

Big Business for Small Farmers?

The Sustainable Development Goals and Cross-Sector Partnerships in Asian Agriculture

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Abstract

Partnerships between governments, civil society and the private sector are expected to play a key role in achieving the Sustainable Development Goals (SDGs). Those ambitious goals, adopted by the leaders of nearly all countries at the United Nations in 2015, aim to eliminate extreme poverty and hunger, while making major progress toward environmental sustainability and broader human well-being. The world's 500 million smallholder farmers and their families are a key SDG target group, as they constitute the vast majority of people living in poverty and as the environmental SDGs require significant changes in agricultural practices. This makes the recent emergence of a plethora of "market-driven" and ostensibly pro-development cross-sector partnerships involving major agri-businesses a phenomenon worthy of attention by development scholars. Such collaborations, which aim to incorporate smallholders into agribusiness value chains, garner high praise in some quarters as key to progress on smallholder wellbeing and food security, but critics attack them as disguised exploitation of the poor in the interests of profit. This paper examines the conditions of interest alignment, institutionalization, and process management under which market-driven cross-sector collaborations could contribute to the achievement of the SDGs, drawing on several cases in Asia. This focus allows for theory-building and empirical investigation at the nexus of three arenas of inquiry: governance, corporate social responsibility (CSR), and development. The article finds that while variations in national political economy and partnership design matter to the likelihood of contributing to SDG implementation, the relative power of actors within the partnership matters more.

Keywords: Sustainable Development Goals, Agriculture, Smallholder Farmers, Agri-business, Governance, Value Chains, PPPs, Cross-sector Partnerships, Vietnam, Indonesia, Asia

Introduction

Thanks to the United Nations' (UN) Sustainable Development Goals (SDGs), the world now has a shared global framework of objectives that are intended to build a world of greater well-being and resilience. The UN's *2030 Agenda for Sustainable Development* defines 17 SDGs and concretizes them in 169 targets, to be achieved by the year 2030. The progress towards them is measured through 304 indicators. For example, SDG 2, "End hunger, achieve food security and improved nutrition and promote sustainable agriculture" contains eight concrete targets, such as doubling the agricultural productivity and incomes of small-scale farmers, and 14 indicators. These measurements focus on *outputs*, such as total flows into agriculture (2.A.2.) and agricultural export subsidies (2.B.2) as well as *outcomes*, such as prevalence of undernourishment (2.1.1.), average income of small-scale farmers (by sex and indigenous status) (2.3.2) and proportion of agricultural area under productive and sustainable agriculture (2.4.1.).

The SDGs also provide a shared global vision of how the SDGs are to be achieved. Goal 17 of the SDGs is a statement of *means*, rather than ends, focused on "partnerships" across countries and across business, government, and civil society. The call for such multi-stakeholder partnerships grows out of an increasingly widespread view that governments alone cannot meet the great challenges of the day, and that non-state actors must participate with governments in a form of collaborative governance (Zadek, 2004; Glasbergen, Biermann, & Mol, 2007). Thousands of such partnerships exist, addressing everything from health to energy to security (Selsky & Parker, 2005; Johnston & Finegood, 2015; Forsyth, 2007; Pinkse & Kolk, 2012). But understanding of the conditions under which cross-sector collaboration can, or should, complement or substitute for government-driven development is still in early stages.

An array of such cross-sector collaborations is now unfolding in Southeast Asia. The region is of particular interest for a study of the effects of cross-sector collaborations in smallholder agriculture. It is home to some 100 million of the world's 500 million smallholder farm households. These households are key targets for the SDGs, as smallholders represent most of the world's poorest and hungriest. The region is also of considerable interest to global agri-

businesses, which see developing Asia (including Southeast Asia) as both a key source of inputs for their value chains and as a top market for the future given growing populations and wealth in the region. Many of the collaborations are “market-driven”: i.e., they aim to leverage for-profit business models to achieve both business and developmental goals. It is these market-driven partnerships that are the focus of this study.

Market-driven agricultural partnerships may have general goals such as improving national food security and/or smallholder well-being, or specific goals such as raising farmer income by 20% by 2020. Whether the partnership goals are general or specific, they generally fit well in the category of cross-sector collaborations expected to contribute to achievement of relevant SDGs, and thus it is reasonable to assess them in terms of whether and under what conditions such cross-sector partnerships do make such contributions.

All the collaborations assessed in this article share a key commonality: their stated aim is to use market mechanisms to achieve social and environmental goals that states have accepted (via the SDGs or other mechanisms) but that governments are not achieving alone. Moreover, they often operate in remote, decentralized arenas where state capacity and authority is particularly challenged. In other words, the collaborations operate under conditions of limited statehood – where state capacity to control violence, provide public goods, and/or define, implement, and enforce rules may be limited territorially, demographically, or in certain issue areas (Risse 2011). These cross-sector collaborations also respond to a changing agenda for business. Starting in the 1980s and gathering speed in recent years, the private sector – particularly western MNCs – have faced growing pressures to internalize their environmental and social externalities even in the absence of governmental regulation, report publicly on the remaining externalities, and sometime provide public goods that governments have failed to provide. In other words, social expectations are rising for business to carry out “state” functions. As businesses generally lack the capacity and incentive to do all this on their own, partnerships with civil society and government have emerged as a way of facilitating such action.

In short, these collaborations may constitute not just a short-term bridge along the way to development of consolidated state capacity, but a different mode of governance that needs to be assessed for its ability to provide the functional equivalent of “stateness” in specific arenas. That raises profound theoretical and policy questions across numerous disciplines. Supporters of the cross-sector partnership approach claim that market-driven collaborations are an effective means of achieving social goals. Critics argue that the partnerships are dominated by business concerns with profit, constituting exploitation in a new guise. Can, should, and will market-driven cross-sector collaborations provide the functional equivalent of such state roles as service provision, rule-making, implementation, enforcement, or knowledge transfer? Can partnerships be designed to address issues of power distribution among the collaborators and other stakeholders?

This paper explores the implications of several efforts at cross-sector collaboration in agriculture in Southeast Asia, assessing whether collaborations are likely to provide a meaningful degree of public goods and improve human well-being and environmental sustainability – functions normally left to the state. As in other regions, agriculture in Southeast Asia is increasingly aggregated into global value chains that stretch ‘from farm to fork’, creating pressures to link smallholder producers into integrated networks. But the fragmented and low-productivity nature of smallholder production, along with the absence of crucial elements in the value chain, creates difficulties in establishing systems that benefit both smallholders and those who want to buy what the smallholders produce. At the same time, growing environmental pressures constrain previous resource-intensive practices to improve agricultural productivity, meaning that agriculture production practices must change dramatically. The FAO estimates that “feeding a world population of 9.1 billion people in 2050 would require raising overall food production by some 70 percent between 2005/07 and 2050. Production in the developing countries would need to almost double” with some 90 percent of the increase to come from higher yields, given that most arable land in the world is already in use (FAO 2009). Yet such productivity increase cannot continue the usual path of large greenhouse gas emissions and fertilizer use (FAO 2016), both of which are pushing the world far beyond the planetary boundaries for a safely sustainable future (Steffen et al., 2015). Many of the various

experiments in market-driven collaboration involving smallholders in Southeast Asia claim to address simultaneously address productivity, environment, and poverty concerns, providing a useful way of exploring whether and under what conditions such partnerships can be expected to contribute to the achievement of the Sustainable Development Goals.

The SDGs, Smallholder Agriculture, and Partnership

There are some 500 million smallholder family farms worldwide, producing around 80 percent of the food supply in developing countries and cultivating about 80 percent of farmland in Asia and Africa (Gibbon 2012). A small-holder farm is defined as cultivating less than 10 (Kharas et al., 2015). The majority of farms worldwide are actually less than 1 hectare (72%), another 12% are between 1 and 2 hectares. However, all farms below 2 hectares together operate merely 12% of the farmland worldwide (Lowder et al. 2016, page 23, 26). Globally 98% of all farms are family farms and they operate 53% of agricultural land (Graeub et al. 2016).

Major improvements in smallholder agriculture are necessary to achieve many of the Sustainable Development Goals (SDGs). The SDGs include two sweeping goals that are coming to define the agenda: the elimination of extreme poverty (SDG 1), and the elimination of hunger (SDG 2). These goals cannot be achieved without attention to smallholders, who are generally the poorest and hungriest, as well as producers of food (Kharas et al. 2015). Around 2.5 billion people in poor countries depend for their livelihoods directly on the food and agricultural sector; 1.5 billion of them live in smallholder households (FAO 2012). Many of these smallholder households live in extreme poverty: FAO (ibid.) finds that “the highest incidence of workers living with their families below the poverty line is associated with employment in agriculture.” Around 925 million people were under-nourished in 2010; 75% of them live in rural areas in developing countries, depending directly or indirectly on agriculture (Gibbon 2012). Because many smallholders, particularly poorer smallholders, are women, the Gender Equality goal (SDG 5) is highly relevant.¹ And given the water and energy intensity and the climate impacts of

¹ Women constitute 43 percent of the agricultural labor force in developing countries. The *Food and Agriculture Organization* (FAO) asserts that women in agriculture are “especially disadvantaged, with fewer endowments and entitlements than men, even more limited access to information and services,

agriculture, other SDGs with essential links to smallholder farming include *Clean Water and Sanitation* (SDG 6), *Affordable and Clean Energy* (SDG 7), and *Climate Action* (SDG 13). Looking at the concrete targets of the *Sustainable Development Goals* it becomes even more apparent how many of them are directly linked to smallholder farming. (See Table 2 *Targets of the Sustainable Development Goals Linked to Smallholder Farming*, in the Appendix.)

