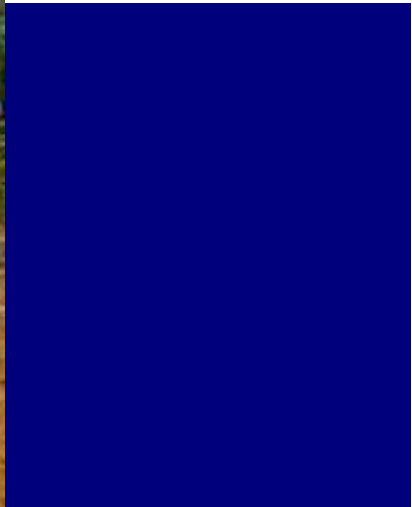


Towards Sustainable Global Supply Chains

Can we make global supply chains sustainable?





Two (or three) worlds of agriculture

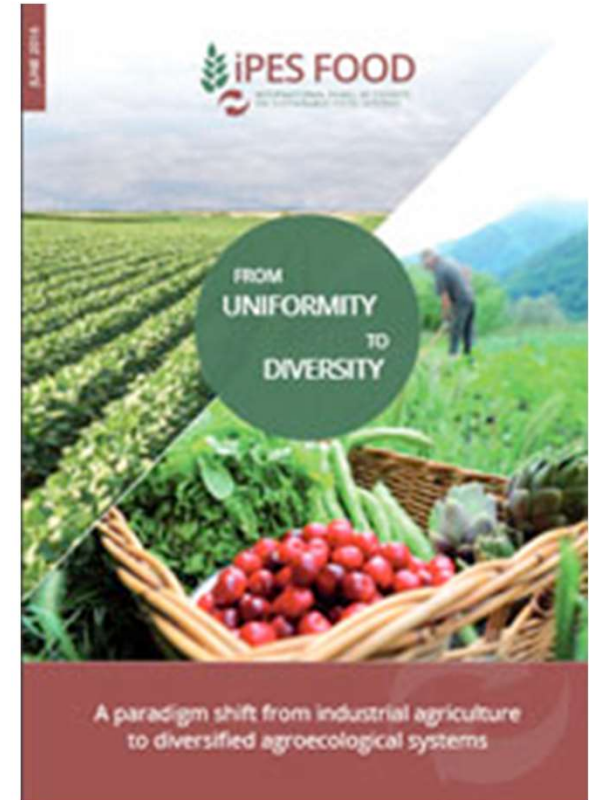
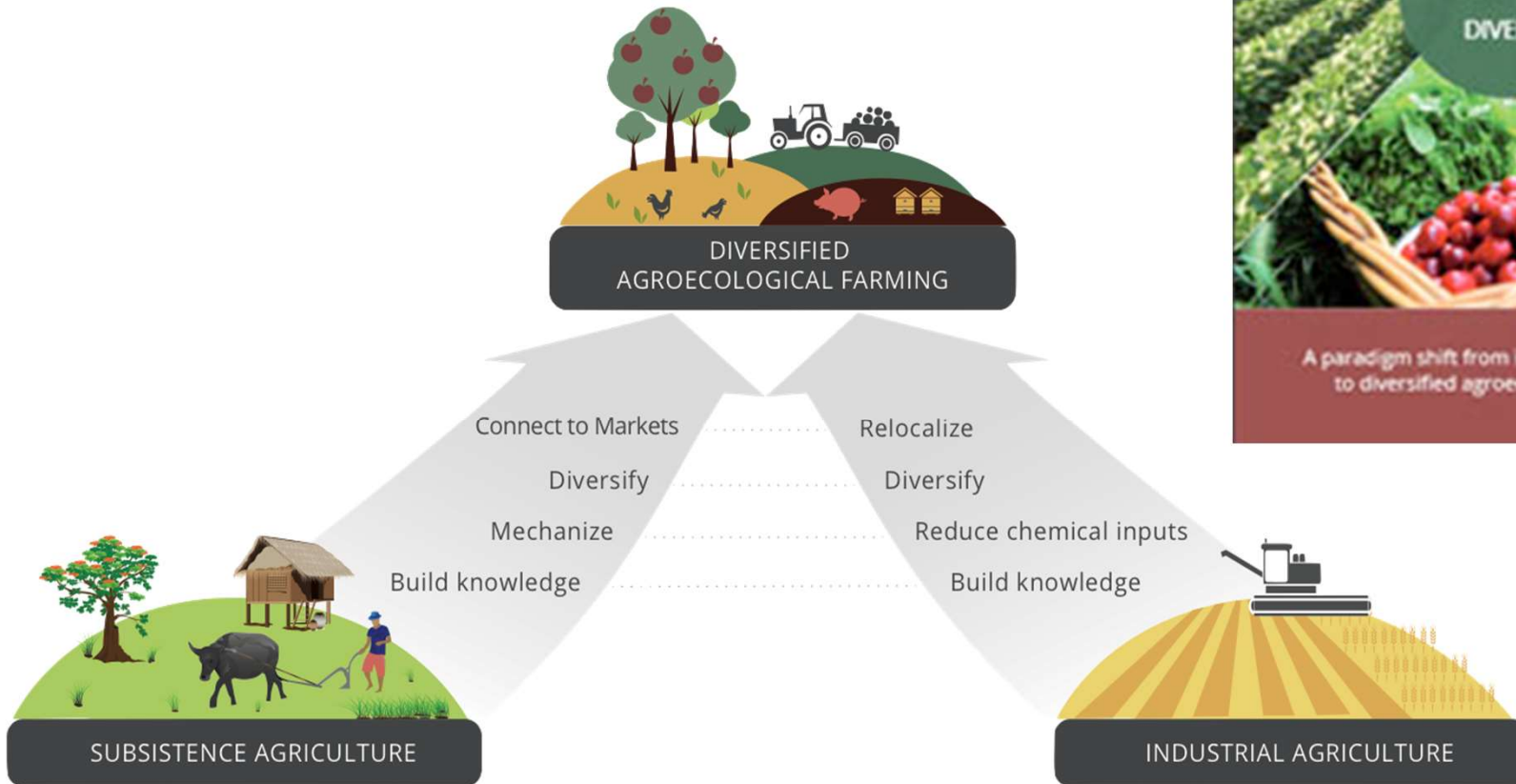


