

Choba Choba is a community-based and farmer-owned chocolate company founded in 2015. The small stock corporation is based in Bern, Switzerland, and links 40 family cocoa farmers in the Alto Huayabamba, San Martín region of Peru with consumers in Switzerland. In 2018, 25 tons of dry cocoa beans were produced following organic production standards in a biodiverse agroforest system. Besides the hybrid Collection Castro Naranjal 51 (CCN-51 variety),1 which is widely cultivated, the farmers grow fine-flavoured, native cacao varieties, which are destined for this specialty market. The farmers are part of a cooperative that completes the post-harvest processing (i.e. fermenting, drying, sorting) in a central location before shipping the beans to Choba Choba in Switzerland or to other buyers. Choba Choba markets and distributes chocolate bars in Switzerland, after a local Swiss chocolate manufacturer has processed the beans.

Crop failure due to plant diseases and soil degradation are amongst the biggest problems that farmers struggle with. Partly, these issues date back to the introduction of monoculture coca plantations accompanied by the utilisation of chemical fertilisers and pesticides in the 1980s. Because of falling production, most smallholder households diversified their livelihood strategies to augment their income from cocoa, manage price and environmental risks, and meet household nutritional needs.

Approach and set-up

- Choba Choba is built on three pillars, consisting of a farmers’ association, a farmers’ cooperative, and a stock company. Farmer families are organised within the association, which provides training, impact measurements, and rainforest protection projects funded by donations. The cooperative operates the cacao trade. The co-founders of the company encouraged farmers to buy shares in it using their earnings from chocolate sales, and by 2020 farmers owned 30% of its stock. The goal is that smallholders will be the principal shareholders in the long run. As shareholders of the stock company, producers are represented on the board, which allows them to participate in decision-making, including cocoa pricing, product development, and communication. Women hold leadership positions in the association, the cooperative, and the stock corporation.

- Bottom-up pricing by farmers on the board of directors has resulted in a minimum price paid for cocoa beans, at twice the market price.

- A target-oriented “revolution fund” collects 5% of proceeds from chocolate sales. This fund is used for investments in community-based infrastructure and social and environmental projects.

- The enterprise is planning imminently to implement organic production standards, improve soil fertility, and diversify the agroforests, including with native cocoa varieties.

1 Named after the agronomist Homero Castro, who developed the variety in Naranjal.
LAND INEQUALITIES  Building inclusive food chains: pathways beyond land inequality through collective action

Impact on land inequality

Choba Choba has effectively shifted beneficial ownership in cocoa value chain operations back to producers. It has improved smallholder access to processing and distribution channels, and it contributes to revalorising land and narratives of agricultural development based on smallholders’ vision of well-being.

- The company has set up a trusted partnership model and strong organisational structures, which endow cocoa smallholders with wide-ranging ownership rights over the land, the product, and the cooperative, association, and stock company.
- With formal representation on the board of directors, smallholders have a strong voice in economic, social, and environmental decisions. Women are engaged in important positions.
- The minimum price guarantee, together with profit sharing from chocolate sales and technical assistance, results in greater benefits and risk sharing for farmers. As a result, smallholders have received 40% more income due to their participation in the organisation. The revolution fund has allowed for investments in infrastructure and enhanced biodiversity and soil fertility, while reducing the prevalence of disease.
- Choba Choba’s business model is highly inclusive and provides a buffer for smallholders to the impacts of market price volatility and market concentration. Biodiverse agroforestry systems and primary forest conservation protect important ecological services.

Success factors and challenges

Choba Choba benefited from capital provided by Switzerland’s State Secretariat for Foreign Affairs in the establishment phase. The organic production standards give order and structure to the production process. The direct trade model and transparent communication allow for a lean and traceable value chain for consumers.

