

## UT-203 1 Komparativ regional analyse

Kandidat **3675**

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1 UT-203, general information	Flervalg	Automatisk poengsum	Lever
2 Home exam UT203, 2015	Filoplasting	Manuell poengsum	Lever

## UT-203 1 Komparativ regional analyse

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# Section 1

## 1 OPPGAVE

### UT-203, general information

**Course code:** UT-203

**Course name:** Comparative Regional Analysis

**Date:** 23. November 8 am - 27. November 2 pm

For your exam in UT-203, you should write an essay of 2,500 to 3,000 words (including reference list) that addresses the core themes, perspectives and case studies introduced in the course. Your essay should present a critical discussion of the selected theme in the context of the global south.

You are expected to make relevant comparative references to villages, countries, continents or regions in order to substantiate your argument. Please ensure that your essay is based on high-quality materials, such as course readings and other academic literature.

Please reference your essay carefully (APA/Harvard or Chicago style), provide a complete reference list towards the end of your essay and adhere to the following style: New times roman, size 12, line spacing 1.5.

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Sometimes professors ask for exam answers that can be used for teaching purposes, but in order for this to take place, the university needs your consent.

Do you grant the University of Agder permission to use your exam answer for teaching purposes?

No

☒ Yes

# Home exam UT203, 2015

Select **one of the five** assignments listed below:

1. Describe how a traditional-modern dichotomy has influenced development theory and practice. Do post-development thinkers fail to recognize the extent to which people have come to welcome modernisation and define their aspirations in terms of it?
2. What are the successes and failures of development aid? Discuss the arguments of Jeffrey Sachs, Paul Collier, William Easterly, Ester Duflo and Dani Rodrik based on their experiences from Africa. Are there other voices that should be consulted when proposing the future of development aid?
3. It has been argued that local small-scale farmers often find their livelihoods squeezed or compromised due to the demands of agribusiness. Discuss the pros and cons of agro-industrialisation and how small-scale farmers strategize, resist and adapt their livelihoods accordingly.
4. How may resistance by social movements impact on development strategy and outcome? Discuss how resistance may not be a simple us/them confrontation and how the local may be deeply divided.
5. Describe different ways of understanding violent conflict and peace. Discuss how religion may impact on violent conflict and peace.

Please upload your assignment as a PDF-file:

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## Filopplasting

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UT-203  
Comparative Regional Analysis  
Ragnhild Madland

Individual Essay  
Candidate number: 3675

**Agro-Industrialisation and its consequences  
for small-scale farmers**  
-  
**The example of contract farming**

“It has been argued that local small-scale farmers often find their livelihoods squeezed or compromised due to the demands of agribusiness. Discuss the pros and cons of agro-industrialisation and how small-scale farmers strategize, resist and adapt their livelihoods accordingly.”

## **Table of Contents**

1. Introduction .....	1
2. Definitions .....	2
2.1 Livelihood .....	2
2.2 Small-scale Farmer.....	2
3. Agro-Industrialisation .....	3
3.1. Benefits .....	3
3.2. Problems .....	4
4. Strategies, Resistance and Adaption .....	5
5. Conclusion .....	6
6. References .....	7

## 1. Introduction

Industrialisation affects the daily life, the work situation and the standard of living of many people. The expression itself describes an economic process in which commercial good production is increasing and therefore the secondary sector is growing while the primary sector, the agribusiness is shrinking. Moreover the use of machinery and the division of labour tend to make the labour input more efficient (cf. Haderer & Winter, 2013, p.1493f.).

In most situations industrialisation is regarded as a positive process with benefits both for enterprises and employees – but is that also true for agro-industrialisation? What happens with small-scale farmers being dependent on their land, when their livelihood is squeezed or compromised due to the demands of agribusiness? Can they benefit from the agro-industrialisation and if not how do they provide for their families? And are they able to resist? These questions should be answered in this paper. Therefore the expressions “livelihood” and “small-scale farmer” are scrutinized in the beginning. After that agro-industrialisation is introduced and both benefits and disadvantages are examined. These advantages and disadvantages focus on the concept of contract farming to illustrate one form of agro-industrialisation. Moreover the paper focusses on the situation of the small-scale farmers, throwing light on their strategizing, resisting and adapting their livelihoods. After that a conclusion is drawn.

To illustrate farmers’ situations and to deliver case studies, the focus lies on the continent Africa. Agriculture plays an important role in its economy and a lot of smallholders work in the primary sector. Nevertheless it is controversially whether agriculture is a path to prosperity or leaves people stuck in poverty. Farmers themselves seem to be unsure about that question as many left rural areas to migrate to urban regions (cf. Havnevik et al. 2007, p.7).