Strong competitiveness
High productivity by active labourer, but lower productivity by hectare
Social and environmental costs : the unreliability of pricing systems



Weakly competitive
Highly productive per hectare but labour intensive
Contribution to rural development
Capacity to implement agro-ecological practices

Towards Sustainable Global Supply Chains



1. **The emerging consensus: supporting smallholders as a means to reduce rural poverty**
2. **Challenge #1: addressing power in global supply chains**
3. **Challenge #2: competitiveness**
4. **Challenge #3: the role of standards and supply chain monitoring**
5. **Challenge #4: protecting the rights of farmworkers**



The Declaration on the rights of peasants and other people working in the rural areas (UNGA Res. 73/165 of 17 December 2018)

Article 16

1. Peasants and other people working in rural areas have the right to an adequate standard of living for themselves and their families, and to facilitated access to the means of production necessary to achieve them, including production tools, technical assistance, credit, insurance and other financial services. They also have the right to engage freely, individually and/or collectively, in association with others or as a community, in traditional ways of farming, fishing, livestock rearing and forestry and to develop community-based commercialization systems.
2. States shall take appropriate measures to favour the access of peasants and other people working in rural areas to the means of transportation, and processing, drying and storage facilities necessary for selling their products on local, national and regional markets at prices that guarantee them a decent income and livelihood.

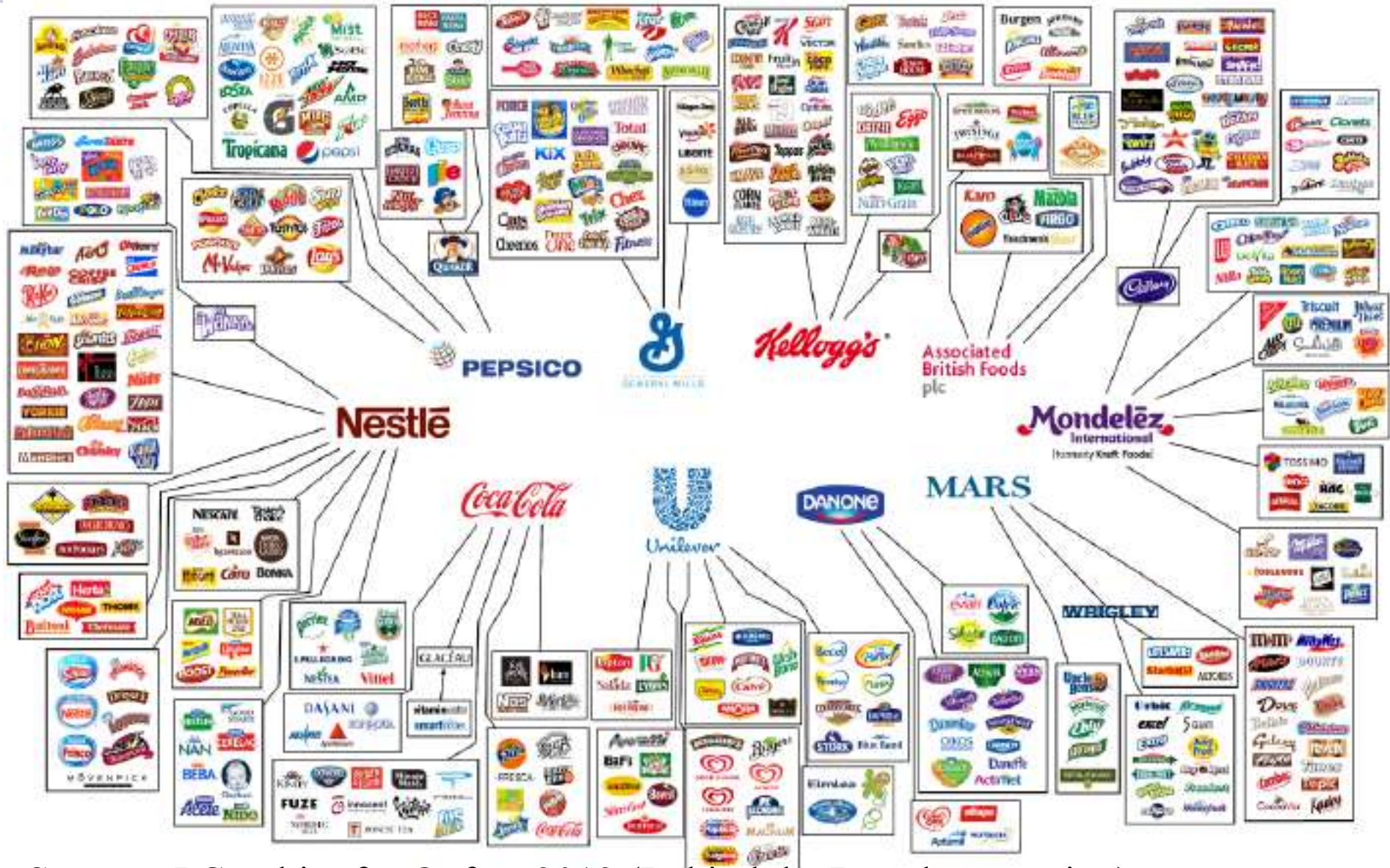
The Declaration on the rights of peasants and other people working in the rural areas

3. States shall take appropriate measures to strengthen and support local, national and regional markets in ways that facilitate, and ensure that peasants and other people working in rural areas have, full and equitable access and participation in these markets to sell their products at prices that allow them and their families to attain an adequate standard of living.
4. States shall take all appropriate measures to ensure that their rural development, agricultural, environmental, trade and investment policies and programmes contribute effectively to protecting and strengthening local livelihood options and to the transition to sustainable modes of agricultural production. States shall stimulate sustainable production, including agroecological and organic production, whenever possible, and facilitate direct farmer-to-consumer sales.

