

SHORT, NON-REFEREED PAPER

LAYING THE FOUNDATIONS FOR SUSTAINABLE OUTGROWER DEVELOPMENT

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Abstract

Involving communities in the sugar value chain has become less a corporate social responsibility and more of a sustainable business initiative as the contentious issues of land, poverty alleviation and market demand for inclusive business models drive companies to become more involved and dependent on outgrower cane supply. Whilst technological advancement has resulted in significant change and improvement within the industry, technology does little to mitigate against the risk of the ‘human factor’; an influencing factor that few understand but that can have a major impact on business operations, profitability and sustainability. The positive socio-economic impacts of engaging with smallholder farmers are well documented, yet still many schemes crumble and fail. In many cases this is because the importance of building strong foundations to support these developments is overlooked with companies taking a ‘fast track’ technical approach to secure cane quickly. Poor foundations based on limited communication, demand and understanding will result eventually in uncertainty, conflict and reduced productivity, which will have a negative impact on the long term sustainability of a scheme and cane supply. The development of a strong communication network, a comprehensive civic education and capacity building programme prior to any physical development is paramount in building strong foundations for the long term success of an outgrower scheme. However, laying these foundations is a time consuming process, but rather than being viewed as delaying cane supply, it should be viewed as sustaining cane supply.

Keywords: communities, outgrower, communication, capacity building, sustainability, civic education

Introduction

Population growth can be viewed as both an opportunity and a threat to the sugar industry, the positive effect being the demand for sugar, ethanol and energy, and the negative effect being the very land, natural resources and social structures that the industry needs to develop. The pressures of population development can be seen in many sugar producing countries, due to the climatic conditions required for production leading to developments in some of the more populated and poor areas of Asia and Africa. These increasing demands on natural resources and climate change, supplemented by market demand to see more inclusive business models, are changing the dynamics of the industry, leading towards a need to re-assess how, as an industry in sub-Saharan Africa, more robust and sustainable outgrower models can be developed.

The changing structures of the sugar industry

In recent years sugar processors have witnessed a move from the engagement of small-scale outgrowers as a corporate social responsibility initiative change to a necessary engagement to secure additional cane supply in the absence of available areas for the development of estate. What is often overlooked, however, is that the development of outgrower cane introduces a whole area of additional social, cultural and organisational considerations that cannot be overlooked if sustainable development is to take place.

Outgrower models have historically reflected the technical requirements of the systems and schemes, but increasingly have to consider the social and civil society elements with equal importance. Unless the development satisfies the needs of both of these elements, success and sustainability will be a challenge. The success of an outgrower scheme and model is dependent on a number of social and technical factors, the latter being considerably easier to manage and mitigate against. Social factors are based around human nature, which is notoriously unpredictable and difficult to comprehend, and is influenced by multiple elements.

Building strong foundations

Although there are no hard and fast rules to follow when developing outgrower schemes, determining demand and preparation are important. There are a few key questions potential developers need to ask. Initially, was the intervention prompted by the communities through them expressing an interest in cane supply to the mill? If so, this demonstrates an initial demand for the development, and capacity building will be keenly adopted. If the mill has had to approach the communities, then the question of 'why' has to be asked. Will cane be competing with an alternative crop? Do the communities have alternative income generation activities such as employment that may compete with cane cultivation. or may influence the management models and structures of a development? Development based on demand will enhance the strength of the foundation.

Careful planning of both social and technical elements is required to develop an outgrower scheme. Too frequently the comprehension of the communities of the proposed development is overlooked and an assumption is made that communities will want the development as it will improve their lifestyles, without looking at how it will change their social structures and lives. It is often difficult for communities with no experience of commercial development and with low education levels to understand and absorb the concepts being presented and what it will mean to them, leading to elements of raised expectations, fear and misunderstanding. Building strong and sound foundations based on a comprehensive understanding of the process of the development and the management of the crop will greatly improve the chance of sustainability, as communities will be buying into a process and lifestyle that they understand and accept as the best route for their own development. But this process takes time, and often when faced with the economic demands of factory expansions and cane supply, development is fast tracked.