Challenges have included smallholders’ debts, high interest rates (20–30%) charged by regional banks for investment loans, and a dependency on capital in the establishment phase. The young enterprise faces a challenge in building a large enough market to purchase the whole harvest from its farmer families. Legal requirements, such as meeting tax obligations and harmonising the organisational structure of the association, cooperative, and corporation, have also been challenging. The farmers faced difficulty in establishing stable and biodiverse agroforests on land with soils that had been heavily exposed to chemicals due to the previous coca monoculture, including cadmium, which is naturally present. Further challenges have arisen in the implementation of a pension scheme and medical security for smallholders.

Original Beans

Introduction

Original Beans was founded in 2008 by Philipp Kaufmann, a seventh-generation member of a recognised family of nature conservationists. The company aims to protect biodiverse primary forest and to promote cocoa production as an income source for smallholders living nearby. The chocolate company manages value chains in Africa, Latin America, and the Caribbean. Its 222 producer families in Peru are organised in associations and cooperatives located in small villages in the Piura and Cusco regions of the country. In 2018, 300 tons of cocoa beans were sourced, produced according to European Union (EU) and Swiss organic standards by the company’s partners. Original Beans maintains close and direct contact with farmers and its four cooperatives in Peru via its technicians, who provide overview and support. The Norandino cooperative in Piura ships the cocoa beans to Switzerland, after a quite complicated and costly logistics operation to transport them from the highlands in Cusco to coastal ports. A Swiss chocolate manufacturer then processes the cocoa, which Original Beans markets and distributes in Switzerland and in most countries of the EU.

Approach and set-up

- Original Beans’ mission is to produce climate-positive and socially responsible chocolate bars from fine-flavoured rare (heritage) and native cocoa beans. To empower smallholders, the company supports their cooperatives and their land tenure, sets minimum prices, and provides target-oriented premium funds. Prices are calculated to provide the smallholders with a living wage.
- Original Beans works specifically with smallholders living near nature conservation areas in order to protect the forests by offering them alternative incomes from native cocoa and other crops, which means that there is less need for them to engage in illegal timber harvesting or to expand their farms into the forest. Agroforestry practices encourage timber production in the cocoa fields and help to secure income and pensions for the future.
- Through a strong local NGO network, Original Beans provides training programmes to support farmers to produce crops that meet organic standards. To this end, the company cooperates with local NGOs to offer training programmes.
- The cooperatives carry out post-harvest activities and coordinate payments and transportation. For cocoa that does not meet Original Beans’ standards, there are still buyers for the fair trade, organic produce.
- Original Beans uses climate positivity, a “Footprint” (explained on its website), and tree tracker information to measure its social and environmental impact.
- On the packaging of each chocolate bar, a tree tracker code allows consumers to trace the cocoa beans back to the cooperative that produced them. The tree tracker function makes data on the supply chain accessible to farmers (e.g. acreage, size of tree nursery, area of afforestation, number of farmers).

See https://originalbeans.com/
Cooperativa Agraria Norandino

Introduction
Cooperativa Agraria Norandino Ltda. was founded in 2005 and trades cocoa, coffee, sugar cane, and fruits sourced from 6,000 associated producer families in Peru. The cooperative maintains a nationwide network and in 2018 it sourced 1,000 tons of multiply certified cocoa beans from the Piura, Tumbes, Amazonas, Cajamarca, and San Martín regions. Farmers produce high-quality native and hybrid CCN-51 cocoa varieties. Cocoa beans are processed in Piura, where they are also sold and shipped to Europe.

Approach and set-up
- All the members of Norandino are smallholders, who are able to influence the cooperative’s decisions and policies in its annual assemblies.
- Norandino pays stable prices for cocoa beans, which are usually higher than the market price. Recently, it had to adjust its cocoa prices when the market price collapsed in 2018.
- The cooperative maintains direct and trusted relationships with its buyers abroad and with other producer cooperatives in Peru.
- Market access for participating smallholders is possible only through Norandino.
- The cooperative uses multiple certifications as a production standard (FLO fair trade and organic) and has introduced target-oriented premium funds.
- As a large cooperative, Norandino can facilitate access to credit and to government funds for smallholder capitalisation.
- Norandino is respected by local, national, and international partners as a reliable partner with a long history of fulfilling its contracts. It has also built up trust in its partnership with the farmers, especially through the provision of on-farm technical assistance.
- Additionally, the cooperative provides services including storage, processing, logistics management, export, and product promotion.
- Norandino invests in educating the children of its members, employs women in leadership roles and collaborates with research institutions. Its efforts to empower women and train youth demonstrate its objective of developing a more equitable and inclusive cocoa value chain.
- Land titles belong to the smallholders.