Development specialists have long recognized the importance of targeting smallholder farming to reduce poverty. Lipton (2005, page viii) argues that since 1700 mass poverty reduction always started with “sharp rises in employment and self-employment income due to higher productivity in small family farms”. This initial poverty reduction normally leads to “further poverty reduction via cash-cropping, rural non-farm work, and shifts to urban employment and income growth” (ibid.).

Of course, much of the improvement in rural well-being may result from people moving off the farm, with a crucial determinant for household income in the rural South being access to year-round work via salaried jobs or self-employment (Desai et al 2010, 11). In the rural South livelihoods tend to become increasingly delinked from agriculture as the profitability of smallholder farming declines (due to environmental degradation, land shortages, and other factors) and as new non-farm opportunities emerge with social and cultural changes like education, mobility and media-led consumerism (Rigg 2006 188 f).

Education and job-creation, not least through industrialization, may indeed be key to overcoming poverty in the long run (Roodman 2012). However, the hundreds of millions of people still dependent on agriculture for – at least part of their – livelihood in the rural South, including Southeast Asia, means that making smallholder farming more productive and profitable, while decreasing the negative environmental impact, will remain an urgent necessity at least during the SDG timeframe – out to 2030. And as Birner and Resnick (2010, p. 1442)

gender-determined household responsibilities, and increasingly heavy agricultural workloads owing to male out-migration.” (FAO 2016, xii)

point out, “implementing policies to support the economic development of small farmers has proven to be a particularly successful strategy to reduce rural poverty”.

But how to change smallholder farming? Many have pointed to the importance of land reforms in reducing mass poverty, but, as Lipton (2005) notes, land reform is politically challenging. He refers to Vietnam as the only example in Southeast Asia of “egalitarian privatization of state and collective land” (Lipton 2005). As Lipton’s subtitle, “The Role of Crop Science in Alleviating Poverty,” suggests, progress can still be made via a focus on technological improvements, higher yielding crops and farmers’ training to achieve higher productivity and incomes for smallholders. This insight is also reflected in the Bill and Melinda Gates initiated *Alliance for a Green Revolution in Africa (AGRA)*, founded in 2006.²

But who bears responsibility for bringing about these changes? The World Bank and others are advocating “market-smart” approaches to foster the emergence of a broader private sector (World Bank 2008). Interestingly, the World Bank means *input subsidies* when it talks about “market-smart” interventions. The rationale is to underwrite risks for those early adopters of new (or not yet locally established) technologies, ultimately to achieve economies of scale and to reduce inputs prices. (ibid., 13, 152). The advocacy of this “market-smart” approach by the World Bank puts the government and (international) donor agencies in charge of fostering infant industries. This approach shows that the World Bank in 2008 does not follow religiously the 1989 *Washington Consensus* call for switching public expenditure away from non-merit subsidies to basic healthcare, education and infrastructure.³

² See: Gates Foundation, www.gatesfoundation.org/How-We-Work/Resources/Grantee-Profiles/Grantee-Profile-Alliance-for-a-Green-Revolution-in-Africa-AGRA

³ The Washington Consensus is a term coined by John Williamson in 1989. It describes ten reforms replacing economic policies, which dominated Latin America since the 1950s. Williamson perceived them as a consensus at the time in the OECD countries. They include: (1) Fiscal Discipline, (2) Reordering Public Expenditure Priorities, (3) Tax Reform, (4) Liberalizing Interest Rates, (5) A Competitive Exchange Rate, (6) Trade Liberalization, (7) Liberalization of Inward Foreign Direct Investment, (8) Privatization, (9) Deregulation, (10) Property Rights. When re-visiting his paper in 2004, Williamson advocates poverty alleviation through access to assets, so that the poor can produce and sell things others are willing to pay for. He focuses on four elements: education, property titles, land reform and micro-credit. See Williamson (2004).

Indeed, a reliance on pure market forces would risk running afoul of the variety of market failures that plague smallholder agriculture. Birner and Resnick (2010, p. 1442) summarize these as including “the non-excludability of many agricultural technologies, coordination challenges that prevent exploiting economics of scale, information asymmetries, a lack of assets that can serve as collateral, and the vulnerability of smallholders to the biological, climatic and market risks inherent in agricultural production.” And smallholders face substantial risks in attempting to improve their lot by connecting with value chains, as other participants in the value chain may not make the complementary investments that would make smallholder action worthwhile.

One strategy for overcoming these challenges to a purely market-based private sector focus in agriculture is to bring together a wider range of actors in “market-driven” collaborations involving multinational corporations (MNCs), governments, NGOs, and a host of others. These collaborations aim to incorporate smallholders into global agricultural value chains in ways that aim to serve private and public goals simultaneously. This strategy has received a boost with the SDGs, which have provided a consensus not just about goals (and their associated targets) but also, somewhat surprisingly, about means. Goal 17 – *Partnerships for the Goals* – differs from the rest in focusing solely on means, and the designated means is partnership. Thus, achieving the SDGs is explicitly not expected to be accomplished solely through traditional government action, but frequently by means of cross-sector collaborations involving business, government, and civil society.

This strategy is now at the top of many agendas, given the recent shift to dominance by agribusiness and global value chains in the global food system (World Bank 2007). They are increasingly common in agriculture and rural development. Partnerships are more and more “market-driven” – i.e., they are intended to integrate smallholder farmers into larger agribusiness value chains. Agriculture production in Southeast Asia, as elsewhere, increasingly consists of producers integrated into agribusiness-driven global value chains “from farm to fork.” But smallholders, who tend to be fragmented and low-productivity producers, are rarely

incorporated into these value chains, which are missing key elements that would be necessary to bring in smallholders.

Reliance on market-driven partnerships as a (partial) strategy to improve smallholder wellbeing and achieve the SDGs assumes that such incorporation will improve the productivity of smallholder farming sufficiently to raise incomes past the poverty threshold, and/or increase food production sufficiently to contribute to hunger alleviation and improved nutrition, while simultaneously reducing negative environmental impacts from agriculture. These assumptions need to be tested as reliance on cross-sector collaboration grows. Little empirical research has been conducted to demonstrate what types of “market-smart” interventions work under what conditions (Birner and Resnick 2010, p. 1445). Nor is there consensus on what it means for such interventions to “work.” Do these value chain partnerships work to move smallholder farmers out of low-level equilibrium traps and thus provide a powerful means of achieving the SDGs on poverty and hunger? And do they do so in a way that also achieves the environmental sustainability goals? To what degree do the partnerships shape innovative solutions to collective action problems that could not be reached in the absence of cross-sector collaboration? Are the goods being provided public, club, or private? Are goods being provided at all or is it exploitation? Would traditional governmental agricultural extension services and development processes achieve the same goals, and if so, why is the partnership approach being used? Are there structures for collaboration that are necessary and sufficient to overcome the vulnerabilities of smallholders?

Theories of Governance and Partnership

Cross-sector collaborations in agriculture are one type of governance carried out through (at least partially) non-state mechanisms. Thus, it is helpful to draw on theories of governance that increasingly focus beyond the state, considering the roles of non-state actors and non-hierarchical modes of political steering (Risse 2011, p. 2). The contrast is to the fully consolidated statehood ideal type, which includes the Weberian monopoly on legitimate violence within a given territory, the capacity to make, implement, and enforce rules throughout that territory, and the provision of welfare services expected from a modern state

to the people residing in that territory. Such capacity is seen as defining “domestic sovereignty” (Krasner 1999). Since the days of modernization theory, practitioners and scholars have largely assumed that fully consolidated statehood is the achievable end goal of development, despite the numerous frustrations along the way.

Some governance scholars, however, point out that there is little reason to accept that such a goal is necessarily achievable, or even necessary. Limited statehood may in fact be the norm and here to stay, requiring a different approach to the notion of governance (Risse 2011, p. 2). The limits can take various forms – territorial (state capacity only applies to part of the legal territory), sectoral (certain policy arenas go unmet) or demographic (some inhabitants are not provided government services or are not included in rules) (Risse 2011, 5, 20). Thus, market-driven cross-sector collaborations, however, do not effectively take into account the limits on statehood. Their design often reflects standard assumptions about the relative roles and interests of state and private actors, arguing that aligning those interests suffices to ensure that the partnership will serve public as well as private goals.