Each year the World Bank publishes the “World Developing Report”, presenting current issues on development and giving future prospects on the World Bank’s policies. To catch the world’s attention, each report focuses on a certain topic and the World Developing Report of 2008 focused on “Agriculture for Development”. The World Bank states that as Africa’s poorest people live in rural areas, growth and improvements in agriculture can help to reduce poverty. Furthermore a liberalisation of national markets could lead to an increasing productivity and therefore also to a decrease of poverty (cf. The World Bank, 2008).

## **2. Definitions**

Before agro-industrialisation in general and contract farming in particular are introduced, various expressions need to be defined. It will be clarified what exactly includes the concept of a livelihood and how small-scale farmers can be defined and described.

### **2.1. Livelihood**

The most referred definition of a livelihood was given by the development practitioners Robert Chambers and Gordon Conway. They state that “a livelihood comprises the capabilities, assets (including both material and social resources) and activities required for a means of living” (Chambers & Conway, 1992, p.7). At the same time they regard a livelihood as sustainable if it can cope with and recover from seasonality and shocks, including the maintenance of its capabilities in the present and for future generations. Ellis puts emphasis on the assets, activities and access of resources which determine people’s life (cf. Ellis, 1999, p.2). Desirable outcomes are conventionally described as an improvement of well-being, an increasing income, a reduction of vulnerability and food security (cf. Rigg, 2007, p.30f.).

### **2.2. Small-scale farmers**

Small-scale farmers or smallholders need to be distinguished from large-scale farmers and land labourers. The main difference is the important role of the family in small-scale agriculture, both in the production and in the consumption. As a lot of family members work on the business, there is often no pay and the family itself is often the main customer. The families rely completely on their agricultural activities and establish a safety net (cf. Havnevik, 2014, p. 41). The definition of “small” itself can vary but if a farm with an area less than 1 ha is regarded as small, then about 60% of the farms in Africa are owned by smallholders. Small-scale farmers are not per definition poor, but the combination of work and family can undermine investments. Investments are often associated with a certain risk and are therefore not translated into action (cf. HLPE, 2013, p. 23f.).



### 3. Agro-industrialisation

Both globalisation and industrialisation changed the situation in agriculture. The way of production, the extent of specialisation, integration and concentration changed and above all the technological possibilities increased. Rigg introduces a few changes such as the “cultivation of new (...) crops, new divisions of labour, new labour relations, quality control and standardisations of production, (...) [and the] changing role and influence of the state” (Rigg, 2007, p.99). However it is questionable whether and how these developments affect the people living in the global south, or concrete in Africa. One common consequence of agro-industrialisation is the growing relationship of contract farming. The following analysis uses that as an example to better understand the advantages and problems farmers have to face. Contract farming describes the relation of a farmer with a company, enterprise or a state-owned firm, as well as the connection of independent farmers through standardised processes, qualities and prices (cf. Little & Watts, 1994, p. 26f.).

#### 3.1. Benefits

Agro-industrialisation in general and contract farming in particular has various benefits for family farmers: Working with the latest technology enables farmers to develop new skills and to widen their horizon. The introduction of new techniques can help both to increase the labour productivity and the quality of the product. The transfer of skills can also include methods of using high quality inputs such as fertilizer or chemicals (cf. Eaton & Shepherd, 2001, p. 10f.).

Through the connection to established networks, farmers get the possibility to apply for a credit and in the following invest in and upgrade their farm. The farmers often get a credit by the enterprise itself or the enterprise acts as guarantor for the farmer (cf. Eaton & Shepherd, 2001, p. 11f.).

In a normal market situation, the money farmers receive for the commodity is depending on the market price and on their negotiating skills. That means that the farmers income can vary and future investments cannot be planned. Often enterprises guarantee minimum prices for agricultural products and approve expenses for crop failures. Warning & Key state that the benefits of technological knowledge and processing skills are also mirrored in a higher income for farmers. They verify their statement with an analysis of contract farming in Senegal. The higher income does not only have positive effects on people's living conditions but also “creates positive multiplier

effects for employment, infrastructure, and economic growth in the region” (Warning & Key, 2002, p.261).

### 3.2. Problems

However contract farming does not end in a win-win situation for the farmer and the agribusiness firm. The first and most obvious disadvantage is the farmers’ loss of control and autonomy. That means that he has to follow the enterprises instructions like a normal worker and cannot decide how to run his farm (cf. Kirsten & Sartorius, 2002, p. 516). By controlling the farmer “agribusinesses gain indirect control over the land” (Rigg, 2007, p.102). Lay & Nolte also mention the expression “land grabbing” in connection with the term “contract farming” (Lay & Nolte, 2011, p. 4f.).

Another problem for farmers is an increasing production risk. Enterprises may request investments in non-traditional crops without prior field tests and it is possible that these do not grow in the expected way. Additionally agribusinesses often prefer mono-cropping which can lead to a decline of soil fertility and pollution of the land. Furthermore a contract which is not guaranteed to be long-lasting would leave the producer with these problems and debts behind (cf. Kirsten & Sartorius, 2002, p. 516f.).

As agribusinesses enter into agreements with several farmers, they become a local market power. In this dominant position it is possible to set prices aggressively. Producing a certain crop, the enterprise might be the only bulk buyer and can decide under which conditions he wants to buy. In most developed countries monopolies commissions control and restrict the power of individual actors but in a lot of developing countries this institution is weak or does not exist at all (cf. Simmons, 2002, p.22). Eaton & Shepherd on the other hand introduce the example of Malawi, where the government published guidelines for farming contracts and the Ministry of labour helps to mediate conflicts (cf. Eaton & Shepherd, 2001, p. 37).

Warning & Key argued that contract farming can lead to higher incomes for the farmers, Kirsten & Sartorius contradict that. As the agribusiness finds itself in a secure position, it can pay the farmer less than the market price. Furthermore the farmer has to approve expenses for the mar-

keting and organisational capabilities the contracting firm offers often for an overexpensive price (cf. Kirsten & Sartorius, 2002, p. 517). All these things would lead to a lower income.

#### **4. Strategies, Resistance and Adaption**

Rigg states that “farmers, crucially, find their livelihoods under threat as they are sandwiched between downstream suppliers (...) and upstream buyers” (Rigg, 2007, p. 100). However, the question remains how smallholders strategize, resist and adapt their livelihoods. In the best case, small-scale farmers can easily adopt the technological changes by receiving support of different institutions. In these cases farmers are integrated in the global market without curtailing their rights. Technological and organizational assistance guarantee that smallholders are not left behind (cf. Ouma & Whitfield, 2012 p. 305f.).

Havnevik et al. underline that “complicated multiple livelihood strategies arise from the fact that neither subsistence production, agricultural commodity production nor non-agricultural activities in and of themselves provide security of livelihood” (Havnevik et al., 2007, p.55). That means that more and more family farmers build a second pillar to improve their financial security. The African response to global market pressures becomes visible in certain activities and strategies. Activities with a low threat of entry and a little need of capital investment are popular but at the same time fast exploited. A popular example is self-employed beer-brewing, often performed by women in rural areas. Activities with a higher capital investment and requiring mobility and time are often more likely to succeed, but cannot be carried out by the once with the least financial possibilities (cf. Havnevik et al., 2007, p.55).

Pure resistance and ignorance of the technological progress cannot be regarded as alternative, as farmers would slowly lose the basis of livelihood. If there is no will or more likely no possibility to adapt the change, the only possible opportunity seems to be leaving the agricultural sector and migrate to an urban area (cf. Havnevik et al., 2007, p.7). The United Nations Populations Fund assumes that the urban population in Africa will grow from 294 million to 742 million between 2000 and 2030 (cf. UNFPA, 2007, p.8).

## 5. Conclusion

Agro-industrialisation is a development which cannot be ignored and has to be faced both by farmers and by governments. The technological development offers opportunities which can be beneficial both for large-scale and small-scale farmers. Nevertheless the implementation has to be analysed carefully. The example of contract farming shows, that superficially positive ideas can return into the opposite. At first sight contract farming seems to put both farmers and agribusinesses in a better situation. Farmers are offered a relationship in which they have to deliver products in a low quality and get high prices. They may get different kinds of professional support and have the possibility to take out a loan. After establishing the agribusiness and evaluating the farmers, the firm can cancel contacts with farmers producing a lower quality and continue the corporation with high productive farmers (cf. Singh, 2002, p.1632).

Even experts do not agree whether agro-industrialisation has positive or negative consequences for farmers. Claiming to have evidence for higher (cf. Warning & Key) or lower income (cf. Kirsten & Sartorius), it seems to be unclear whether and how farmers and smallholder in particular can benefit from the development. Highly respected institutions such as the World Bank and the United Nations are disagreeing as well.

Family farmers themselves find possibilities to respond to challenges. They have to face a lot of obstacles, whether a loss of autonomy or quality-pressure. Nevertheless they need to produce ideas to cope with the difficult task.

The essay tried to introduce several ideas concerning agro-industrialisation, but many problems and ideas still remain untouched. The vague specification of property-rights in rural Africa, weak institutions that have problems to impose measures or the role of women are only a few important topics that require further examinations and analysis.

It remains interesting to observe the development in Africa in general and in the rural area in particular.

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