Impacts on land inequality
Original Beans is effectively challenging agri-food industry concentration by generating new processing and distribution channels for smallholders. It contributes to revalorising land and agricultural development based on a vision of multifunctional landscapes, climate positivity, and sustainable and regenerative land management practices.

- A high minimum price based on local living standards, premium funds for diversified income, and dividend payments over the year provide a stable income and social security for participating smallholders. This secures high rewards and enables them to share risk.
- Working with local cooperatives gives smallholders additional ownership and voice within an inclusive production process.
- In this business model, smallholders maintain a long-term collaboration of trust with an on-site commercial partner. There are no strategic plans specifically to empower women; however, in Piura the composting plant is run by women.
- In recent years, Original Beans has established a strong position within the market, supplying native and fine-flavoured cocoa beans to small chocolate manufacturers. Norandino, as an alternative buyer, grants additional market access for smallholders.

Success factors and challenges
With its strong local network and organisational structures, the implementation of minimum prices, and a solidarity fund, Original Beans is able to implement socially fair and environmentally friendly production practices. The organic production standard is used as a basis to ensure compliance and commitment in the production process. As a sourcing company, Original Beans has become an alternative for small chocolate manufacturers who are interested in manufacturing high-quality chocolate using native varieties. Its chocolate is not distributed and marketed as a snack or candy bar but as a luxury product. This has allowed it to build a lean, transparent, and traceable value chain for consumers.

Challenges include the smallholders’ need for capital for bigger investments. Payments have to be carefully monitored from the farm onwards to avoid any risk of corruption. Original Beans rejects the social production standards of Fairtrade certification schemes as it considers that the payments and other rewards they provide are too small to meet Latin American living standards. However, it has faced difficulties in justifying its higher prices to consumers without recognised certification by third party auditors.
**Impacts on land inequality**

Norandino has shifted beneficial ownership in cocoa value chain operations back to smallholders. The cooperative offers them access to processing and distribution channels, to services, and to credit.

- The standards-compliant production system and the strong network of allies and buyers that Norandino maintains allow it to provide market access and capital flows for investments in infrastructure, environmental protection through organic production, and community projects.
- Norandino is a strong cooperative with human, natural, and financial resources for partners and capacity-building projects. Its centralised post-harvest activities, which require multiple certification standards and which permit members to sell only to the cooperative, could risk creating conflict with smallholder members, as this policy may limit the number of processing and marketing channels available to them. In return, however, smallholders get stable, above-market prices, support in controlling risks, and access to credit.
- With the education of youth and empowerment of women, Norandino has created conditions for an equitable and inclusive cocoa value chain.

**Success factors and challenges**

Norandino maintains a strong, nationwide organisational structure and has longstanding partnerships with buyers, which provides it with market access and benefits for smaller partner cooperatives. It has created a lean and transparent value chain that is inclusive of youth and women, who occupy leadership positions within the cooperative. It also works closely with regional and national governments to improve and strengthen the national cocoa value chain.

Challenges include ensuring that members sell all their produce to the cooperative, without any side-selling. During the time of volatile cocoa prices in 2017/18, price premiums were insufficient to protect farmers from financial hardship, as the minimum prices were too low to meet local living standards. Further challenges have arisen due to increased international competition in the shape of standard-compliant cocoa from West Africa. High levels of cadmium in the soil in Piura limit the ability of some farmers to sell to Europe. Norandino has also faced losses and conflicts due to the emergence of a number of new and fragile cooperatives in the Peruvian Amazon. In the main, however, such cooperatives lack marketing skills, the knowledge to properly complete exacting post-harvest processes to produce fine-flavoured cocoa, stable market access, and infrastructure.