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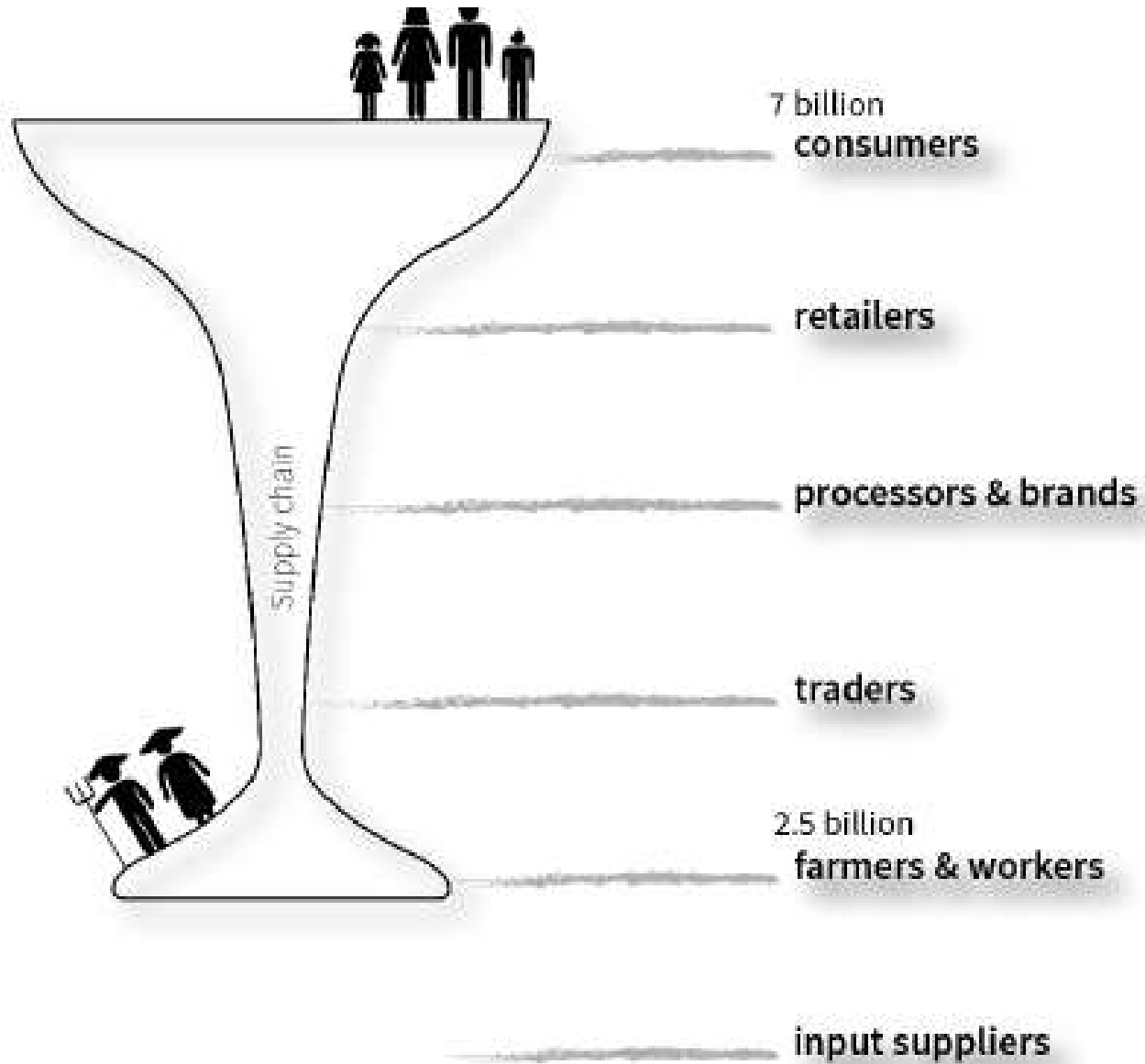