There are many examples of outgrower schemes, particularly irrigated schemes, where communities are encouraged to sign up before they have even been informed of the exact cost of the scheme, what their expected returns will be, and what factors will influence these returns. Also, what are their roles and responsibilities; what are their legal obligations; what will happen to their land; how will their land be managed; how will they exit the scheme if

they wish to and how will disputes be resolved? Often individuals asking these questions are labeled as being against development and are ostracized by communities – when in real terms, these questions should be asked and answered, as they would be in any other business interaction. Not addressing these areas of concern will lead to misinformation, mistrust and weak foundations.

It is of extreme importance that developers take the time to sit with communities to identify their areas of concern and develop an educational and capacity building programme to address these areas. Educating the communities will enable them to make an informed decision based on comprehensive understanding and will mitigate the risk of social unrest and dispute during development and operations. Some developers find it beneficial to engage with external agencies with skills in social engagement and civic education, which can present information in a format easily understood by the communities.

A comprehensive civic education program should incorporate an overview of the industry in which the communities are about to become stakeholders, the value chain, what happens to their cane and what influences the price. Land development is a sensitive issue and is the cause of many disputes during development. Sensitization over the necessary changes in land use and management is imperative, particularly for irrigated development where block farming is usually required, and therefore traditional boundaries are dissolved and communal status is adopted. Financial management must also be discussed: how the scheme will be funded, how finance will be acquired, how debts will be managed and guaranteed, and what risks are being assumed when entering into an agreement with the financier. The farmers must understand how their income will be managed, what the deductions will likely be and what they might expect to receive based on different scenarios. It is, however, important that the programme be based on realistic potential returns, perhaps even conservative returns, to lower expectations of communities who may have looked at the perceived wealth of the companies involved and expect similar results from their own developments. Scheme management is also important, to discuss potential management solutions and identify, with community input, the optimum solution for the technical and social needs of the scheme. Communities must understand how the scheme will be managed and what their individual roles will be, again particularly where block farming will require elements of shared responsibilities.

After a comprehensive civic education program has been completed – and this may require several interventions to ensure that issues are fully understood and new concerns are raised – it is important to gauge interest and demand and to make an educated decision on whether to go ahead or step away from the development. The decision should be based on majority demand and whether there are any key areas of disagreement that cannot be overcome. It should be understood that it is unlikely that full agreement will be met, and some individuals may decide that they do not want to be involved, in which case it is important that a strategy be developed with the village authorities to address the needs of these individuals, possibly relocated land or compensation where blocked farms are required. Once a positive consensus has been met, the foundations are ready to be built upon and development can begin.

The cement

It is important that open and transparent relationships are maintained throughout the development, with regular communication to discuss the different stages of development to avoid the participants being shocked by the activities and the changes being undertaken. If

communication lines are not maintained, small cracks of uncertainty may develop in the foundations, which will be placed under increasing pressure during development and will damage the sustainability of the scheme.

Conclusion

This area of discussion is becoming an increasing focus of many development and private sector organisations. Inclusive business models are of increasing interest to consumers, governments and development organisations alike as trade is becoming a more recognised medium for development. Integrating development into the business model is difficult, as timelines and objectives will differ. However, there are examples of good practices of integrated and comprehensive approaches to outgrower development in India and closer to home in Swaziland where social mobilisation, structures and consideration of traditions play key roles in developing sustainable structures. There is also a wealth of information and advice available to support companies wishing to develop these models, including a comprehensive overview contained in the IFC Good Management Practices Manual for the Cane Sugar Industry¹.

Communication and information are the cement that will reinforce the development and build the strong foundations necessary. Companies should not solely consider the cost and time required to implement education and capacity building programmes, but should consider the cost and time related to not implementing them when schemes begin to collapse due to social disputes and weak foundations reducing sustainable cane supply.

¹<http://goo.gl/w54xi>