**Cacaosuyo**

**Introduction**

Cacaosuyo is one of the biggest privately owned chocolate manufacturers in Lima, Peru, specialising in products made from high-quality native cocoa. In 2018, it sourced 50 tons of cocoa beans from the Cusco, Piura, and Amazonas regions. Its chocolate bars are distributed and marketed throughout Peru, Europe, and Japan. Cacaosuyo’s aim is to improve consumers’ awareness of high-quality chocolate varieties in order to achieve greater value for itself and for smallholder producers.

**Approach and set-up**

- Cacaosuyo is committed to producing quality chocolate bars, and so its management is interested in maintaining a consistent supply through long-term collaboration with capable farmers.
- To secure this supply, Cacaosuyo has organised smallholders into cooperatives and has equipped them with post-harvesting infrastructure to ensure the quality of the cocoa beans they produce.
- Smallholders are provided with technical assistance to monitor and improve productivity, utilise the best post-harvesting practices to ensure product quality, and guarantee that they meet certified organic production standards.
- As well as organic premiums, smallholders receive a fixed minimum price, which is double the market price.
- Cacaosuyo also provides smallholders with premiums for the highest-quality cocoa and facilitates access to credit through advance payments and government programmes.
- This lean value chain excludes intermediaries and allows for transparent and traceable raw material and financial flows.
- Producer families in the target communities have benefited from the growth of Cacaosuyo, but there is no specific plan to empower and educate women or youth.

**Impacts on land inequality**

Cacaosuyo supports smallholder collective action, which revalorises land and agricultural development based on a vision of selling high-quality cocoa at a premium, smallholder land tenureship, and long-term partnerships.

- The company has organised farmers in cooperatives and has introduced a systematic post-harvest process guided by technicians, which has enabled it to increase the quality of the cocoa beans.
- Benefits for smallholders include high and stable rewards in combination with financial security and support to weather environmental frictions and shocks.
- Smallholders own the land used for production and have a say within the cooperatives and on the investment of premiums.
Despite volatile market prices in 2017/18, Cacaosuyo did not reduce payments to farmers; this demonstrates its interest in building longstanding partnerships and trust with farmers.

The company increased production from 20 tons in 2017 to 50 tons in 2018, and has established a niche product of native chocolate bars in the market.

Success factors and challenges

Mastering post-harvest processes for high-quality cocoa and creating demand for native cocoa beans has allowed Cacaosuyo to produce cocoa of higher quality and to achieve higher prices for all actors involved in the value chain. Small producers have also gained an awareness of the differences between fine-flavour chocolate and chocolate of lower quality. Producers and processors earn an increased income, and consumers get a fine-flavoured product, in a lean and transparent value chain.

Challenges include tough working conditions in the Amazonas region, with long transportation routes and high costs. Further difficulties have included low and volatile market prices and cocoa that contains cadmium, on which EU legislation has set limits since 2019.
Building inclusive food chains through collective action: Pathways beyond land inequality

Collective action strategies for inclusive food chains can challenge the drivers of land inequality. The eight case studies of good practice described in this paper demonstrate that multiple strategies exist to overcome these drivers. They also illustrate that certain preconditions must be met to generate positive effects. The perspective on food systems detailed in Figure 1 shows that CA strategies and their effects operate at different sub-levels of food systems, including in agri-food chains as well as in the broader political, natural resource, and information and services sub-systems in which food chains are embedded.

**Figure 1** synthesises the key lessons learned. It shows how CA strategies for inclusive food chains (grey boxes) activate specific levers in food systems (dark blue) to challenge the drivers of land inequality (light blue). The CA strategies, levers, and impacts combined make up four pathways beyond land inequality.

