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CONCEPTUALIZING CONTRACT FARMING IN THE GLOBAL LAND GRABBING DEBATE

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Introduction

This chapter aims to conceptualize and clarify the phenomenon of contract farming as it relates to the renewed debate on global land grabbing, particularly in the developing world. Contract farming is a system of vertical coordination between a grower and a buyer, where the buyer can specify or control the conditions of production through contractual obligations (Little & Watts, 1994). It is an intermediate form of agricultural organization by agribusiness, falling between procurement of commodities on open spot markets and fully vertically integrated production such as plantation agriculture. Farms at all scales and in all regions can produce under contract. In specific commodity chains, estates and plantations predominantly use production contracts to reduce market-related uncertainty. However, in the decades following structural adjustment, across the board liberalization of agriculture and the rolling back of state intervention in agricultural marketing, the number of private-led contract farming schemes that incorporate smallholder farmers are decisively on the rise in developing countries. Mentions to 'contract farming' in this chapter thus refer to this more recent and specific development. Although not a new form of organizing agricultural production or marketing, policy and scholarly interest in contract farming has increased rapidly in the last few decades in accordance with the expansion of contract farming schemes in the global south (Pérez Niño & Oya, 2021; Vicol et al., 2022).

Beyond its basic definition, contract farming is a heterogeneous set of arrangements that can embrace "a great variety of experiences, organizational arrangements, ownership structures, and agricultural practices" (Isager et al., 2022: 36). Contract farming features in diverse settings across different crops, including parastatal or private-led outgrower schemes attached to nucleus estates, to written supply contracts between farmers or co-operatives and private agribusiness firms, to more informal verbal arrangements between farmers and procurers/traders. This makes, as Little and Watts (1994) and Oya (2012) point out, a general theory of contract farming problematic and ultimately unproductive. As Oya (2012; see also Vicol, 2019) also argues, contract farming has often been the site of ideological contestation, crudely between those that conceptualize it as a wholly 'win-win' institutional solution to the market failures facing both smallholders and agribusiness in the

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developing world, and those that conceptualize contract farming wholly through the lens of peasant exploitation.

Given this definitional and conceptual heterogeneity, it is no surprise that contract farming has maintained an ambivalent position in the renewed debate on global land grabbing. In the earlier literature on land grabbing, contract farming appears as itself a form of land grabbing, often conflated with processes of land acquisition. Conversely, contract farming has also been promoted as a more inclusive alternative to land grabbing that avoids dispossessing local people of their land. Contract farming also appears in the land grabbing debate as a way to organize production *after* a land grab or process of acquisition has taken place. What is common to all of these takes, however, is the tendency to 'assume' a certain definition or conceptualization of contract farming, without much further interrogation of the political, economic, and social dynamics of the institution of contract farming itself. In other words, in the global land grabbing debate, contract farming tends to appear without reference to its extensive historical body of scholarship, particularly work from a critical perspective. For example, those that promote contract farming as an inclusive alternative to land grabbing support their arguments with case-based studies that suggest that in some contexts smallholder farmers can experience welfare gains from contract farming participation. Often ignored, however, is the extensive literature on how contract farming can have unintended or spillover effects for communities, non-participating farmers (Moyo, 2022) as well as for intra-household and intra-group relations for those participating (Carney, 1988; Pérez Niño, 2016). The political economy literature has charted how contract farming shapes processes of agrarian change and socio-economic dynamics, and how contract farming schemes interact with long-term processes of agrarian change. The lack of engagement with this literature means that global land grabbing debates have not always asked some key questions about the relationship between contract farming and land, such as how does land work in contract farming? What effect does contract farming have on tenure and property relations? Is contract farming a form of land grabbing? Does land grabbing reinforce the spread of contract farming (Oya, 2012)? What are the political, economic and social dynamics at play in contract farming schemes vis-a-vis large-scale land acquisitions?