The rapidly growing literature on “collaborative governance”, “multi-stakeholder initiatives (MSIs)” “partnership”, “polycentricity,” and “complex governance,” to give just some of the emerging terms for governance beyond traditional government, is making increasing efforts to delve deeper into questions about the conditions under which non-state actors and cross-sector collaborations can supplement or compensate for the shortcomings of limited statehood. Emerson et al. (2012), for example, call attention to the system context in which such partnerships operate – from the political, legal and socio-economic meta-level to the concrete network-level regarding power, resources, conflict/ trust, connectedness and prior failures to address the challenge. One weakness of this framework is that the importance of the different aspects is not clear. The core aspects of interests and power are only present within the system context. Whereas, Ansell and Gash (2008, 550) introduce the key notion of ‘power-resource-knowledge asymmetries’. Yet, they only regard partnerships initiated by public institutions as collaborative governance. We argue that partnerships, if government-initiated or not, are taking on governance tasks.

Broadly speaking, the concept of collaborative governance is a reaction to ‘failures of downstream implementation and to the high cost and politicization of regulation (...) (and) as an alternative to adversarialism of interest group pluralism and to the accountability failures of managerialism’ (Ansell and Gash 2008, 544). But why is the market-driven approach so dominant in the design of partnerships? First, among donors there has been a trend since the 1980s towards a belief in markets, often referred to (especially by critics) as *neoliberal* thinking, spearheaded by the World Bank and other inter-governmental organizations. A second factor is the promotion of market-driven partnerships by non-governmental international organizations such as the *World Economic Forum* (WEF). As a membership organization, with dues paid by large multinationals (MNCs), it has the necessary financial means as well as the standing among MNCs to make its agenda heard. The *World Economic Forum* is long known as the most influential convener of corporate and government leaders at fora such as Davos. The WEF became formally incorporated as “the world’s NGO for partnership” under Swiss law in 2015.

For each partnership for market driven value chains in agriculture, we examine what combination of the following actors is in place, and what appears to be happening on the ground regarding whose interests prevail and whether progress toward the SDG goals seems likely.

We investigate interest alignment regarding the following actors engaged in partnerships:

- a. Government: we assume its interest in achieving the SDG targets, and explore its capacity (“limited statehood”). The alternative hypotheses is that the government is interested primarily in keeping key constituencies happy. Hence, we explore which constituencies have governments’ ear – farmers, business, others. (ADD: Ansell and Gash re why governments doing partnerships.)
- b. Business: we assume its interest is profit, nuanced by short vs long-term focus and by the CSR/social license to operate pressures that may affect business planning. (CITE recent Zadek work (2017) about business and partnerships.)
- c. Donors and NGOs: we assume the interest is in achieving the SDG targets. The alternative hypotheses is that they are interest in having visible projects, respectively

securing funding through such partnerships.

- d. Farmers' organizations: we assume their interest in making the partnerships work for the targeted farmers, i.e. increasing their production and incomes. The alternative hypotheses is that they are mainly interested in their political influence.
- e. Platforms: we assume the interest is to achieve the SDG targets and to continue the existence of the partnership and its platform.

It is highly contested whether pure market processes can deliver the *Sustainable Development Goals*. Given the incentives business faces and the nature of agriculture (Birner and Resnick 2010, 1442), it is not clear that markets can provide the multiple public goods that are needed. But a constructivist take would explore whether engagement in cross-sector partnerships would cause private sector actors to redefine their interests to have a longer-term perspective on the returns they could reap by investing in new ways in smallholder agriculture, building on the key constructivist insight that socialization matters. Such socialization – towards more SDG engagement – could arguably happen in diverse fora, such as the *World Economic Forum* or the *United Nations Global Compact*, which promotes sustainable and socially responsible business practices and reporting on them. Thus, a key initial question to explore is whether, and under what conditions, partnership institutionalization and process management compensate for power differentials and different interests among the partners.

Agricultural Partnerships in Asia

Multi-stakeholder networks in the agri-food sector in Southeast Asia include:

Regional

- *Better Rice Initiative Asia* (BRIA), initiated by the German development agency GIZ (*Deutsche Gesellschaft für Internationale Zusammenarbeit*); focuses on improving rice value chains and operates in Indonesia, the Philippines, Thailand, and Vietnam;
- *Global Agri-business Alliance* (GAA), CEO-led, private sector alliance, operating sector-wide, initiated by the *World Business Council for Sustainable Development* (WBCSD), focuses on sustainability and development challenges along the value chain in both food and non-food crops; based in Genève, Switzerland, global outlook;

- *Grow Asia*, initiated by the *World Economic Forum* (WEF) under its *New Vision for Agriculture*, focuses on smallholder agriculture in a wide range of crops and operates in Cambodia, Indonesia, Myanmar, the Philippines, Vietnam.

Countries⁴

- Agriprofocus, initiated by a Dutch donor partnership network, operates in Myanmar;
- Feed the Future and *Helping Address Rural Vulnerabilities and Ecosystem Stability Program* (HARVEST), initiated by the *United States Agency for International Development* (USAID), operates in Cambodia;
- MEDA – *Creating business solutions to poverty*, initiated by Canadian donor, operates in Myanmar;
- PRISMA, initiated by the *Australian Department of Foreign Affairs and Trade* (DFAT), operates in Indonesia;
- VSAT (Vegetable Sector Acceleration Taskforce), initiated by Dutch donor, operates in Myanmar;

For context, we describe a few of them in more detail regarding their governance structure, goals and approaches.

Grow Asia: *Grow Asia* is a multi-stakeholder partnership platform. It has set a target of reaching 10 million of the approximately 100 million smallholder farmers in the region by the year 2020 to incorporate them into agricultural value chains, enabling them to increase their yield and profits by 20%, using 20% less water and emitting 20% less greenhouse gases per ton of production.”⁵ *Grow Asia* partners with the ASEAN Secretariat and the agricultural ministries of the countries in which it operates. The numerous agri-business members are represented on its *Business Council* and the NGO members form its *Civil Society Council*. Donors, farmer associations and the *World Economic Forum* as well as a small, Singapore-based secretariat comprise the other elements of *Grow Asia*’s governance structure. The implementation of projects is in the hands of working groups that focus on commodities (like coffee) or solutions (like agri-finance) within one country. *Grow Asia*’s parentage in the World Economic Forum has

⁴ There are dozens of other donor-funded projects focusing on agriculture and/ or fisheries in one or more Southeast Asian countries with more or less involvement of the public, private and civil society sector, some with a focus on small-holder farmers. They include for example: *Agence Française de Développement* (AFD), *Danish International Development Agency* (DANIDA), *European Commission* (EC), *Japan International Cooperation Agency* (JICA), *Korea International Cooperation Agency* (KOICA), *Netherlands Enterprise Agency*, *SNV Netherlands*, *Swisscontact*, *Swiss Development and Cooperation* (SDC).

⁵ www.growasia.org, accessed February 13th, 2017.

fundamentally shaped its outlook. WEF’s *New Vision for Agriculture*, formally launched in 2010, describes itself as an initiative to support national and regional platforms for partnerships that are: (i) “*Country-led*, driven by local stakeholders in partnership with global organizations; (ii) *Multi-stakeholder*, engaging government, private sector, international organizations, civil society, farmers associations and others; (iii) *Market-based*, focusing on catalyzing and expanding sustainable, inclusive investments and market-based activity; (iv) *Aligned with national plans*, regional strategies and global goals” (World Economic Forum 2015, emphasis added).

The Global Agri-business Alliance (GAA): The GAA, launched in 2016 in Singapore, is a CEO-led, private sector alliance, operating sector-wide. It emerged out of the *World Business Council for Sustainable Development (WBCSD)*, which also functions as its interim secretariat. Its declared aim is “harnessing the collective strengths of the global agri-business sector (...) to improve the resilience of farmers across the world”. The GAA engages its 36 members through a value chain approach for food and non-food crops. The members include “growers and producers, traders, fertilizer and agro-chemicals manufacturers, seed suppliers, primary processors and agri-tech suppliers.”⁶ It claims to “address sustainability, social, labor and environmental issues where the agricultural sector is seen to have a shared responsibility”.⁷ GAA declares that it is particularly interested in helping to achieve SDG 2 “end hunger, achieve food security and improved nutrition and promote sustainable agriculture”. While its members are all corporates, it “emphasize(s) the spirit of partnership and will seek opportunities for collaboration with other stakeholders in the design, execution and delivery of its activities.”⁸ GAA aims to achieve its goals by establishing working groups, creating targets, tools, and measurement/reporting methods for its members, and by engaging “decision-makers to remove structural and policy barriers that prevent the agri-business sector from fully contributing to achievement of the SDGs” (ibid.).