**Pathway 1: CA strategies enhance beneficial ownership and market access among for low-income smallholders and communities**

**Reshaping beneficial ownership**

Today, a large share of beneficial ownership in food chains lies with the shareholders of multinational corporations that have expertise and strong market positions in processing, distribution, marketing, and retailing (Clapp, 2019). Some of the most innovative inclusive enterprises are changing beneficial ownership in transnational food chains by building community-owned organisations “across a distance”, such as Choba Choba. Low-income smallholders can benefit notably from these shifts in ownership structures, as they gain voice in steering their roles and activities in food chains. They also benefit by being able to create and capture more of the value of primary production and upgrading activities along food chains at a price defined from the bottom up.

**Capacities of smallholders for processing and distribution**

The cases presented here demonstrate that initial processing and packaging, as well as local distribution, are very much within the capacity of smallholder farmers, in particular if they take collective action. Taking on more roles along the agri-food chain collectively is not only a way to enhance income but also a strategy to ensure sustainable livelihoods.
Capacity strengthening through self-organisation
Strong organisational structures for producer groups in the form of associations and cooperatives allow them to implement systematic production practices and at the same time strengthen the voice of smallholders across the whole output process. The enterprises in the cocoa value chains between Peru and Switzerland presented here, as well as most of the Vietnamese enterprises, have opted for organic certified production standards as a structured production process that signals high quality and environmental protection.

Diversifying market access
Large-scale investors in agriculture often design their businesses with a focus on highly specialised products. This leads to the producers of a specific commodity being dependent on a single buyer. This market modality is highly vulnerable to market shocks, market concentration, and any interruption in supply chains. The cases presented in this paper show evidence of the sustainability of farmers' businesses through diversified distribution channels, including local markets.

Creating lean and transparent value chains
The Peruvian/Swiss cases investigated here have mostly established lean value chains through direct trade with smallholders, bypassing intermediaries and providing smallholders with an alternative to multinational cocoa trading companies. In this way, customers also benefit from transparent and traceable flows of the commodities processed.

Balancing bargaining power among value chain actors
Farmer-led cooperative enterprises have enabled farmers to consolidate their land, production capacity, and credit. This has increased their collective bargaining power, enabling them to negotiate on an equal footing with other actors in food chains. For instance, Pô Kô Farms and Tan Dat Cooperative in Vietnam have been able to maintain relationships with various buyers as they have a relatively large quantity of attractive produce with recognised certification. They have been able to make their own decisions, not only on prices for the commodities but also about their commercial partners.

Compliance, respect for regulations, and market demand
When they work individually, smallholder farmers are often unable to meet requirements on technical procedures, minimum quality standards, or product volumes for any form of formal market standard. Strong internal regulations, monitoring, and representation mechanisms in farmer-led cooperative enterprises have brought credibility to farmers' entities. Such qualities have enabled them to meet the qualifications for various types of well-recognised market standard, such as Fairtrade, Global GAP, or USDA organic.

Leadership throughout the process
Across all the cases, farmers have appreciated the importance of collective action and of being able to take an active role in organising themselves into a more structured entity, after previously struggling with the challenges of working individually.

Although in most of the cases external support from different actors has contributed significantly to their success, active participation by farmers is an irreplaceable factor. Leadership by farmers also emerges as being crucial to empowerment: this is an essential factor in ensuring that benefits for farmers and communities are an integral part of the decision-making and strategic direction of inclusive enterprises.

Pathway 2: Inclusive food chains offer alternatives to large-scale land acquisitions and farm expansion
Reducing pressure to accumulate land through economically viable community-based enterprises
The size of farms, although influencing the productivity of individual farmers, does not necessarily limit the size of the market that farmers can reach through collective action. In the case of the organic vegetables produced by small farmers under the coordination of the PGS in Hoa Binh, Vietnam, for example, each farmer can produce some tens of kilogrammes of vegetables a day; however, the collective marketing of their produce can reach almost 100 stores in nearby cities and the PGS brand name is widely recognised by a significant proportion of consumers. By building direct linkages to processing enterprises or by owning processing facilities, primary producers can earn the same amount of income on less land, as they capture the added value from processing. This means that strategies of accumulating larger landholdings become less important for economic sufficiency and well-being in competitive settings.