In this chapter, we aim to address some of these questions, in order to strengthen the conceptualization of contract farming within the global land grabbing literature. We develop four theses of the relationship between contract farming and land. First, we review the literature that deals with contract farming *and* land grabbing, focusing on the three approaches identified earlier: contract farming as a form of land grabbing; contract farming as an inclusive alternative; and contract farming as a post-land grab production system. Departing from these three themes, we then sketch a more in-depth conceptualization of land and contract farming, centered on the question of ownership of land, that positions contract farming instead as a form of land *control*. We conclude with some observations on the interconnections between contract farming, land and broader processes of accumulation and social differentiation. Our aim is to provide a firm ground for future research on the dynamics of contract farming in the land grabbing literature.

Contract Farming in the Land Grab Literature

Contract Farming as a Form of Land Grabbing

As Borras et al. (2011) point out, many of the accounts of renewed investor interest in land that emerged in the first decade of the 2000s used the term 'global land grab' as a catch-all phrase to describe what in reality were highly differentiated processes of changes in land control unfolding in different institutional and political economic contexts. These earlier accounts of a renewed land grabbing phenomenon tended to paint a uniform picture of foreign actors grabbing large tracts of land in poor countries, driven by a confluence of food and energy crises (Oya, 2013). Hall (2011: 195) described this narrative of land grabbing as being "unidirectional … rapid and massive", while Edelman (2013: 488) noted that the "fetishization of the hectare"[1] that characterized this literature ignored other issues such as scale of capital investment and changes in production and labor relations "brought into being on those hectares".

In this earlier literature, contract farming, when mentioned, was likewise frequently conflated as a form of land grabbing or land acquisition. As Oya (2012: 23) argued at the time, given that much of the earlier literature on land grabbing focused on 'form over substance', contract farming was viewed as "one of the options of the 'form' a land deal can take". For example, the World Bank's 2011 flagship report *Rising Global Interest in Farmland* situated contract farming as an 'institutional arrangement' through which large-scale investment in land and agriculture could take place, without any attempt to conceptualize how land and contract farming might be entangled (Deininger & Byerlee, 2011). From a more critical perspective, Boche and Anseeuw (2013) position contract farming (what they call the 'contracting model') on a large spectrum of 'large-scale land acquisition' models. The authors do describe contract farming as a 'hybrid' model, however, there is little attempt to conceptually distinguish the role and meaning of land in contract farming, nor is it clear why contract farming should be considered under the banner of 'land acquisition'.

In some of the more recent literature this conflation of contract farming and land grabbing is maintained. For example, Ata et al. (2019: 331, emphasis added), in their account of what they call transnational land acquisitions in Pakistan, position the phenomenon as "land in developing countries … being granted (on long as well as short term basis) to the governments and private investors of developed countries through leases, land purchase and *contract farming*". Yet, contract farming is not further conceptualized by the authors, nor is it clear how or why we should consider contract farming as land grabbing. Adams et al. (2019), in an otherwise nuanced account of the dependencies created by outgrower schemes, suggest that contract farming could be considered as land grabbing depending on the precise model implemented. The authors explain the mechanism of dispossession as "much slower than direct grabbing" (what they label 'slow land grabbing'), but the overall process is nonetheless conceptualized under the umbrella of land grabbing.

There are two core characteristics of contract farming that challenge the case for it as land grabbing: First, that it is an agreement between direct producers that own or rent farmland and buyers looking to source agricultural commodities. The arrangement itself depends on the access of producers to land. Second, that in contrast with plantations and estates, contract farmers are not engaged as workers and are not paid wages, but instead farm on their own account and are paid for the volume of commodities contracted that they themselves produce or that are produced by a nucleus estate in the contract farmer's plot. Contract farming is predicated on a division of labor where buyers pay farmers to produce agricultural commodities or pay them for the output obtained from the land that farmers bring into the deal. Contract farmers do not receive wages or rental fees from the buyers, they receive a payment for commodities delivered. The existing evidence is unable to demonstrate that contract farming is used, at least deliberately, as a method for the dispossession of smallholder farmers.