⁶ <http://globalagribusinessalliance.com/who-we-are/>

⁷ <http://globalagribusinessalliance.com/our-mission/>

⁸ <http://globalagribusinessalliance.com/our-mission/>

Other projects focused on smallholders in the region are driven by NGOs, industry associations, and other actors. The French international development NGO GRET (Groupe de Recherche and d’Echange Technologique), for example, which counts agriculture as one of its seven areas of expertise, provides financing and technical assistance to support farmer-led Committees in some southeast Asian countries that can offer affordable loans and facilitate market linkages.⁹ There are also industry initiatives with ad hoc partnership elements. CropLife Asia is part of the global federation CropLife International (founded in 2001), which represents the plant science industry with such major corporate members as BASF, Bayer Crop Science, Dow Agro Sciences, DuPont, FMC, Monsanto, Sumitomo Chemical and Syngenta. CropLife Asia focuses on crop protection biotechnology – promoting genetically modified organisms (GMO), international trade, stewardship, regulation and fighting counterfeiting.¹⁰ Finally, several individual companies have strategies focused around utilizing cross-sector collaboration. Some major agriculture and food businesses have fully embraced the idea of partnerships for sustainability.

Agriculture in Southeast Asia

Southeast Asian countries are insightful case studies for cross-sector partnerships for agricultural value chain interventions. While vast numbers of smallholders (100 out of 500 million smallholder families worldwide) are living in the region, it is sometimes overlooked in the shadow of China and India. The six largest Southeast Asian countries by population size show a clear (and common) pattern. The higher the GDP per capita and the *human development index* rank, the lower the percentage of rural population and agricultural employment. Malaysia is the richest among the *populous* countries in Southeast Asia (USD 9,500), has merely 9% agricultural employment and 25% rural population. On the other end of the spectrum in our sample is Myanmar with the lowest GDP per capita (USD 1,300) and two of three people living in rural areas and being employed in agriculture. Yet, also in the more prosperous Vietnam

⁹www.gret.org/2017/03/gret-is-supporting-the-emergence-of-farmers-organisations-in-myanmar/?lang=en

¹⁰ <http://www.croplifeasia.org/about-us/organization/>

two of three people are living in rural areas and nearly half of the population is employed in agriculture.

Insert Table 1.

The more agriculture contributes to the GDP, the lower the value added per worker in agriculture. This is due to smaller parcels of land, less mechanization, less technology, less efficient inputs and less knowledge of best practices. Indonesia is a clear outlier on emissions.¹¹ This is due to slash-and-burn agricultural practices in Indonesia, which are illegal and are recently tackled more seriously by cross-sector partnerships, involving producers, investors, civil society and governments – after years of severe smog in the region (called “The Haze”).¹²

Government expenditure on agriculture is a good indicator for the role of agriculture as perceived by the ruling elite. The clear outliers are Indonesia with 0.9% of GDP and Myanmar with 6.3%. Malaysia, Thailand and Indonesia are the wealthiest populous countries in Southeast Asia and are all net food exporters. They export more than double (or triple) the value of food than they import. The Philippines are a net food importer and the value of food imports and exports equals out in Vietnam. Where *socialist* Vietnam outdoes Indonesia and the Philippines is the *ease of doing business*. Yet, Vietnam’s rank in the World Bank index (82) is well behind

¹¹ Indonesia’s main emissions and removals from agriculture, forests and other land use are: Emissions/removals from forests (629 million tons in 2014), emissions from burning biomass (390), emissions from net forest conversion (369), emissions from croplands (285) and only then emissions from agriculture (166). These 166 million tons emissions only from agriculture in 2014 are the highest emissions in our country sample, compared to 67 in Myanmar, 63 in Thailand and Vietnam, 53 in the Philippines and 14 in Malaysia. Though Indonesia’s population is also the largest in the region, with a distance. (FAO 2016, 134)

¹² The *Fire-Free Alliance* (FFA) is a cross-sector partnership, that includes the government of Indonesia, forestry and agriculture companies and NGOs. It was launched in February 2016 and claims to have implemented community-based fire prevention initiatives in more than 200 villages. The Jakarta Post, “Fire Free Alliance claims to have dramatically reduced forest fires in Sumatra since 2015”, March 16, 2017. URL: www.thejakartapost.com/news/2017/03/16/fire-free-alliance-claims-to-have-dramatically-reduced-forest-fires-in-sumatra-since-2015.html

Thailand (46) and Malaysia (23). Foreign direct investment in agriculture is highest in Indonesia (344 million USD), followed by Malaysia (103) and Viet Nam (99).

Case Selection

Regarding the political economy of states, Southeast Asia offers a wealth from which to select cases for empirical investigation. Because the purpose of this article is theory-building for the emerging phenomenon of market-driven collaboration for development, rather than the testing of a fully-fledged theoretical framework, it is useful to select cases from such diversity. Vietnam is highly centralized with a ruling communist party that aims to make the country the next China. It has an agriculture sector that is achieving high yields, attracting substantial *foreign direct investments* and is more business-oriented than other Southeast Asian countries. Indonesia and the Philippines are both largely controlled by influential families whose holding companies span the economy, including the agriculture sector. Myanmar is in transition from a military dictatorship, with foreign investors eager to get in early to invest in the country's natural resource wealth.

This study focuses primarily on Vietnam and Indonesia for three reasons. First, their agricultural sector is more representative for Asian developing countries than the economic outliers Malaysia and Myanmar. Also, regarding state capacity and governance, Vietnam and Indonesia are more representative than, again, the outliers among the populous Southeast Asian states, Malaysia and Myanmar. Second, they attract far more *foreign direct investment* than the net-food-importer Philippines and Thailand. This is relevant as many of the market-driven partnerships under investigation are initiated and dominated by Western multinational corporations (MNCs). Third, Vietnam and Indonesia achieve the highest cereal yields in the region with levels of fertilizer use in-between those of Myanmar (very low) and Malaysia (very high). This is important as some of the major players in these agricultural cross-sector partnerships are the major crop science input providers.

The selection of Indonesia and Vietnam was done to ensure a degree of economic similarity. Both countries, classified as Lower Middle Income by the World Bank (2016), are in the medium GDP per capita range of Southeast Asian countries – in contrast to Thailand and Malaysia with far higher GDP per capita, and Myanmar, far behind (see Table 2). Out of the three countries with a similar per capita GDP, namely Philippines, Indonesia and Vietnam, we decided to focus on the latter two. This was because of two reasons: (1) the longer-established partnerships operating in Indonesia and Vietnam and, (2) there is, to a certain extent, an existent basis for collaborative initiatives due to the comparatively advanced efficiency of agriculture as evidenced by the higher cereal yield outputs in these two cases (see Table 2). In addition, there ought to be better prospects for market-driven approaches not least because the two countries do not lack basic infrastructure and capacity as some of their Southeast Asian peers. Thus, they provide a hard case for the proposition that market-driven interventions are unlikely to benefit farmers sustainably. In addition, both countries have large rural populations, ranking in the top ten of rural population shares globally (Kharas et al., box 3.4, p. 51). We investigate to what extent the varying state capacity in the agricultural sector in Indonesia and Vietnam explains the differing outcomes regarding the partnerships and explore how best to measure this state capacity.

Method

We conducted eleven semi-structured interviews with core public, private and civil society stakeholders involved in cross-sector agricultural partnerships in Vietnam and Indonesia. The audio-recorded interviews were transcribed and coded in the qualitative data analysis software, maxqda. The coding was done both inductive and deductive – based on a theoretical and empirical literature review. A comparative case study design was implemented, focusing on Vietnam and Indonesia, countries in which major partnerships for agricultural change operate. Additionally, we had dozens of exploratory, follow-up and off-the-record conversations with people involved in cross-sector partnerships as well as experts. Most of these additional conversations took place in Vietnam, Indonesia, Singapore, Malaysia, Thailand, the Netherlands

and the USA. While we draw on this background information we only cite the transcribed semi-structured interviews.

Research Questions

The central question driving the research is whether the ostensible shared benefits for agribusiness, smallholders, and the environment are likely to materialize from cross-sector partnerships driven by agribusiness in value chain interventions. A range of perspectives from the literature suggests quite different expectations about the likely impacts of such interventions. Those in support claim that market-led interventions are necessary for reaching small-holder farmers on a large scale. Critics argue that such schemes mainly benefit the corporations and cement the status quo without targeting underlying issues of rights-based empowerment or addressing such negative externalities as environmental degradation (Grain 2016). We draw from the theories outlined below to elucidate theoretically and practically important questions about the conditions under which market-driven cross-sector partnership might meaningfully contribute to those goals.