Pathway 3: Collective action, recognition of land rights, and public policies
Recognising land rights
In all of the cases presented here, smallholders hold rights on their farmland. Most of the CA strategies have been supported through an enabling institutional environment, such as the Vietnam Organic Agriculture Association and the Coordination Board of Participatory Guarantee Systems. Recognition of land rights and institutional settings have enabled the creation of inclusive enterprises. While none of the eight cases presented involves additional recognition of land rights, many legal systems worldwide require that land is used productively. Inclusive food chain strategies provide for opportunities to do just that, and by being linked to associations and social movements (e.g. for land rights or food sovereignty) they can generate political influence.

Enabling environments through policy support and public investment
While active involvement in decision-making and ownership of farmland and enterprises by farmers are preconditions for successful collaboration, also essential for success are an institutional enabling environment and policy support. For example, in the case studies from Vietnam, intensive support for capacity development and organisational support for cooperatives from the government have contributed significantly to the formation and growth of the businesses.
Pathway 4: CA strategies for inclusive food chains revalorise land and reshape narratives of agricultural development

Recognising diverse and holistic ways of valuing land
Classic economic models calculate efficiency as monetary profit measured against capital invested by a single investor. This equation does not recognise that land has wider multidimensional and public benefits. It also fails to recognise that different social groups and societies, for instance the wide diversity of local and indigenous communities, value land based on diverse values and worldviews. Taking the case of organic vegetable farmers in Vietnam, for example, land should be valued not only against the revenue earned from the sale of vegetables but also by recognising the livelihoods, local ecological knowledge, and value systems of the 10 households attached to the land. CA strategies can empower local farmer groups to move along pathways of endogenous development, consistent with their values, worldview, and meanings of their land.

Revisiting the meaning of the private sector
While development discourses sometimes equate the private sector with multinational corporations that follow organisational logics of capital accumulation, the private sector in fact involves a much wider range of actors, including small-scale farmers, solidarity economy initiatives, cooperative enterprises, and social enterprises (IPES-Food, 2017). CA for inclusive food chains can provide, with certain preconditions, effective private sector strategies that challenge drivers of land inequality.

Revisiting the farm size debate
The promotion of large-scale agriculture has become synonymous with claims of modernity, efficiency, and productivity. However, other studies have demonstrated that smaller farm sizes can have greater productivity, land utilisation rates, and labour intensity (Sperfeldt et al., 2012; Vu et al., 2012; Woods, 2015; Paul and wa Gĩthĩnji, 2018). Experience from the cases in Vietnam presented here shows that effective production can be achieved on plots as small as 5 ha, 2 ha, or even 0.1 ha. If a single, low-income smallholder has a plot too small to generate sufficient yields, collective action can lead to an inclusive land consolidation model, in which small-scale farmers retain rights to their land but leverage productivity by creating cooperative enterprises. Therefore, discussions about the scale of sustainable or efficient land use must take account not only of the types of commodity but also of beneficial ownership and voice in inclusive, farmer-led enterprises, socio-economic conditions, cultivation modalities, and the type of mechanisation and technology used.

Dealing with risks, fallacies, and preconditions
Inclusive value chain approaches involve risks, as noted in the introduction (Ros-Tonen et al., 2019). The eight case studies presented in this paper illustrate strategies for dealing with those risks.

Accountability, ownership, and governance structures in private sector organisations
The organisational logics of inclusive enterprises are crucial. Continued accumulation of land control and capital by other means in inclusive food chains will not overcome land inequality. Accountability, ownership, and governance structures of private sector organisations are the key levers for reshaping organisational logics from capital accumulation to the principles of a needs-based solidarity economy.