Contract Farming as an Inclusive Alternative

A second major theme in the land grabbing literature is that of contract farming as an *inclusive alternative* to land grabbing. In recent years, in response to the perceived ills of land grabs involving dispossession, there has been an upsurge of interest in identifying 'inclusive business models' of agricultural investment in developing countries as alternatives to land grabs or large-scale land acquisitions. The key idea is that agricultural investment models should avoid dispossessing local people of their land or land rights (De Schutter, 2011). This has driven a renewed interest in contract farming, where it has been conceptualized as one such alternative business model that can allegedly balance the need for investment in agriculture whilst protecting the rights and autonomy of rural people (Adams et al., 2019; Vicol, 2017). In this guise, contract farming is positioned as "less harmful and more inclusive … than outright land acquisitions" (Martiniello, 2021: 355; see for example Cotula & Leonard, 2010; FAO, 2013; Chamberlain & Anseeuw, 2019; Williams et al., 2021).

This positioning of contract farming in the land grab literature is influenced by the development of codes of conduct for agricultural investment in the years following the 2007/2008 food price crisis. These codes of conduct seek to ameliorate the worst examples of dispossession and displacement of local people by encouraging corporate social responsibility in agricultural investments (Borras & Franco, 2010). As Borras and Franco (2010: 509) argue, such codes of conduct also serve to reframe land grabs (rephrased as land *deals*) from threat to opportunity for rural development, so long as these investments "can be harnessed properly so as to minimize or avoid possible negative social and environmental effects". The most prominent codes of conduct are the so-called *Principles for Responsible Investment in Agriculture and Food Systems* (RAI) endorsed by the Committee on World Food Security in 2014 (FAO, 2014). The RAI guidelines encourage agricultural investments that "strengthen and secure smallholders' own investments" (p. 4) and state that responsible investment "should safeguard against dispossession of legitimate tenure rights" (p. 10). Principle 5 of the RAI[2] refers to the FAO's Voluntary Guidelines on the Responsible Governance of Tenure, which states that while private investment in agriculture is necessary for development, in order to protect tenure rights, states should promote investment models that "do not result in the large-scale transfer of tenure rights to investors, and should encourage partnerships with local tenure right holders" (FAO, 2014: 21). From a rights-based perspective, the former UN Special Rapporteur of the right to food, Olivier de Schutter, developed another set of principles for protecting the human rights of local land users involved in land deals. In contrast to codes of conduct for responsible investment, which de Schutter critiques as working to justify the continuation of large-scale foreign investment in land, the Minimum Human Rights Principles aim to set a much higher bar for evaluating the merits of corporate investment in agriculture. Under these minimum principles, agricultural investments that "lead to changes being made to rights over land will only be a last resort, where no other investment model can be better conducive of human rights" (de Schutter, 2011: 256; Claeys & Vanloqueren, 2013).

Both these approaches position contract farming as a better alternative to land deals involving acquisition just for the fact that smallholder farmers or local land users usually retain ownership rights over their land in contract farming schemes. For example, de Schutter (2011: 262, emphasis added) argues:

> The benefits of the investment (in terms of creation of infrastructure, marketing opportunities, and access to credit) could be achieved—and work for the benefit of both the investor and the producer—by the use of other business models *such as contract farming*, without any change being made to the rights over the land. Such alternatives should be explored prior to any shift in rights over the land.