1. The State

A key set of questions relates to the role of the state, state capacity, and the specific nature of state-market policy economy relations in the polity where the partnership operates. The “limited statehood” framework (Risse 2010) suggests that attention to state capacity matters not only in states usually deemed fragile, but in most states because limited statehood is the norm. We operationalize state capacity and governance using two indices. (See Table 2.) First, the *Index of State Weakness in the Developing World* by the *Brookings Institution*. It assesses the capacity of states to fulfill core government responsibilities such as (i) *Economic* – „fostering an environment conducive to sustainable and equitable economic growth“; (ii) *Political* – „establishing and maintaining legitimate, transparent, and accountable political institutions“; (iii) *Security* – „securing their populations from violent conflict and controlling their territory“; (iv) *Social welfare* – „meeting the basic human needs of their population“. (Rice and Patrick 2008, 3)

Second, the *Worldwide Governance Indicators* by the *World Bank*.¹³ Governance, in their definition, „consists of the traditions and institutions by which authority in a country is exercised.“ The indicators cover the dimensions: (i) *Voice & Accountability* (participation in selection of government, freedom of expression, association, media); (ii) *Political Stability & Absence of Violence* (including terrorism); (iii) *Government Effectiveness* (quality of public services, civil service, policy formulation and implementation); (iv) *Regulatory Quality* (government’s ability „to formulate and implement sound policies and regulations that permit and promote private sector development“); (v) *Rule of Law* (confidence in and abidance by society’s rules, quality of contract enforcement, property rights, police, courts; likelihood of crime and violence); (vi) *Control of Corruption* („extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests“). (World Bank 2016.)

The outliers in both indices regarding Southeast Asia are clear. At the bottom Myanmar, which after the 2010 general election transformed from a military junta to a (formally) civilian government and a more open economy. At the top Malaysia, which outperforms its neighbors economically (GNI of USD 5500) and in all governance indicators. Except for voice and accountability, where Indonesia and the Philippines are ahead.¹⁴ Vietnam with less than half the GNI per capita compared to Indonesia and the Philippines comes in second – after Malaysia – in the *State Weakness Index*. This is mainly due to its far better performance regarding security compared to its peers. Its lagging behind in the political sphere is also reflected in the World Bank’s governance indicators. Regarding *voice and accountability* it performs even worse than Myanmar. And its regulatory quality is regarded as well behind its regional neighbors, expect Myanmar. Our in-depth case study cases of Vietnam and Indonesia mainly differ on governance regarding (i) political freedom (far lower in Vietnam), (ii) political stability and security

¹³ It reports indicators for more than 200 countries (and territories) for the period 1996–2015. (World Bank 2016.)

¹⁴ The data refer to 2015. Hence, before the election of Rodrigo Duterte as new President of the Philippines in May 2016.

(substantially lower in Indonesia), (iii) economic level (substantially lower in Vietnam), (iv) regulatory quality (lower in Vietnam). (See Table 2.)

One hypothesis is that partnerships are most likely to succeed in countries with well-functioning states, where the overall capacity for collective action is much higher and where the state has implicit capacity to coerce compliance with rules or to mandate contributions to the provision of public goods – what is sometimes referred to as the “shadow of hierarchy,” which creates a credible threat of coercive state action such as regulation if non-state actors fail to act “voluntarily.”

2. Replacing the Shadow of Hierarchy

An alternative hypothesis is that the partnership approach is most likely to succeed in areas of “limited statehood”, where the government has demonstrated a lack of capacity to achieve collective action goals, leaving space for private sector or donor driven alternatives. The literature suggests that aligned interests can suffice in some cases. One hypothesis is that in the absence of the shadow of (state) hierarchy, collaborative forms of governance can act as a substitute and involve marginalized groups in a meaningful way. As Ansell and Gash 2008 (551) contend: “If there are significant power/resource imbalances between stakeholders, such that important stakeholders cannot participate in a meaningful way, then effective collaborative governance requires a commitment to a positive strategy of empowerment and representation of weaker or disadvantaged stakeholders.” Where that strategy can come from and how it is to be executed is an open question. Many collaborations have a central secretariat intended to serve as a neutral platform. In such cases, is the secretariat adequately resourced? Does it have the capacity, authority and mandate to spend resources appropriately and ensure that the collaboration meets the interests of all participants? Who determines the resource allocation? Many partnerships depend on the involvement of NGOs that have substantial experience in sustainable rural development – are they engaged and whose interests do they serve? What capacity do the small-holder farmers themselves must represent their interests?

To gain insight into these sweeping questions, we look for evidence in the form of partnerships' institutional structures and processes in the specific cases we investigate. Are companies simply promoting their products or finding new suppliers in the interests of short-term profits, with only rhetorical commitment to smallholder farmer empowerment and well-being and to environmental sustainability goals? Or does the collaborative governance structure, with representation from business, government, NGOs, and farmers' associations, along with the partnership secretariat, overcome the inertia of standard corporate operating procedures and enable long-term common interests to gain traction.

EMPIRICAL FINDINGS

Our research explored two distinct aspects of partnership to investigate the conditions under which market-driven cross-sector collaborations in agriculture are likely to achieve progress toward poverty reduction, environmental sustainability, and food security. The first is agency: how individual actors and organizations shape partner interests and identities to align very diverse actors around a shared, operational agenda. The second is structure: both the broad political institutions within a country, and the institutional arrangements and processes of a given partnership.

AGENCY

Agency of Donors, Governments, Businesses, Partnerships

Drawing upon a constructivist approach, the importance of individual agency becomes clear for understanding under which conditions partnerships work. Agents must be committed because they end up paying the transactions costs that benefit the whole partnership – in other words they provide public goods to the partnership. We argue that agency can come from any sector or from platforms supporting the partnership. Empirically, we have investigated the conditions

under which this happens, and we find that it can happen because of 1) donor funding; 2) government involvement; 3) corporate internalization of a redefined self-interest. An example of corporate internalization of redefined self-interest include the case of a major European chemical company, whose leadership transformed the business model from a fertilizer manufacturer to a farmer-centric company. (i9:48) In fact we see the impetus coming from all three sectors in our cases, but we also find that there is a key role to be played by a coordinating organization or platform.

Partnership Platforms

The core roles for overarching partnership platforms are to (i) co-create a common vision, (ii) broker new partnerships, (iii) coordinate, guide and direct, (iv) share knowledge and (v) report on progress. Such partnership platforms often meld existing projects of their members under a common umbrella. In one Southeast Asian value chain platform two third of its current projects pre-existed its formation. (i9) The strength of such platforms lies in the ability to bring together actors from all three sectors and the cross-fertilization that this facilitates. In our case studies, this led to a more “holistic or balanced group of stakeholders” participating in pre-existing projects, once it became apparent what new actors could contribute.

In value chain interventions, this ideally leads to an involvement of actors along the whole chain. For example, in cross-sector projects in Indonesia the brokering of new partnerships by the platform Secretariat brought in a NGO for measurement and evaluation and a bank for farmer financing solutions – in addition to the pre-existing interventions in the input and growing stage (i9:64.) Partnership platforms can function as a safe space for public, private and civil society actors to engage with each other, most importantly with clearly defined goals, structured for example around a small-holder farmer focus.

Agency within Partnership Organizations

The respondents highlighted leadership on multiple levels as the most important element of successful partnering. (i1, 5, 6, 9) We distinguish between senior buy-in and individual operational leadership in the daily work of partnerships. Multinational corporations were perceived as best to work with in a partnership if the senior leadership team is “driving the agenda” and if CEOs have made commitments publicly (i1:22). Partnership convenors insisted that this senior buy-in must then translate into a mandate and create room to maneuver for the individual lead actors in the daily operations. Those coordinating partnerships reported that it was very apparent, which companies and NGOs had a clear mandate and which did not – even if that was never made explicit (i9:46).

Members of partnership convening platforms identified “wavering commitment from leadership” – especially from CEOs and Ministers – as the most severe challenge for making partnerships work (i9:43.) Securing personal commitment mainly depends on soft skills and a constant effort, the convenors stated (i9:56), adding that it is very difficult to persuade actors to participate on a one to one basis, that one must be “in meetings to sense the energy and enthusiasm” (i9:143).

A continuous disruption for partnership convenors is political change – less regarding subsequent major policy changes but regarding the need to secure the personal commitment of the new senior leaders (i9:44). Regular leadership changes are common in the Ministries of Agriculture in the ASEAN countries. For example, there were four consecutive *Coordinating Ministers for Economic Affairs* in Indonesia since 2009.¹⁵ That Minister’s portfolio includes inter alia the Ministry of Agriculture and the Ministry of Environment & Forestry. Similarly, the leadership changed three times since 2009 in the Malaysian *Ministry of Agriculture and Agro-based Industry* and four times in the Philippine *Department of Agriculture*.¹⁶

¹⁵ The office of *Coordinating Minister for Economic Affairs* was filled in recent years by Hatta Rajasa (22 Oct 2009 – 13 May 2014), Chairul Tanjung (19 May 2014 – 20 Oct 2014), Sofyan Djalil (27 Oct 2014 – 12 August 2015) and Darmin Nasution (12 August 2015 – today).