Embedding inclusive food chain strategies in strategies for sustainable landscapes
Inclusive food chains are not a panacea for every kind of landscape. They are suited to using land in more inclusive ways, but they do not inherently conserve nature. To enable ecologically sustainable agriculture, they need to function in line with the principles of agroecology (e.g. IPES-Food, 2016), as illustrated by the case of Original Beans. Sustainable cultivation practices reduce the risk of long-term over-exploitation and degradation of soil, water, and vegetation. Such strategies can break up and transform the extractive agribusiness models that exploit smallholders and agro-ecosystems to governance structures and forms of social exchange that more closely resemble the characteristics of an agroecological system. These include circular systems of food production and economies based around natural cycles, relying on locally held knowledge and available resources, on solidarity, and on a recognition of farmers’ autonomy, rights, and diverse approaches to food and agriculture. As an alternative to linear global chains, such circular economies promote a stronger voice for producers and consumers in different corners of the world, developing healthy systems for production and consumption and solidarity with greater benefit sharing between all actors in the food system (FAO, 2018; Llorento and Fouilleux, 2019).

Commitment and dedication
Most agricultural production is labour-intensive and requires hard work and dedication from those involved. Agroecological practices require even more care and labour by farmers and their families. Farmers working on their own farms tend to display stronger commitment and levels of care. A precondition required for positive effects from inclusive food chain strategies is a farming philosophy aligned with long-term partnership between primary producers and value chain partners, with trust on both sides.
Trust and longstanding partnerships
One drawback of the Swiss/Peruvian case studies presented here is low levels of accessibility for most producing smallholders, as the requirements to join such schemes are usually high. They include, for instance, production methods compliant with standards and expectations of high quality in the post-harvest process, which requires a good level of knowledge. Trust and longstanding partnerships with social entrepreneurs or commercial partners who are willing to invest money and technical knowledge with a long-term perspective are crucial for success, scalability, and access to markets.

Transparency and clear responsibilities
Across the case studies, clear divisions of responsibility among the members of farmers’ cooperatives have been set, and their contributions and corresponding rewards are also clear to members. This helps to ensure equity and avoid conflict. Niche products, such as chocolate bars produced with high-quality and native cocoa varieties, have obtained higher prices and have enhanced negotiating positions for producers. Buy-out agreements, where a buyer commits to purchase the entire harvest, are seen only with these distinctive crops. However, niche products are not accessible to many farmers, and they exclude the most vulnerable.

An enabling learning environment
Technical knowledge is crucial to improve productivity and quality in post-harvest processes, prevent plant diseases, and build up soil fertility. All the Swiss/Peruvian enterprises have introduced and provided technical assistance as well as basic and specific training for particular crops.

Financial capabilities
They are required to provide additional collective socio-economic services. The introduction of target-oriented, community-owned funds from premiums or chocolate sales has allowed smallholders to make small investments in local infrastructure that adds value and to introduce a number of measures to implement socio-economic and environmental services, besides certified production standards.

Minimum prices at the farm gate
They set according to living standards and in the form of dividend payments over the year, even out irregular income due to volatile market prices, and other savings can help to survive the off-season. In Peru, for instance, the costs of long and complicated transportation logistics from the Amazon and Highlands regions are not passed on to smallholders.

Recommendations and ways forward

Recommendations for policy-makers, parliaments, and political parties shaping legal frameworks and policies on land use, agriculture, and food

1 Recognising land tenure and the multidimensional development benefits of small-scale farming and collective action for inclusive food chains
To overcome land inequality and its adverse consequences, political priority needs to be given to recognising the land rights of smallholder farmers and other legitimate land users such as pastoralists, especially in countries with limited land resources and a high dependence on agriculture. Special measures must be taken to ensure that women, youth, and ethnic minorities will benefit equally from these opportunities. The promotion of large-scale plantations through land accumulation contributes to land inequality and its adverse impacts, and counteracts the multidimensional development benefits of family and small-scale farming in inclusive food chains.

2 Supporting development of farmer organisations and cooperatives
Farmers’ organisations play a crucial role in coordinating farmers’ efforts and connecting individual farmers with other market actors. Support should include the creation of institutionally enabling legal and tax environments, capacity building (individual and organisational), and the development of leadership among farmers, especially women leaders.