Towards Sustainable Global Supply Chains

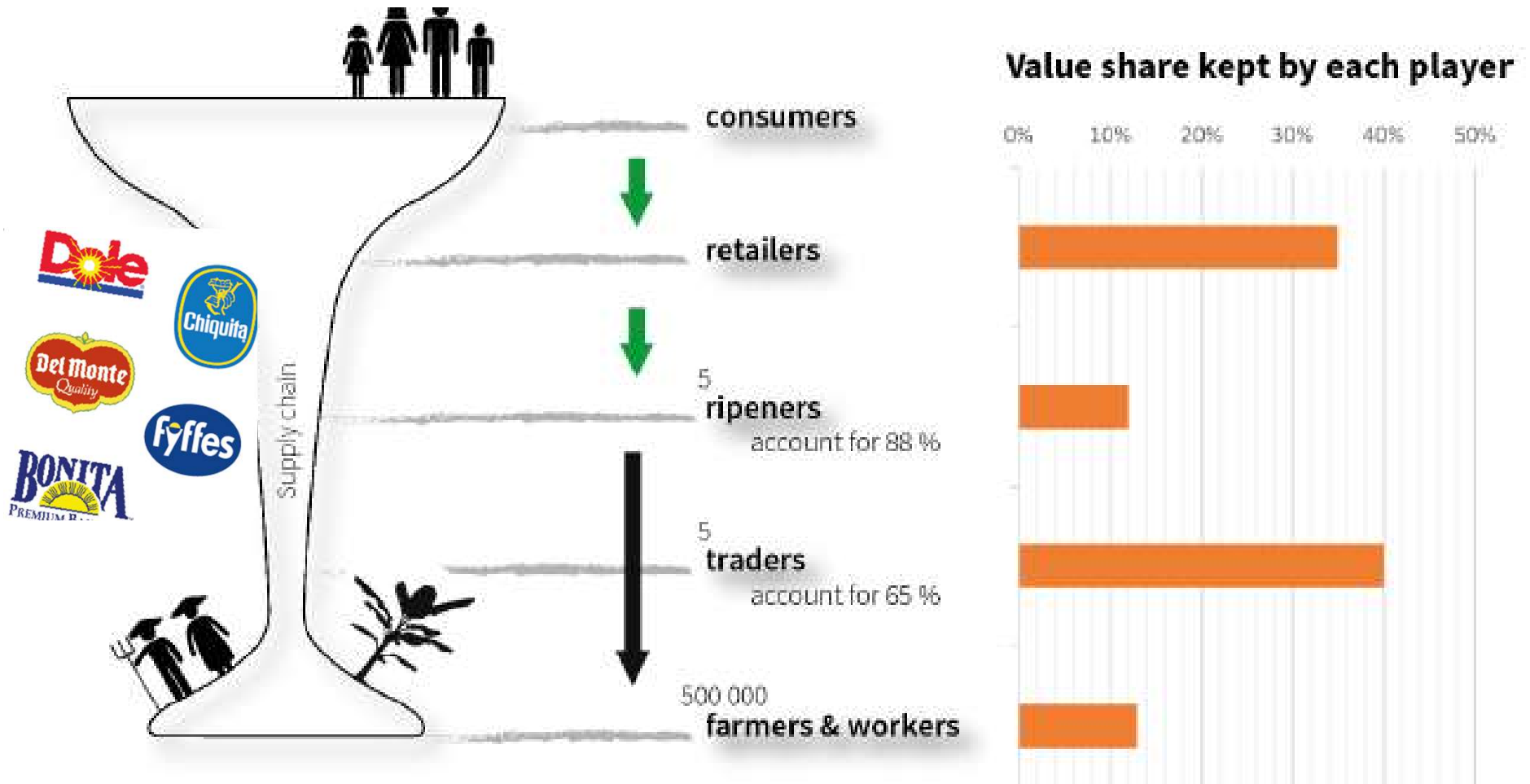


Source: J Gauthier for Oxfam 2012 (Behind the Brands campaign)

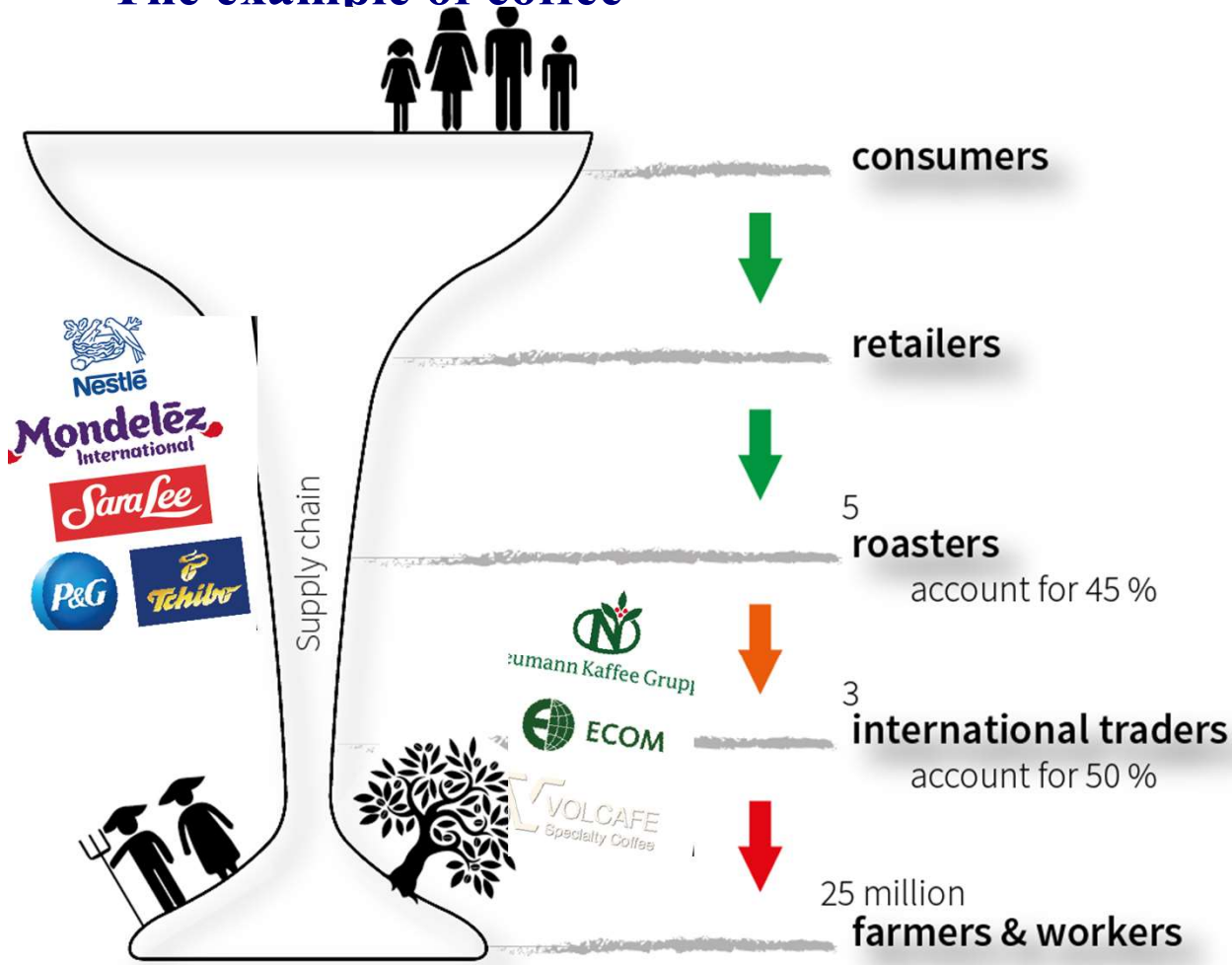
Towards Sustainable Global Supply Chains