¹⁶ The recent Ministers of Agriculture and Agro-based Industry in Malaysia were Noh Omar (10 Apr 2009 – 15 May 2013), Ismail Sabri Yaakob (16 May 2013 – 29 Jul 2015) and Ahmad Shabery Cheek (29 Jul 2015 – today). Their counterparts in the Philippines, the Secretary of Agriculture in the *Department of Agriculture*, were Arthur C. Yap (25 Oct 2006 – February 24, 2010), Bernie Fondevilla, (8 Mar 2010 – 30

Partnerships’ Contributions to Actor’s Core Interests

A danger facing cross-sector partnerships is capture by vested interests or being steered by individual actors into a direction not reflecting the agreed-on mission. Partnership platforms can play a core role in ensuring that this does not happen. The danger can arise from all three sectors. For example, a NGO in the sample redefining itself as a profit oriented consultancy and trying to shape the partnership along these lines. (i9:52) In one value chain partnership in Indonesia, for example, interviewees pointed to the importance of the regional partnership platform in moving the collaboration in one project from a marketing opportunity for a single corporation to a broader engagement between farmers and multiple corporate suppliers about early flowering technologies. (i9:92-93) While a government extension service can provide a neutral channel for farmers training, the company-led approach is “completely biased” as a partnership convenor pointed out. (i9:93) This example of a company attempting to make use of a partnership project for its own commercial interest points to the importance of having an overarching organization or platform that can provide some neutrality.

Businesses

One of our key finding is that participation in partnerships can partially shape how corporations and others see their self-interest. More and more companies realize that when it is a public good to improve their sector, it will eventually benefit them as a private organization. (i9:99)

The only way a value chain works is if the commercial aspect of it works – with the ideal scenario being an off-taker that commits to buying all the crops produced in that value chain, as a partnership convenor underlined. (i9:123) A functioning value chain also reduces the risk of lending to the involved farmers and is hence attractive to banks and micro-finance providers.

June 2010), Proceso Alcala (30 Jun 2010 – 30 Jun 2016), Emmanuel Piñol (30 Jun 2016 – today).

(i9:129) The respondent in our interview was convinced that those value chain projects that did not have a good off-take – a good pull – would simply never work. (i9:127)

A real challenge is convincing for example an off-taker company to involve another off-taker company (i9:64). Given how cost- and time-intensive it is to build up a sustainable value chain, this reluctance to “share” a value chain with a direct competitor is not surprising. But the fact that most value chain projects are contingent on a specific off-taking company makes them very vulnerable (i9:127). Projects that do not focus on a specific crop but on cross-cutting issues like finance, agrochemicals or telecommunication for small-holder farming are mainly donor funded as the self-interest of specific companies is less clear (i9:127).

Partnerships can attract free-riders and rogues with little interest in the goals of the partnership. In a case reported by a partnership convenor, small domestic businesses with problematic business practices trying to gain legitimacy through the partnerships brand name soon stood isolated and left the partnership after a while. (i9:51) At the same time, it highlights the importance of membership management around a co-created vision and how difficult this is when trying to maintain an inclusive approach.

Governments

Governments in our sample had different vested interest in engaging in cross-sector value chain partnerships. Several governments in our sample are very keen on attracting private sector investment in agriculture, not least from multinationals. While it might be beyond the mandate of a partnership platform to engage in the details of purchasing agreements, regarding pricing, volumes, etc., part of their attractiveness for governments lies in their ability to “bring in” companies. The realization by governments in the region that a particular partnership platform was not another donor initiative, but actually brought private sector investment was key and changed a lot of behavior. (i9:66) One government saw the partnership platform as a good framework for facilitating a dialogue with the agri-businesses on what good agricultural policy would look like for them. (i9:67)

Civil Society

NGOs are often dependent on the cooperation or endorsement of the government in the country they are operating in. This is especially true for countries with strong state capacity and strong government-involvement in development, like in Vietnam. Hence, NGOs recognize the strategic benefit of being part of a government-endorsed partnership initiative and join out of their core self-interest. (i9:51) While such partnerships would focus on socio-economic and environmental challenges, it would be clear that “the NGOs were not there as activists”, ensuring a constructive not hostile dialogue (i9:70).

Farmers organizations is not a useful collective term, as a partnership convenor pointed out. (i9:76) First, farmers’ organizations can be trade organizations, farmers’ cooperatives, political organizations, activist groups mobilizing around land rights, et cetera. Second, talking about “farmers’ organizations” is misrepresentative of the complexity of this section of society in countries where half of the population depends on agriculture. Some major regional farmers’ associations were perceived as lobby groups with little interest in engaging with the public and private sector agents on the question of private sector investment. (i9:77)

The outlook of farmers differs substantially between countries. The farmers in Vietnam were perceived by partners in value chain projects as far more commercially oriented than their Indonesian counterparts. (i9:81) Many Vietnamese farmers in high value crops such as pepper and coffee, earn reasonable incomes, not least due to good extension services and the generous use of chemicals. With productivity and output being the clear focus of Vietnamese farmers the overuse of chemicals is a widespread issue. (i9:83) This leads to the challenge of (i) food security on the domestic market and (ii) fulfilling the stricter regulations on residuals for the export market. In addition to the overuse of chemicals in Vietnam, comes the issue of illegal or questionable sources of agrochemicals as well as of animal feed and drugs for animal breeding. (i3:63) This focus on productivity and output makes inspections and traceability a core policy concern not only in Vietnam but across Southeast Asia. (i2,3,4) A international organization

employee pointed to the need of overcoming the lack of trust regarding domestic food and its safety by focusing more standardization, laws and regulation to build up “trust chains”. (i3:122)

Partnerships – Conditions for Interest Alignment & Change of Interest Definition

Interest alignment and influencing a partner to change the way they do business or to change a policy is a long-term project (i1:8). While *policy* changes in a narrow sense were not reported by partnership stakeholders, change in business or government thinking were reported. A prominent example for a change in business thinking relates to the Agri-Agra Law in the Philippines. It requires banks to lend 25% of their loan portfolio to agriculture and fisheries, be it to agricultural companies or farmers. It originates from the mid 70s and was amended by the Agri-Agra Reform Credit Act of 2009. Yet, the 25 percent allocation was retained. The comparatively low fines (of 0.5 percent) did not motivate the banks to comply.¹⁷ The banks lobbied for revisions of the Agri-Agra Law. However, starting from within the foundation of a major bank and then developed in a cross-sector, small-holder focused consortium several banks started to change their compliance behavior by trying to develop meaningful ways of working with farmers. In the medium term the thinking within banks and their willingness to engage changed, arguably due to a lead actor changing its behavior and engaging the sector in discussions and efforts to make the best of this regulation.

A good example for change in government thinking and behavior due to cross-sector partnerships activities is the case of a government-launched microfinance law for farmers in Myanmar. In the beginning, it was a one-size fits all schemes – with one loan product with the same amount and payback period for all farmers, no matter what crops they were growing. When a broad industry voice emerged from the existing cross-sector, crop-specific partnerships,

¹⁷ For example, the combined allocation of loanable funds for agriculture was 14.5 percent (compared to the 25 percent mandated by law) in the first quarter 2016. Source: *The Philippine Star*, Banks push Agri-Agra Law revisions, by Lawrence Agcaoili. Last updated 21 September 2016. www.philstar.com/business/2016/09/21/1625700/banks-push-agri-agra-law-revisions

the government considered their recommendations for adopting it per crop, per region, per farmer type (i9:133).

There are examples of how value chain projects grow into an organization, which comprises most actors pertaining to a particular commodity, including all kind of direct competitors. The *Vietnamese Coffee Coordination Board* is such an example, where a government endorsed commodity board comprising a dozen stakeholders.

STRUCTURE

In this paper, we investigated to what extent different structures also matter or whether agency is sufficient to explain when collaborations achieve their goals and are likely to help implement the SDGs. Structure includes both the broad political institutions within a country, and the institutional arrangements of a given partnership.

Institutional Variation in Vietnam versus Indonesia

We find that in general, cross-sector partnerships in Indonesia are predominantly led by the private sector. The Indonesian state plays an important role – however more so at the regional and district levels (i9). In Vietnam, cross-sector partnerships are most strongly influenced by the central government. This is also true for the implementation on the ground, due to the Communist party’s strong local presence. Farmers organizations in Vietnam are generally part of the Communist political system. Hence, they appeared to be an efficient channel for partnerships to communicate, for example, the responsible use of chemicals. (i9:84) Yet, in decentralized Indonesia – being the fourth most populous country in the World – farmers’ organizations and extension services are comparatively less efficient. While some actors might see the army as an efficient institution to communicate with Indonesian farmers, this idea was quickly dismissed for obvious political and historical reasons. (i9:84)

Asked about the trust levels of farmers, vis-a-vis the three sectors active in the partnerships, partnership convenors perceived that farmers in Vietnam trust the government, do not trust the companies and trust civil society very little. (i9:112) Unsurprisingly, a NGO worker in Vietnam perceived a high trust gap between farmers and companies as well as the government, which was filled by NGOs. (i1:58)

In Indonesia, farmers would trust NGOs the most, in the perception of a partnership convenor we interviewed. Generally, the respondents perceived a low trust of farmers towards the government and companies and a strong variation in trust depending on the crop, with palm oil small-holders highly distrusting the palm oil companies (i9:112) and similarly so with rubber companies (i10:67). The CSR spokesperson of an international company pointed to the handing out of tools, seedling material and gifts to farmers by the Indonesian state, which in his perception, had little impact on their income (i10:66). A NGO worker in Indonesia perceived the trust levels of farmers as being generally low, with farmers not trusting the companies, not trusting the government and not trusting each other, making it even more difficult to bring them together in groups (i7:49).

Institutionalization – The Art of Forming Partnerships & Measuring its effects

The self-reported biggest achievement of a Southeast Asian value chain platform was the formation and formalization of secretariats in each of the countries where their partnerships are operating. (i9) Developing a formal governance model, including a process of revenue collection and membership management, is a critical, time-consuming and delicate challenge. As the governance model must consider the country's political, legal and administrative framework the solutions differ substantially. For example, in Myanmar one such governance model took the form of a registered not-for-profit, which had a Board with representatives from each state in Myanmar. (i9)

The core concern for the formalization of a partnership and the definition of a pre-competitive space are the necessary checks and balances and grievance mechanisms that partners can use

to report bad behavior (i9:148). Furthermore, the misallocation of funds is a potential danger in many countries. Hence the eminent need for transparent accounting, third party auditing and financial reporting.

Measuring tangible outputs regarding the formation of partnerships was identified as one of the most difficult aspects by experienced partnership convenors (i9:56). In answer to the question of, when do you know that you have formed a functioning partnership, the long timeframe needed to build and nourish a partnership, was repeatedly mentioned (i1,4,7,9,12). Respondents pointed out that “failed” partnerships can often be re-adjusted to learn from their mistakes (i7:28).

While measuring the outputs and effects of partnerships is essential, it can take a long time to convince the core stakeholders of its value. NGOs and civil society are generally very comfortable in investing time to gather such data, as a partnership convenor observed (i9:58). This is not surprising as it has become a standard practice to report data on outputs, outcomes and ideally impacts of development projects – not least due to the demand of donor agencies. On the other hand, companies are, in the perception of stakeholders, not used to measuring or disclosing data on greenhouse gas emissions or the returns on investment in development projects. Partnership participants reported that private sector actors may not have seen much value in having such data but changed their attitude and commitment over time, realizing the communicative power of concrete numbers (i9:58). However, they were only willing to take a first step, reporting on outputs such as the number of farmers’ trainings conducted and financial data on aggregated investment of all companies integrated into value chain projects.

Conclusion

Thanks to the Sustainable Development Goals, the world now has a common vocabulary that business, government, civil society, and other actors can use to frame efforts toward advancing human well-being. To make analysis comparable across different partnerships, it is helpful to

use the SDGs as the benchmark, in addition to referencing the stated goals of some of the partnerships. The SDGs provide a globally legitimized benchmark with clear metrics for pro-poor, sustainable development. And given that the SDGs explicitly call for cross-sector collaboration to achieve those targets (SDG 17), it seems particularly appropriate to apply them to an analysis of such partnerships.

The call in the SDGs and other global accords, such as the Paris climate agreement, for collaboration across the sectors and a strong role for non-state actors, both reflects and is likely to accelerate an ever-growing emphasis on cross-sector collaboration as a key mechanism for achieving global goals. Thus, understanding the conditions under which such partnerships are more likely to achieve goals is an important area of research.

This paper has shown that collaborations can bring progress and may offer at least partial solutions to the endemic shortcomings of limited statehood – but only under certain conditions. First is the need for a partnership entrepreneur, a central driving force that helps to align and reshape how the various actors define their own interests and identities. Second is the importance of a process of management and institutionalization to ensure that the collaboration goes beyond short-term efforts driven by a handful of personal relationships.

Beyond these immediate findings, the research to date suggests that attention to the growing role of cross-sector partnerships opens a wealth of important research questions, far beyond the scope of any single paper, and crossing numerous scholarly disciplines. The potential topics range from the relatively narrowly focused to broad and sweeping issues. On the more focused side, for example, a key question is the degree to which collaborations can provide public goods across the full range of crops and agricultural support services such as finance. This kind of government-producer interaction varies substantially by commodity (see McMillan and Masters 2000, cited in Birner and Resnick 2010). Research is needed to investigate what the introduction of external non-state actors in the form of big agri-business does to these relationships in different value chains. Does it empower existing elites, create new elites, or succeed in empowering poor smallholders? Similarly, to what degree does variation in the nature of

smallholders, including their education levels, culture, collective action capacity and the social capital available, affect the outcomes?

For management scholars, research could focus on the nature of the participating firm. The core firms that drive specific partnerships may vary regarding how they define their incentives and goals in ways that may affect the outcomes of the collaboration. Firms may choose to participate in the partnerships in search of any or all of the following goals: (i) short term profit; (ii) developing a long term secure supply chain; (iii) pleasing the government to continue operating in country (which then requires attention to what firms believes will please the government; (iv) market development in country (especially for input providers); and (v) global PR, especially for firms serving international rather than purely domestic markets (Pope and Meyer 2015). Firms also vary regarding their levels of participation in cross-border voluntary but quasi-regulatory processes such as codes of conduct and certifications, which may serve as a proxy indicator for the degree to which firms are socialized into a broader sense of corporate responsibility and long-term enlightened self-interest as opposed to shorter term profit seeking. The hypothesis to be tested here could be: Variations in political institutions and political economy do not cause changes in partnership structure or outcomes (i.e., agribusiness and partnership model are the important independent variables).

A larger set of questions for further research would address the effects of variations in political institutions and political economy on partnership structure or outcomes. We have seen tantalizing hints in the research to date that pre-existing state-market relationships lead to quite different partnership practices, as this paper has shown regarding the outcomes in Vietnam and Indonesia. But does that subsequently lead to significant differences in the impacts that partnerships have regarding farmer incomes, environmental sustainability, or food security? Does a greater role of the government lead to better outcomes for the farmers? Does a greater role of the multinational corporations (MNCs) leads to more farmer income but less environmental improvement?

The SDGs are only two years old, but already they are becoming a shared framework around which actor expectations and practices are beginning to converge. The existence of such focal points, in combination with the lack of progress toward fully consolidated statehood in much of the world, is reinforcing the turn to cross-sector partnerships as a key mechanism for achieving development goals. Thus, scholars of development, governance, collective action, and business strategy all have a stake in contributing to greater understanding of such collaborations and their implications.

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Appendix

Table 1 Agriculture in Southeast Asia

	<i>Myanmar</i>	<i>Viet Nam</i>	<i>Philippines</i>	<i>Indonesia</i>	<i>Thailand</i>	<i>Malaysia</i>
SOCIO-ECONOMIC DEVELOPMENT						
Population (in million) ¹⁸	52	93	103	259	69	31
GDP per capita, USD ¹	\$ 1,307	\$ 2,164	\$ 2,991	\$ 3,636	\$ 5,662	\$ 9,546
Human Development Index (HDI) Rank ¹⁹	148	116	115	110	93	62
Rural population (% of total population) ²⁰	66%	66%	56%	46%	50%	25%
Employment in agr. (%) ²¹	63%	47%	32%	35%	40%	9%
AGRICULTURE						
Value added as % of GDP by agr. ²²	28%	18%	11%	13%	10%	9%
Value added per Worker in agr. (const. US\$)	NA	\$ 489	\$ 1,152	\$ 1,079	\$ 1,195	\$ 10,127
Fertilizer use (kg per hectare arable land) ²³	20.5	397.4	183.1	211.8	152.3	2,063.9
Emissions (Net GHG) from AFOLU (CO2 eq, Mt)	153	46	50	1,383	70	160
POLITICAL ECONOMY						
Government expenditure on agr. (% total)	6.3	2.5	3.7	0.9	NA	2.6
Food exports (in million US\$)	1,584	7,147	3,280	24,711	18,764	21,754
Food imports (in million US\$)	898	7,062	4,745	11,598	6,443	12,373
Ease of Doing Business ²⁴ (1=most business-friendly)	170	82	99	91	46	23
Foreign Direct Investment in agr. (mill. US\$) ²⁵	NA	99	1	344	21	103

¹⁸ International Monetary Fund, *World Economic Outlook Database*, Data for 2016, October 2016.

¹⁹ United Nations Development Programme, Human Development Index (HDI), Data for 2014, <http://hdr.undp.org/en/indicators/137506>.