In a similar vein, writing from the perspective of a codes of conduct approach, von Braun and Meinzen-Dick (2009: 3) argue that "contract farming or outgrower schemes are even better [than lease or purchase of land] because they leave smallholders in control of their land." Importantly, as Vicol (2017) and Martiniello (2021) note, in this literature, the re-framing of contract farming goes beyond its positioning as 'less harmful' compared with outright acquisition to its *promotion* as an inclusive and beneficial alternative. In this view, contract farming is an institutional arrangement that can contribute to rural development by integrating or including smallholders into commercial agriculture and global value chains. As Oliveira et al. (2021: 324–325) note, development agencies and governments now promote contract farming as an alternative model that can "expand agricultural investments by integrating the rural poor, rather than displacing them … [and] without facing judicial complication related to the history of land". This narrative leans heavily on the notion of contract farming as a 'win-win' arrangement for smallholders and agribusiness, one which not only avoids displacement of farmers, but also delivers the output to the investor *and* delivers improved welfare outcomes to farmers (see Oya, 2012). Any imbalance between contractor and company can be addressed by 'getting the institutions right'. For example, Williams et al. (2021) claim that 're-orienting' land acquisitions to contract farming schemes will increase farmer autonomy and improve land rights and food security for local people, particularly if participation is voluntary. The FAO and World Bank promote contract farming as a 'collaborative business model' or 'mutually advantageous partnership' that can provide opportunities to smallholder farmers and make agricultural investments more 'pro-poor' (Cotula & Leonard, 2010; Deininger & Byerlee, 2011; FAO, 2013). Deininger (2011) argues that contract farming can help combine the assets of investors and smallholders in mutually beneficial relationships, where the only limiting factors are ensuring that well-defined property rights and a proper regulatory framework are in place. The economics literature goes as far as positioning contract farming as a "non-extractive agrarian institution" that can "facilitate the transition to modern agriculture, and thus a broader structural transformation of the economy" (Bellemare & Lim, 2018: 383). The win-win narrative is supported by microeconomic studies that argue contract farming is associated with increases in farmer income and other welfare gains (e.g., Bellemare & Novak, 2017; Bellemare, 2012; Barrett et al., 2012), although the internal and external validity of such studies has recently been called into question (Bellemare & Bloem, 2018; Meemken & Bellemare, 2020).[3]

The land grab literature that takes a more critical political economy approach has also positioned contract farming as a potential alternative. This literature does offer a more critical view of contract farming itself, noting for example that while it may provide a more politically palatable[4] form of commercial farming that allows capital to "achieve similar objectives through a different institutional form", contract farmers are at risk of *adverse incorporation* into agricultural value chains (Hall, 2011: 202; Oliveira et al., 2021). In other words, 'win-win' outcomes are not guaranteed. At the same time, this literature typically argues that contract farming is a more desirable form of investment than land acquisition simply because farmers can retain ownership of their land. For example, White et al. (2012: 635) argue that if "the penetration of corporate capital into agri-commodity chains may be inevitable", then we must explore how alternative agricultural investments can be facilitated without change in land ownership. For White et al., contract farming may be a better alternative just for the fact that contract farming schemes do involve local actors and are not permanent arrangements. Similarly, de Schutter (2011: 262), while acknowledging that contract farming can create its own risks and dependencies for farmers, argues that "if properly managed, however, certain forms of contract farming can provide important benefits to the farmers, allowing them to be supported by investments without depriving them of access to their land". Others have argued that contract farming, unlike land acquisition, does provide opportunities for accumulation to smallholders, even if the terms of incorporation (more or less advantageous to smallholders) may differ depending on context (Hall et al., 2017). In a similar vein, Cramb et al. (2017) argue that compared to plantation agriculture (facilitated by land grabs), contract farming at least provides the *opportunity* for smallholder inclusion and therefore the continuation of smallholder production. Baglioni and Gibbon (2013) suggest that despite doubts about its development outcomes, contract farming, as a 'middle-ground solution', warrants support over blanket positions that promote 'generic prescriptions' based on what the authors view as a false dichotomy between large-scale plantation agriculture (facilitated by land grabs) and utopian visions of small-scale peasant agriculture.

Contract Farming as a Post-grab Production System

The positioning of contract farming as an inclusive alternative to land grabbing dovetails with a renewed interest in the land grab literature in *outgrower* schemes as a way to organize production post-land acquisition in such a way that includes smallholders. Outgrower farming can be defined as a particular model of contract farming, where smallholders are linked via contractual arrangements to a core ('nucleus') estate and/or processing facility (Hall et al., 2017). Like contract farming, outgrowers generally enter a marketing agreement for their produce with the estate, and often also an input supply agreement. The supply from surrounding smallholders is used to augment the supply from the core estate. Outgrower schemes typically focus on plantation-style crops that require timely processing, such as sugarcane, rice, palm oil, coffee, tobacco, cocoa, and tea. Geographically, the literature on outgrower schemes focuses overwhelmingly on examples from Africa (in particular, sugarcane and biofuel crops like jatropha), and also Southeast Asia (in particular, palm oil). Beyond these generalizations, like contract farming in general, outgrower arrangements and contracts are highly diverse, ranging from tight contracts that bound smallholders to future harvests, to looser arrangements where smallholders "move in and out of supply agreements, and can choose to sell into local markets" (Smalley, 2013; Hall et al., 2017: 519). In some cases, the contract may in effect cede the control of the outgrower's land to the estate in return for a dividend as landowner, in an arrangement Matenga and Hichaambwa (2017) describe as 'shareholder outgrowing'.

Importantly, the land upon which the core estate and processing facility is established is often land that was acquired by the investor via outright purchase or via a land concession. This may include schemes where local farmers are forced to give up some of their land to the core estate in return for enrollment in the outgrower scheme, or where large tracts of land are acquired or dispossessed from local landowners (typically with direct involvement of the state) and then redistributed to create smallholder outgrower plots and a nucleus estate. Despite these 'blurred boundaries' (Suhardiman et al., 2015) between land grabbing and outgrower schemes, outgrowing has attracted support from policy makers and development agencies as a concrete way to make land investments more inclusive of local farmers. As Huggins (2014) argues, encouraging outgrower schemes is viewed as a way to make large-scale land acquisitions and agricultural commercialization more politically palatable because states can point to the incorporation, rather than exclusion, of smallholders. Outgrower schemes are then framed as a pathway to a modern, viable small-scale farming sector existing alongside commercially developed plantations, where smallholders benefit from capital, knowledge and technology transfers (e.g., Herrmann, 2017; Herrmann & Grote, 2015; on small vs large-scale farming in Africa, see Baglioni & Gibbon, 2013; Hall et al., 2017).

Outgrowing is therefore generally positioned in the literature as more desirable than other forms of smallholder articulation to commodity production because it reduces or avoids land dispossession. Outgrowing schemes also potentially provide more spillover benefits for labor, for example wage employment in processing facilities or on the core estate (Hall et al., 2017). Several studies have attempted to disentangle the development impacts of outgrower schemes vis-a-vis other forms of commercial farming (e.g., plantations) that involve land acquisitions. Some studies do find improved outcomes for outgrower participants. For example, Yaro et al. (2017) assessed different commercialization models in Ghana, arguing that the outgrower scheme in the study was not as disruptive to local land tenure institutions, produced broader opportunities for local livelihoods, and had a less dramatic effect on inequality compared to plantation agriculture and medium-scale commercial farming. The authors describe outgrower farmers as 'semi-proletarianized' workers who combine outgrowing with seasonal wage work and own production of food crops, affording them better livelihood security than plantation workers, for example. Herrmann (2017) and Herrmann and Grote (2015) use a propensity score matching approach to compare household welfare (income) outcomes between participant and non-participant households in outgrower schemes in Malawi (sugarcane) and Tanzania (rice and sugarcane). In both cases, non-participant households were typically focused on other less commercial crops and farming predominantly for their own consumption. Their analysis finds that outgrower participants show overall positive welfare gains compared to non-participants. This leads the authors to argue that large-scale agricultural investments that implement outgrower schemes have the potential to be poverty-reducing.

Other studies have documented how local people face loss of land as a result of outgrower schemes. McCarthy (2011) and Semedi and Bakker (2014) show how in oil palm outgrower schemes in Indonesia, smallholders can be forced or coerced to handover their land to plantation companies. In Sumatra, McCarthy (2011) documents an oil palm scheme where, facilitated by the Indonesian state, villages surrendered their land as a whole to the estate company. The company then retained 30% of this land and returned 70% to the village as oil palm outgrower plots. This division and allocation of land is controlled by village elites, through processes that are often non-transparent. In one example, one farmer provided 12 hectares to the scheme, then received only a 2-hectare oil palm plot in return. The author therefore argues that the distribution of benefits from the scheme depends on pre-existing social and political structures, often exacerbating local patterns of inequality, inclusion and exclusion. Semedi and Bakker (2014) documented a similar process of state-facilitated land 'handovers' in an oil palm outgrower scheme in Kalimantan. Here, farmers that held land in areas designated by the state were required to give up 7.5 hectares in exchange for "2 hectares of oil palm field, 0.5 hectare of housing land, a timber house and living rations for two years". The remaining land was split between a similar package for transmigrant farmers (5 hectares) and 2.5 hectares for the company. As a result of the capital-intensive requirements of the oil palm crop, the authors documented that in one area, 78 out of 282 farmers were forced to sell their outgrower plots entirely and were reduced to casual labor in the nucleus estate. In a study of sugarcane in Malawi, Adams et al. (2019) argue that outgrower schemes reconfigure customary or traditional institutions that previously governed land access, leading to "irreversible shifts in the social fabric of local communities" (p. 1437). The authors identified several moments of what they call 'alienation', where first customary land is reallocated to village elites with support from the state, who then redistribute the land as private property to participating farmers. Baglioni (2018) found that contracting allowed buyers to discipline the workforce in horticultural production in Senegal, not least because it amounted to transferring costs to direct producers and bypassed hefty regulations applicable to direct employers.

As the aforementioned examples show, outgrower schemes themselves can alter property relations. But outgrower schemes can also institute new forms of dependency and reinforce or reconfigure patterns of winners and losers in agrarian spaces *without* changing property relations. Several studies of outgrower schemes therefore emphasize the importance of analyzing the *terms of incorporation (*Du Toit, 2004) of labor, people, nature and land, even where changes in property relations do not take place. While the narrative of inclusion is used to foster political acceptance of outgrower schemes and investments, the terms of incorporation (or inclusion) can be more or less adverse for smallholders depending on the context (Hall et al., 2017). For example, in an in-depth study of outgrower sugarcane production in Uganda, Martiniello (2021: 357) argues that while outgrowing does not involve prima facie displacement of smallholders, it has resulted in "widening patterns of social differentiation and land concentration, through the expulsion of less-competitive farmers from agricultural enclaves". The author therefore positions outgrowing in this context as a *continuity* of large-scale agricultural investments, enabling capital to expand commodity frontiers more cheaply than would be possible under corporate farming. In a comparison of different investment models in Zambia, Matenga and Hichaambwa (2017: 574) argue that while outgrowing attracts political approval, the sugarcane outgrowing scheme in their study reproduced existing patterns of differentiation and led to "accumulation for a few [and] land scarcity and fragile livelihoods for others". Other studies of outgrower schemes have documented accelerated processes of land accumulation and unequal power relations (Hervas, 2019), new forms of exploitation of farmers by agribusiness (Huggins, 2014), and unequal burden of production risks passed on to outgrowers (Edelman & Leon, 2013). In other words, while outgrowing schemes may not result in the outright dispossession of land (although sometimes this is the case), through this model, capital can come to *control* land and other resources (including labor) through different means (e.g., the outgrowing arrangement) with just as important implications for agrarian change. This requires a different set of conceptual tools to understand outgrowing (and contract farming more generally) as a form of *land control*.

Beyond Grabbing: Contract Farming as a Form of Land Control

Our fourth thesis—the argument that contract farming can be conceptualized as a form of land control (Peluso & Lund, 2011)—draws from ideas that have been rehearsed in other theses of our typology. However, in contrast with the others, this perspective on contract farming is anchored more prominently around the question of property over land in contract farming. This thesis is put forward by scholars and activists in different traditions but, owing to its materialist focus on relations of property, seems to be more developed in political economy approaches (Ochieng, 2009; Baglioni, 2018). It is argued that contract farming schemes grant considerable *indirect* control over land use to buyers, aggregators and processors of agricultural commodities, in detriment to the autonomy and independence of direct producers, in most cases smallholder farmers.

Regardless of whether they are formal or informal, contract farming arrangements are predominantly constituted between two parties: on the one hand, the buyers—and this can include traders, processors, core estates and aggregators—and, on the other hand, direct producers or landowners who have access to farmland via ownership or lease. But contracts typically stipulate much more than merely the quantities produced and the schedule of delivery. Particularly in the case of commodities that require considerable labor inputs, monitoring and quality controls, the contract tends to specify the conditions of production, the required characteristics of the delivered product and the conditions in which production is to take place. Conditions relating to agricultural techniques, sourcing of raw materials and tools and labor hiring are common (Little & Watts, 1994; Pérez Niño & Oya, 2021).

Moreover, contract farming arrangements in some cases involve substantial advances in cash, inputs or extension services that are paid for by producers upon the delivery of the contracted product. In this context, farmers are saddled with a range of conditions and are normally indebted to their contracting buyers during the agricultural cycle. Furthermore, contract farming arrangements can also involve the absorption of production costs and risks by direct producers, as they are paid for the commodity produced regardless of the costs incurred. Climatic shocks, labor shortages, and other such disturbances can result in farmers becoming severely indebted. From the perspective of contract farmers, agreeing to produce under such arrangements translates into being required to fulfill this range of conditions; absorbing possible productive shocks; risking becoming indebted, all in return for the security of having a guaranteed outlet for production. In contexts with limited finance available for farming and with few buyers, participating in contract farming schemes, rather than the result of a voluntary decision, becomes the only possible means of sustaining a farming livelihood. Farmers are forced into participation in regions and segments of the market in which there are few available alternatives in farming (Pérez Niño, 2016).

In this perspective, the buyers and processors that source commodities using contract farming arrangements are very different from the groups of investors found in the land grabbing literature. Buyers in contract farming are not interested in acquiring equity over the land, but instead in securing volumes for purchase or in increasing their profit margins by squeezing direct producers. Conversely, contract farmers are not inherently threatened by the prospect of losing their land to investors, but instead disciplined by the very contract arrangement, which can involve increasingly stringent stipulations regarding the methods and timings of farming, strict quality controls and the pricing-setting power exerted by buyers. In this way, contract farmers progressively tend to lose control over the production process and the use of their farmland, even though nominally they retain ownership or access to the land. Alternatively, this can be understood as a form of capital accumulation without dispossession (Shrimali, 2016). This has two implications: First, analytically, it suggests that contract farming can be a mechanism for the subordination of smallholder farmers and their land to the power of merchant capital and commodity markets more broadly, but a form of subordination that is not predicated on land evictions, stress sales or other forms of land expropriation. Second, evidence from case studies suggests that cycles of indebtedness linked to contract farming can in some instances result in the inability of the contract farmer to retain access to land and indeed in stress sales of land (Vicol et al., 2022). In the more extreme cases of outgrower schemes in which core estates tend to intervene much more in production, at times even limiting the role of contract farmers to that of wage workers or mere recipients of land lease fees, the erosion of the productive autonomy of landowners and the increasing control of core estates is even more stark. Hence, it is argued that contract farming, although not depending directly on the dispossession of smallholder producers, can nonetheless result in forms of exploitation and impoverishment.

From the perspective of agricultural traders, contract farming is an advantageous method to source agricultural commodities without requiring their direct involvement in production (Baglioni, 2018). Here, the contrast with large-scale estates and plantations is useful, especially when considering operations that take place in areas with communal ownership over land or mis-specified property rights over land or operations where the workforce is organized or restless. Contracting, as opposed to buying in spot markets or involving themselves directly in production, allows buyers to bypass the risks associated with acquiring and operating farms, including the costs (political and otherwise) of getting communities to surrender land they own or occupy, as well as the expenses associated with the legal recognition and enforcement of property rights over land, particularly in jurisdictions where property rights are disputed, and land conflicts are rife.

Contract Farming and Land: Recentering Agrarian Questions

This chapter proposes a typology that helps conceptualize the way two contemporary processes—the recent expansion of agricultural production in contract farming schemes and a global crisis of pressures over agricultural land—may interact. The land grabbing and contract farming literatures propose different ways to conceptualize such interactions and the typology presented here summarizes the most salient characteristics in four theses. Moreover, there is evidence from case studies to support the interaction as presented in each of these theses (although the authors of this chapter find one of these accounts more useful for analysis):

The first thesis proposes that contract farming is one of the manifestations of recent processes of land grabbing, corporate land deals and 'land rushes'.

The second thesis argues that contract farming offers a viable and potentially desirable alternative to outright land grabbing and other forms of adverse incorporation of farmers into commodity production as workers in large-scale plantations and estates. Contract farming could prevent the loss of their land-based livelihoods and their migration to urban centers.

The third thesis sees contract farming as a form of production adopted in the wake of processes of land grabbing, as one possible avenue to reincorporate labor into the appropriated land or more broadly to bring land into production, particularly where large-scale mechanized agriculture is not commercially viable.

The fourth thesis emphasizes that contract farming is, in a certain way, the antithesis of land grabbing, in that the contracting parties do not intend to evict farmers or purchase their land, but on the contrary are interested in farmers retaining their land and producing under contract. Contract farming is a land-based form of indirect labor

> control. Moreover, shifting the costs and risks of production onto direct producers - a characteristic of contract farming - results in increasing income insecurity, self-exploitation and indebtedness for producers. This can also result in some farmers losing autonomy and control over all aspects of production and ultimately over the management of their land. In the long run, land ownership is retained at the expense of losing productive control.

Incidentally, this process of impoverishment suggested in the fourth thesis as a possible outcome at least for some contract farmers is captured in the idea of a tendency in capitalist agriculture toward 'social differentiation', a central tenet of the agrarian political economy approach. That is, the process whereby expanding commodification results in the segmentations of households that manage to accumulate and reinvest, at times moving into other sectors or hiring workers on their farms; other households that merely manage to continue farming on their own account; and yet others that fail to reproduce themselves as farmers and either become dependent on wage work or are forced to sell off their land (Hart et al., 1989; Cousins, 2022; Martiniello et al., 2022).

As noted earlier, these four accounts of contract farming and land are not mutually exclusive and together chart the different forms and functions contract farming can adopt vis-à-vis corporate pressures over farmland. There is no single effect of contract farming on land relations, since contract farming schemes comprise a varied range of practices and conditions. These range from contract farming schemes in which the landowners do not farm themselves or have very limited participation but receive payments for the production taking place in their plots by nucleus estates, to schemes in which contracted farmers are not the owners of the land, but coordinate the production process (see Table 9.1).

By centering the question of property in relation to the roles of farmers in production in our analysis ('who owns what', 'who does what' in Bernstein's (2010) widely cited heuristic device), we gain coordinates that help us organize, analytically, the variations in contract farming schemes and discern in which instances contract farming accelerates or exacerbates land conflicts.

Finally, analysis of the interaction between land grabbing and contract farming that is grounded around the question of property also allows us to distinguish between outright dispossession of smallholder farmers and communities and cases in which farmers retain land property but lose control over the production process. Scholars and activists can debate whether such erosion entails a surreptitious form of land grabbing but would be

Table 9.1 Land and control vectors in contract farming

From the farmers' perspective ↓	*'Leasing out' contract farming**	*Traditional contract farming and outgrower model*	*Contract farming with sharecropping characteristics*
Property of land	Yes	Yes	No
Participation in production and control over the production process	No	Yes	Yes

* Characteristic in sugar outgrower schemes operated by core estates and where landowners are only in some cases employed as farmworkers (Dubb et al., 2017).

remiss to disregard that these processes of subordination of direct producers rarely involve outright dispossession. Interventions in the land grabbing literature looking at contract farming schemes will benefit from a more nuanced understanding of this form of production and marketing and attending to the specific characteristics of concrete contract farming schemes.

Notes

1 That is, the overwhelming focus on the quantity of land changing hands as the defining feature of land grabbing, and therefore an overwhelming focus on land deals that involved large tracts of land.
2 Principle 5 of the RAI is 'Respect Tenure of Land, Fisheries, and Forests, and Access to Water'.
3 Contract farming proponents have also developed guidelines for 'responsible contract farming' that if applied would contribute to creating enabling conditions for producers and contractors to benefit (see da Silva & Pultrone, 2012; UNIDROIT et al., 2015; Viinikainen & Caro, 2018). A problem with such normative formulations is their limited ability to demonstrate that regulatory interventions alone can redress the power differentials that undergird production contracts. Contract farming is less susceptible to regulatory intervention in real world contexts with informal contract farming schemes; communal or customary land tenure; or weak rule of law and regulation enforcement.
4 As Oya (2012: 10) argues, "states and donor agencies may maintain their support to contract farming as long as this institution is seen as an acceptable compromise between the requirements of agricultural modernization and capitalist development and the political clout of (organized) smallholder farmers in developing countries, particularly at a time when advocacy against 'land grabbing' has gained substantial momentum".

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