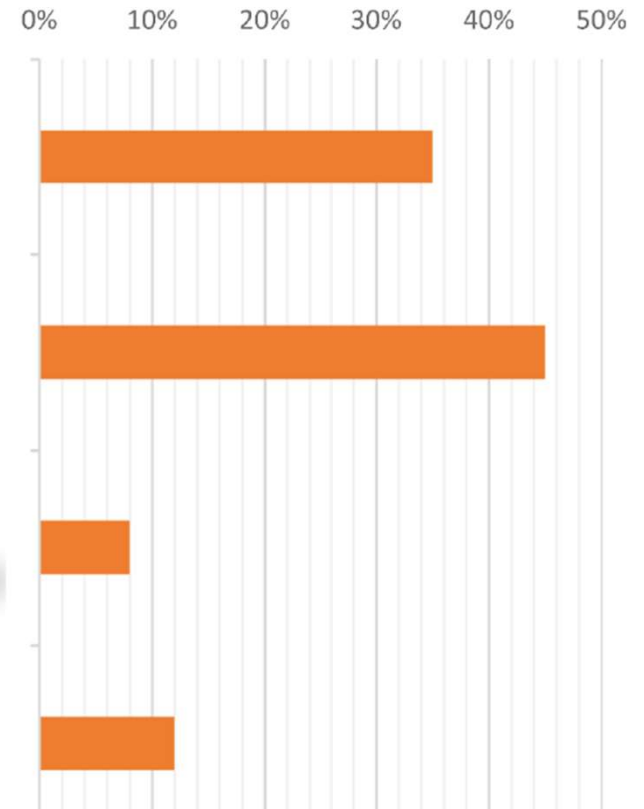
The example of the banana chain

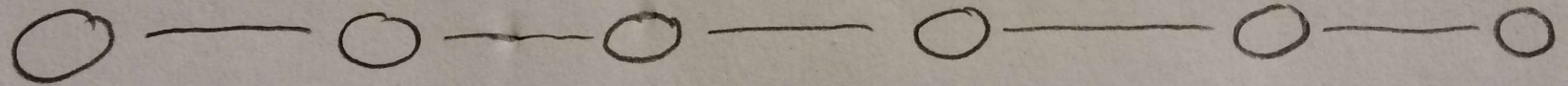


The example of coffee



Value share kept by each player





PRODUCER

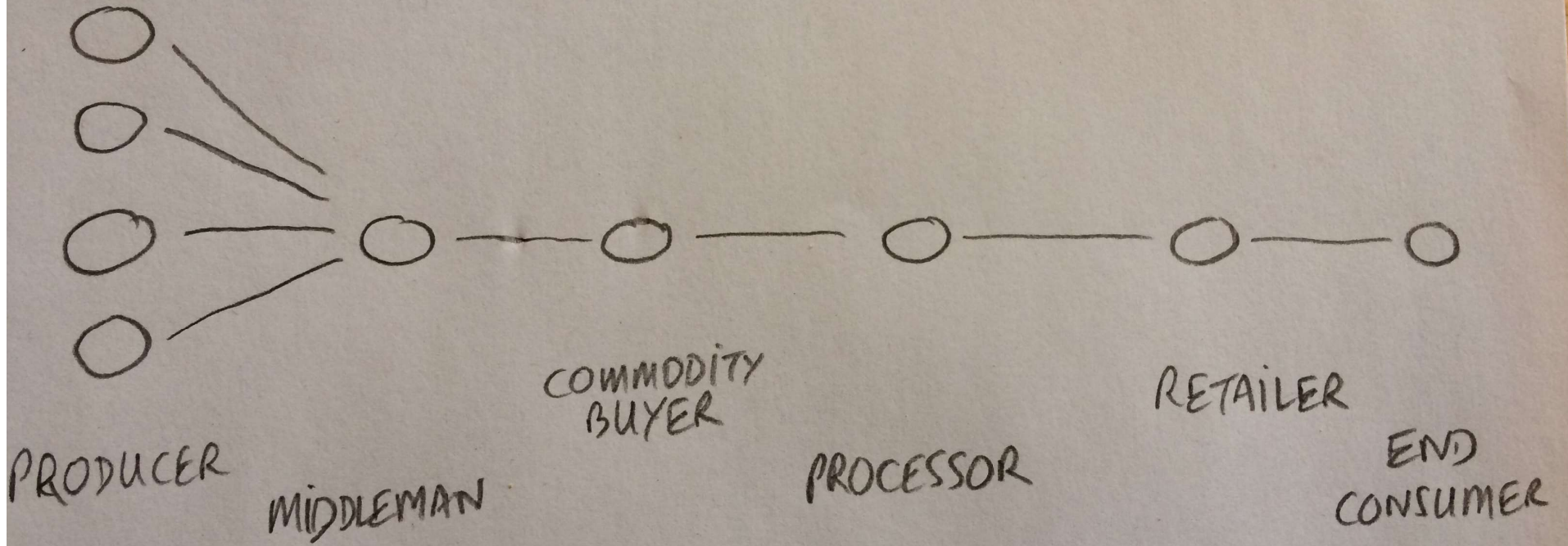
MIDDLEMAN

COMMODITY
BUYER

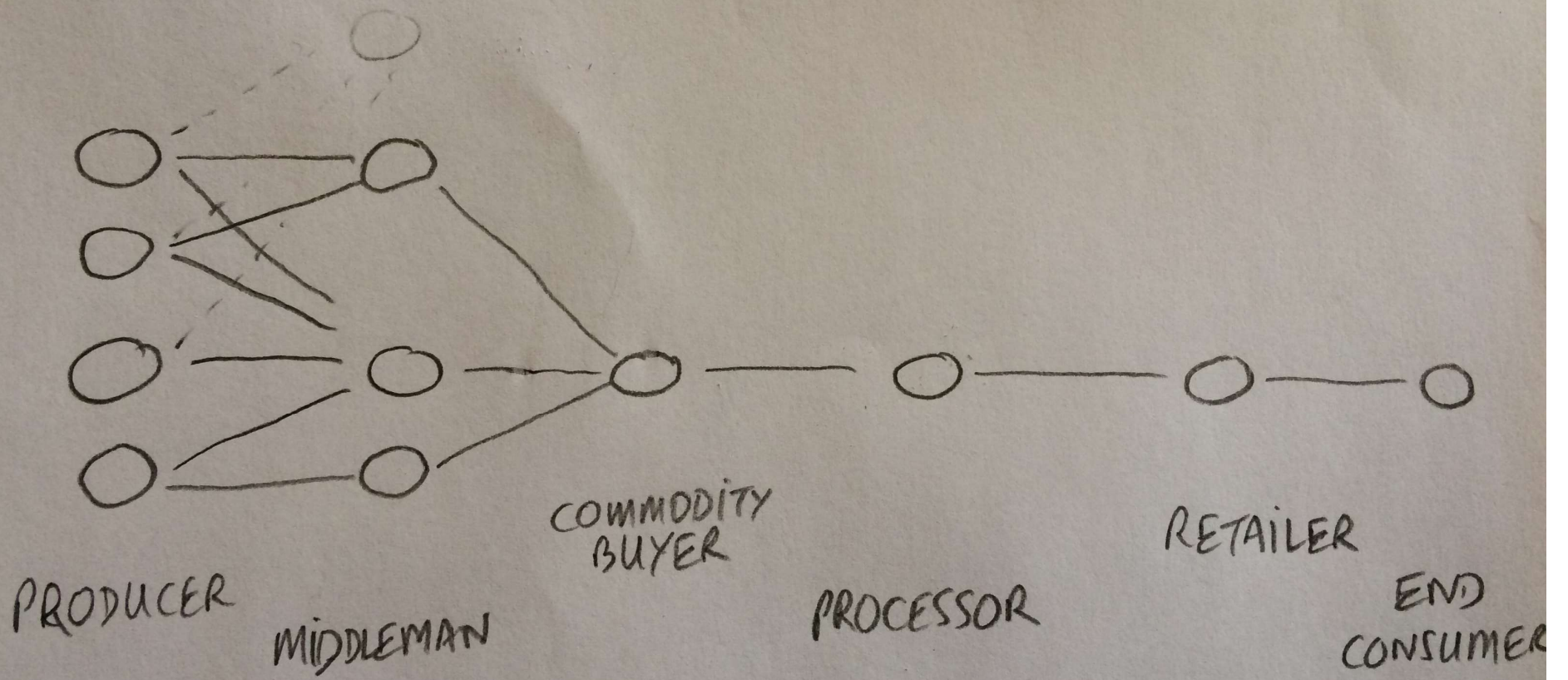
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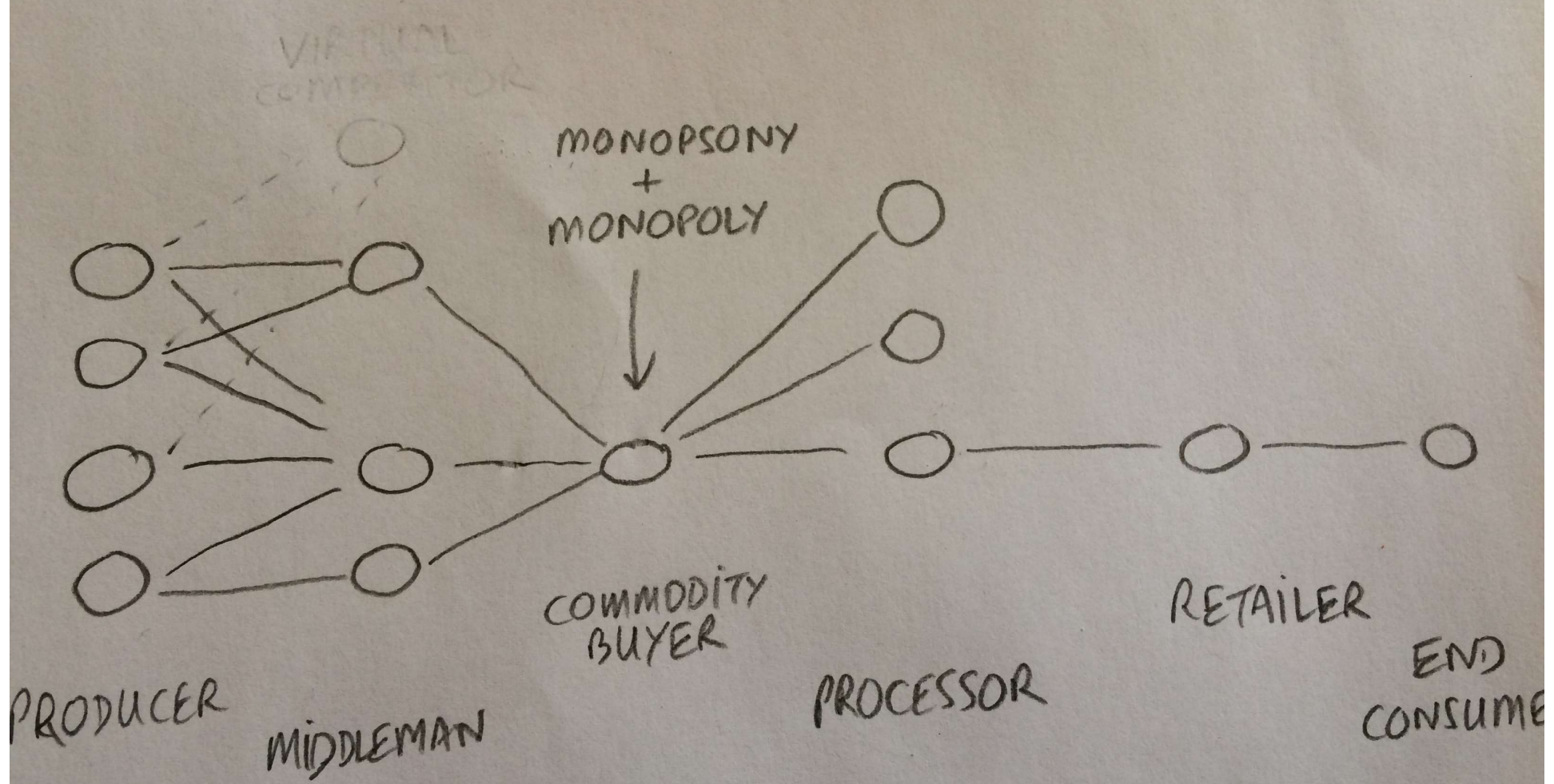
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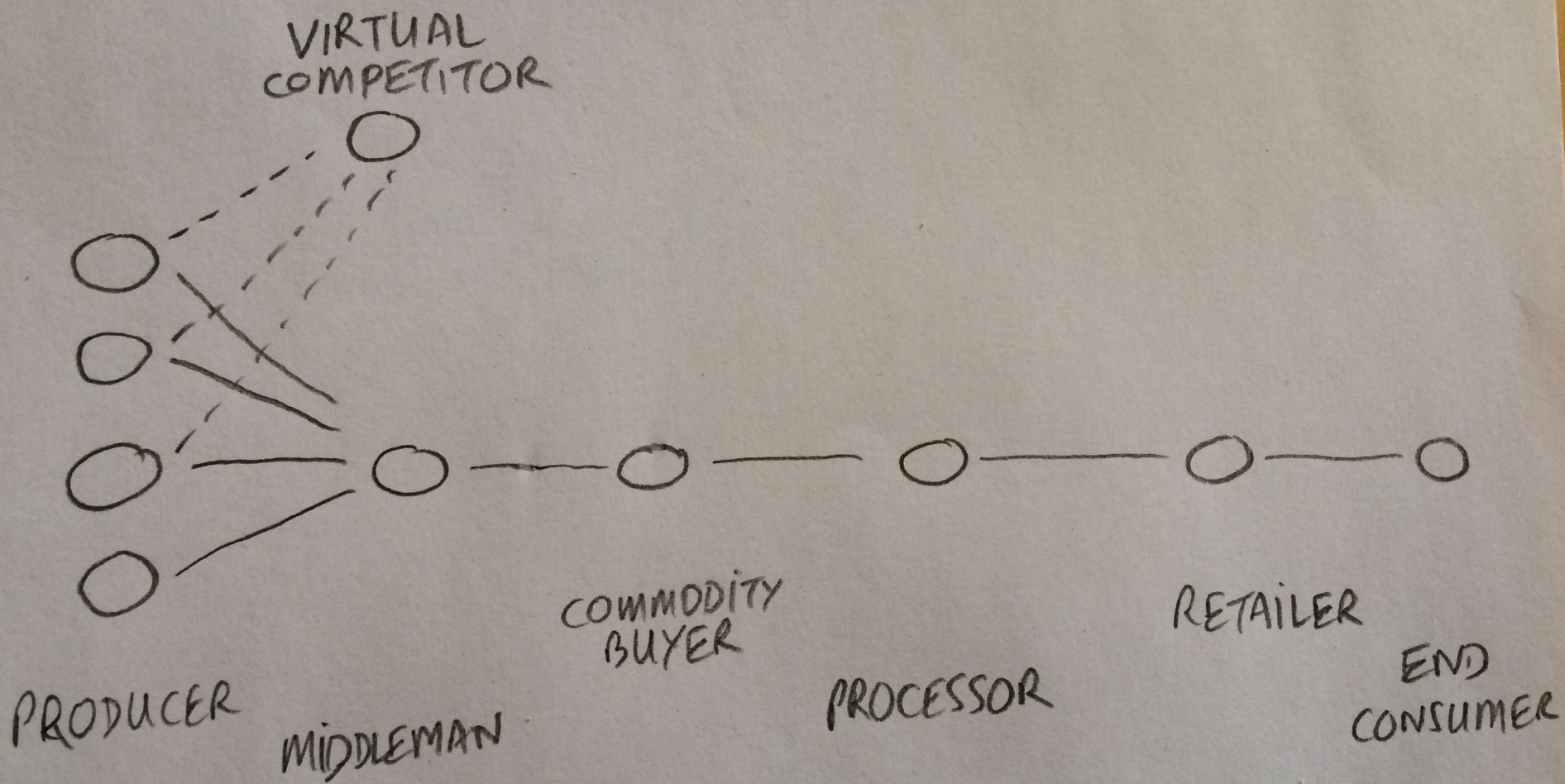
END
CONSUMER

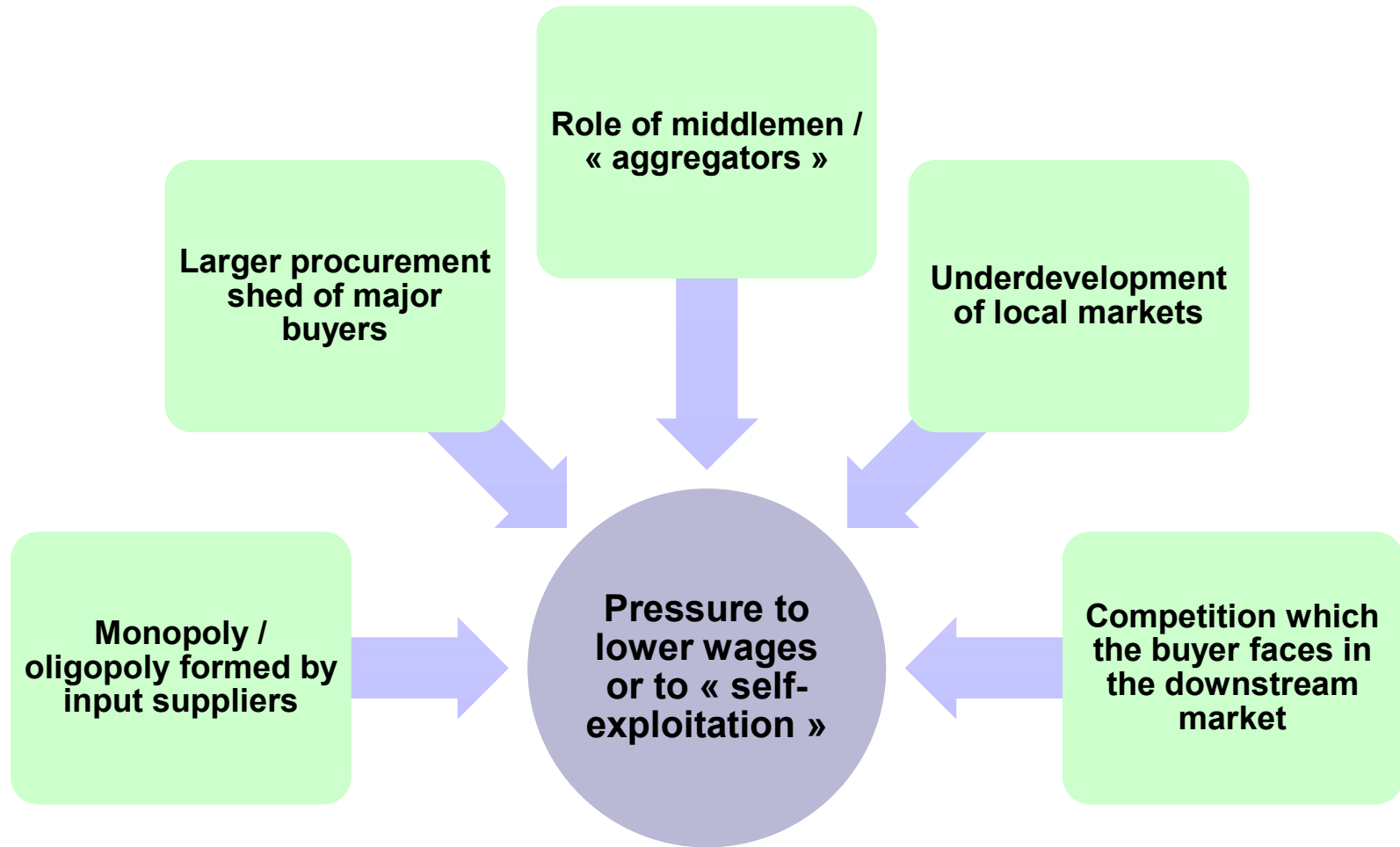


VIRTUAL
COMPETITOR









How to address power imbalances?

1. The role of competition policy

2. The regulation of contract farming

The role of competition policy – beyond consumer welfare

South African Competition Act 1998 : aims to ‘promote and maintain competition in the Republic in order... (c) to provide employment and advance the social and economic welfare of South Africans... (e) to ensure that small and medium-sized enterprises have an equitable opportunity to participate in the economy; and (f) to promote a greater spread of ownership, in particular to increase the ownership stakes of historically disadvantaged persons’ (s. 2))

Regulating contract farming – the need for legal empowerment to equalize bargaining positions

1. Viability for both the buyer and the seller (to avoid cycles of overdebtedness)
2. Objective / transparent assessment of quality
3. Participatory definition of standards, taking into account specific difficulties of smallholders, and support for the compliance with standards
4. Setting of prices – should be transparent and should not be set after receipt ; ideally, should follow fair trade schemes (cf. Mali BioCarburant MBSA in Mali and Burkina Faso); where inputs are provided, costs charged to farmers should be fair and transparent
5. Contracts in the name of both the husband and the wife or in the name of who effectively works on the land
6. Dispute settlement procedures accessible

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The vulnerability of farmworkers

1. Often migrant workers, poorly educated
2. Dependency on employers in remote areas, on large plantations
3. Labor legislation typically does not extend its protection, or provides for specific regime (eg, calculation of payment in kind to circumvent minimum wage) ; much of the employment is informal ; agricultural workers may be hired through intermediaries
4. Underresourced labor inspectorates, sometimes corrupt – need for inventive solutions
5. Payment by the piece rather than by the hour – child labour widespread