²⁰ World Bank, Data, Rural population (% of total population), Data for 2015, <http://data.worldbank.org/indicator/SP.RUR.TOTL.ZS?view=chart>.

²¹ FAO, http://fenixservices.fao.org/faostat/static/syb/syb_101.pdf; Myanmar: Data for 2000; All other data for 2014.

²² FAO, http://fenixservices.fao.org/faostat/static/syb/syb_101.pdf.

²³ World Bank, Data, Fertilizer consumption (kilograms per hectare of arable land), Data for 2014, <http://data.worldbank.org/indicator/AG.CON.FERT.ZS>.

²⁴ World Bank, Data, Ease of doing business index, Data for 2016, <http://data.worldbank.org/indicator/IC.BUS.EASE.XQ?view=chart>.

²⁵ Including Forestry, Fishing; Data for Indonesia and Thailand: 2011; All other data: 2012.

Table 2: State Capacity & Governance Indicators

	Burma/ Myanmar	Philippines	Indonesia	Thailand	Viet Nam	Malaysia
State Weakness in Developing World ¹	17	58	77	79	83	124
Rank 2007 (1= worst, 141=best)						
Overall Score	4.16	6.08	6.49	6.50	6.66	8.20
Economic ²	4.72	6.18	6.46	7.14	6.33	7.64
Political ³	0.89	5.59	5.25	5.30	3.67	7.06
Security ⁴	3.96	4.16	5.92	5.07	8.35	8.49
Social Welfare ⁵	7.07	8.40	8.34	8.51	8.31	9.61
GNI Per Capita	n/a	1420	1420	2990	690	5490
Worldwide Governance Indicators ⁶	11	45	41	45	39	63
Percentile Rank 2015 (0=worst, 100=best)						
Voice and Accountability	13	52	52	24	11	36
Political Stability; Violence/ Terrorism	10	21	25	16	49	54
Government Effectiveness	10	58	46	66	55	77
Regulatory Quality	7	53	47	63	34	75
Rule of Law	8	42	40	54	46	72
Control of Corruption	17	42	38	44	39	66

Color Coding Key
(Attention: Refers to rank of 141 developing states; respectively percentile rank of all 204 states worldwide!)
Bottom Quintile
2 nd Quintile
3 rd Quintile
4 th Quintile
Top Quintile

¹ Color Coding and quintiles are based on full sample of 141 countries. Most of the data sources were published in 2007 and refer to the years indicated in the footnotes. Source: https://www.brookings.edu/wp-content/uploads/2016/06/02_weak_states_index.pdf.

² Economic Indicators: 1. GNI per capita, 2006 (World Bank, World Development Indicators) 2. GDP growth, 2002- 2006 (World Bank, World Development Indicators) 3. Income Inequality, 2006 (World Bank, World Development Indicators) 4. Inflation, 2002-2006 (International Monetary Fund, International Financial Statistics) 5. Regulatory Quality, 2006 (World Bank, Governance Matters VI).

³ Political Indicators: 6. Government Effectiveness, 2006 (World Bank, Governance Matters VI) 7. Rule of Law, 2006 (World Bank, Governance Matters VI) 8. Voice and Accountability, 2006 (World Bank, Governance Matters VI) 9. Control of Corruption, 2006 (World Bank, Governance Matters VI) 10. Freedom Ratings, 2006 (Freedom House).

⁴ Security Indicators: 11. Conflict Intensity, 1992-2006 (Center for Systemic Peace, Major Episodes of Political Violence) 12. Political Stability and Absence of Violence, 2006 (World Bank, Governance Matters VI) 13. Incidence of Coups, 1992-2006 (Archigos 2.8 and Economist Intelligence Unit) 14. Gross Human Rights Abuses, 1992-2006 (Political Terror Scale) 15. Territory Affected by Conflict, 1991-2005 (Political Instability Task Force).

⁵ 16. Child Mortality, 2005 (UNICEF, State of the World's Children) 17. Primary School Completion, 2005 (World Bank, World Development Indicators) 18. Undernourishment, 2004 (Food and Agriculture Organization) 19. Percent Population with Access to Improved Water Sources, and with Access to Improved Sanitation Facilities, 2004 (World Bank, World Development Indicators) 20. Life Expectancy, 2005 (World Bank, World Development Indicators).

⁶ Color Coding and quintiles are based on full sample of *all* countries in the world. Date refer to the year 2015; rounded values. Overall rank calculated by authors. Source: <http://info.worldbank.org/governance/wgi/#reports>; Documentation: <http://info.worldbank.org/governance/wgi/index.aspx#doc>.

Figure 1: Motivation of Corporations to Engage in Partnerships

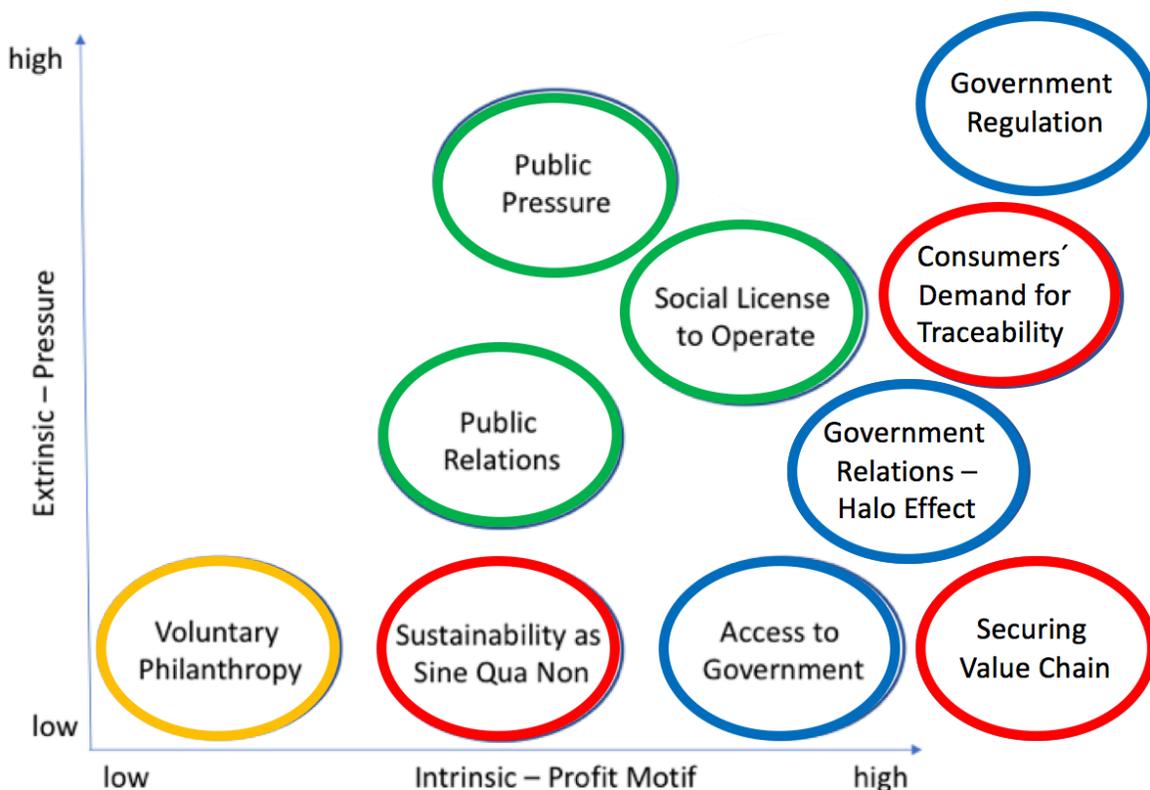


Table 3 Targets of the Sustainable Development Goals Linked to Smallholder Farming

Sustainable Development	
Goal	Target
1 NO POVERTY End poverty in all its forms everywhere	1.1 By 2030, <u>eradicate extreme poverty</u> for all people everywhere, currently measured as people living on less than \$1.25 a day
	1.2 By 2030, reduce at least by <u>half the proportion</u> of men, women and children of all ages <u>living in poverty</u> in all its dimensions according to national definitions
	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have <u>equal rights to economic resources</u> , as well as <u>access to basic services, ownership and control over land</u> and other forms of

property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

1.5

By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

1.A

Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions

1.B

Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

2

ZERO HUNGER

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

2.1

By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round

2.2

By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons

2.3

By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment

2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

2.5

By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair

and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed

2.A

Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries

2.B

Correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round

2.C

Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility

**12
RESPONSIBLE
CONSUMPTION
AND
PRODUCTION**

Ensure sustainable consumption and production patterns

12.3

By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses

12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle

12.A

Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production

12.C

Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of

developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities

15

LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

15.1

By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

15.2

By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

15.3

By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

15.5

Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

15.9

By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

15.A

Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems

15.B

Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation

Source: United Nations, Sustainable Development Knowledge Platform, <https://sustainabledevelopment.un.org/sdgs>, Last viewed: 14 March 2017.