3 Promoting innovation schemes based on collective action for inclusive food chains
Public support is essential to navigate the challenges that farmers encounter in the start-up phase. Innovation schemes are essential for risk-taking and capacity building. Given that women are the primary workers in most of the production phases, gender-sensitive content and approaches should be considered in capacity-building activities. Innovation schemes should also promote the expansion of farmers’ roles beyond the production phase, in order to gain more added value in inclusive food chains.

4 Prioritising private sector organisations with governance structures beyond capital accumulation.
Organisational logics and accountability, governance, and ownership structures are key levers in promoting the transformation of organisations away from accumulating land and towards aims and values such as inclusiveness, solidarity, self-sufficiency, and agroecology, which contribute to tackling the drivers of land inequality. To achieve this, private sector organisations require political and legal enabling environments and public support.
Recommendations for development actors and NGOs, academia, and technical agencies

1 Recognising the diversity of private sector organisations and their different contributions to addressing land inequality

The private sector involves a broad range of change agents and organisations, including local and transnational community-based enterprises, cooperatives, producer groups, and social enterprises. While the accumulation of land and capital by multinational companies is at the heart of global land inequality, the eight case studies presented in this paper demonstrate that a private sector approach based on collective action by social entrepreneurs and smallholders to build inclusive food chains holds great potential to challenge the persistent drivers of land inequality.

2 Building evidence and co-designing action

Demonstrating evidence of successful collective action and inclusive food chains with farmers is the most effective way of encouraging other farmers and to convince policy-makers of the value of further replication and to call for policy support. More practical examples and scientific analyses are needed to illustrate solutions for pathways beyond land accumulation. These need to be based on questions arising from practice and to feed into the co-design and implementation of solutions tailored to local contexts. NGO projects and scientific research programmes should consider conducting action research that engages different actors.

3 Sensitising private sector actors, academia, and technical experts on promoting the values and success of inclusive food chains using agroecological practices

Given the prevalence in the development agenda of conventional agroeconomics that promotes large-scale investment and intensive farming, it is strategically important for NGOs and academics to strengthen the arguments for more socially and environmentally sound approaches built around approaches based on agroecology.

4 Innovators and change agents in regions such as Europe can promote the voice of farmers and their ownership in transnational value chains by co-creating across distance organisational structures in the form of community-based organisations, associations, and cooperatives.

Recommendations for the private sector

- **Choosing accountability, governance, and ownership structures** in private sector organisations is one of the key levers for promoting changes in agri-food systems to help address land inequality. While inclusive business approaches work in partnerships between commercial entities and smallholders, farmers’ self-organisation, collective action, empowerment, endogenous development, and leadership are elements that cannot be replaced. Co-ownership is a good mechanism for inclusive decision-making and for ensuring that farmers’ voices are heard in business processes.

- **Experimenting with responsibility sharing in the creation of inclusive food chains** may include: 1) beneficial ownership shared with low-income farmers and communities; 2) bottom-up pricing, minimum prices at the farm gate, and community funds for social and environmental measures; 3) socially and environmentally responsive business models that include learning environments and training for youth and women, and the application of diversified and eco-friendly agroforestry practices; and 4) the introduction of structured production (post-harvest) processes for high quality and higher rewards on commodities (e.g. organic certification schemes).

Taken together, all these elements of collective action for inclusive food chains challenge the drivers of local and global land inequality as they help to 1) reshape beneficial ownership and market access for low-income smallholders and communities; 2) offer alternatives to large-scale land acquisitions and farm expansion by reducing pressure to accumulate land through economically viable community-based enterprises; 3) support the recognition of land rights; and 4) reshape the way that land is valued and narratives of agricultural development.
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Land Inequality Initiative

is steered by an informal reference group, composed of experts in the field of land and wider inequalities.

Members of the reference group did provide guidance and expertise throughout the process and include the following organisations: