Reviews

Markets and Rural Poverty: Upgrading in Value Chains
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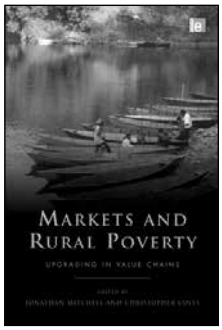

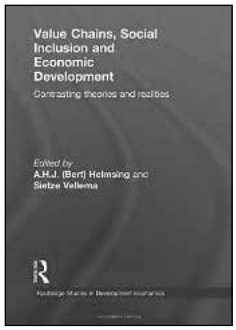

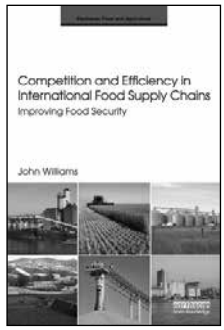

Value chain perspectives and recent literature: a review

Book reviews are not in themselves literature reviews. However, some few words of introduction can add context and signal the contribution that two recent books make to food chain studies. The citations offered here are significant, but only a few are from the burgeoning literature on agrifood chains in developing and emerging markets.

Application of the chain concept to agrifood systems has a number of roots. Agricultural economists have long analysed the efficiency whereby products have reached markets in terms of prices, margins, and costs. Concern beyond the price mechanism about vertical coordination between market actors was evident in the 1960s (Mighell and Jones, 1963) alongside industrial organization analyses of food systems (Marion and NC117 Committee, 1986) and was succeeded by interest in the institutional environment and contractual arrangements through the lens of New Institutional Economics (Williamson, 1985; Coase, 1988; North, 1990). Porter

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transformed the economics of industrial organization into a more business-friendly explanation of firm (and national) advantage through competitive value addition. The value chain concept was born (Porter, 1985; Kaplinsky, 2000).

At the same time, world systems theory gave rise to chain-thinking in terms of international trade and global commodity/value chains, focusing on the locus of power in chain management (Gereffi and Korzeniewicz, 1994; Gibbon, 2001). The French filière school (Griffon, 1989; Tallec and Bockel, 2005) developed a parallel tradition focusing on efficiency of operations, flows of resources, and interdependencies within vertical commodity chains. Each framework had something to offer and something to learn (Raikes et al., 2000).

For developing economies, the potential of marketing systems in assuring the availability of foodstuffs to rural and urban populations and stimulating development drove research in the early decades of the post-colonial era. System inefficiencies were often attributed to market imperfections and exploitative traders (Jones, 1974). Latterly, agricultural development policy evolved from state-led intervention, through structural adjustment to the promotion of more liberal market mechanisms. Post-Washington Consensus, policymakers looked for intervention mechanisms to overcome both market and state failures in order to reduce poverty through economic growth. Then challenged by the Millennium Development Goals, policymakers turned to the delivery of specific business services and the facilitation of wider enabling environments that might make markets work better for the poorest (Poole, 2010).

As a result of the convergence of these threads, in the last decade value chains have become the dominant discourse of many governments, international donors, NGOs, and research on rural markets in developing economies (Humphrey, 2005). A synthesis of the key concepts is presented in Figure 1.

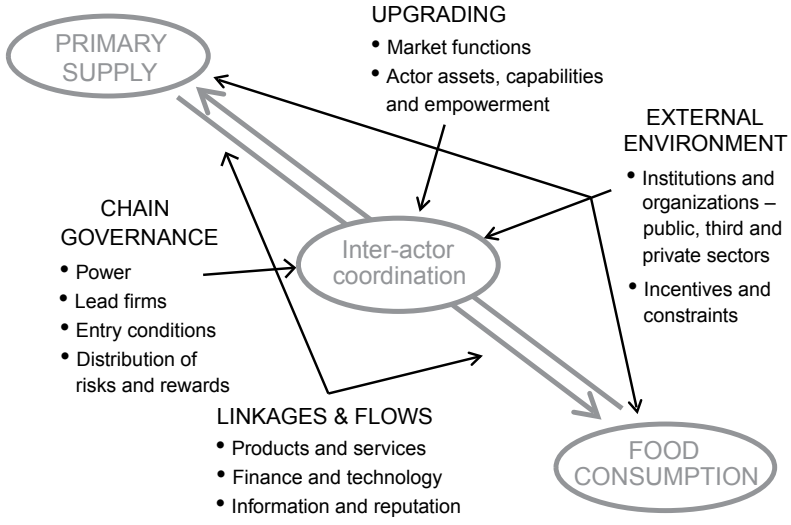

Figure 1 The food value chain

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Terminology matters, and the usages below are consistent with those used in the books reviewed. Drawing on Kaplinsky's oft-cited definition, a *value chain* comprises the linkages between actors and the flows of products, services, resources, and information among economic actors: households, firms, and other organizations such as cooperatives. Key features of *value chain research* are analyses of: 1) governance – the formal and informal relationships, vertical and horizontal, between chain actors, and the exercise of power, which facilitate entry and shape risks and rewards; 2) upgrading – value addition resulting from interventions and initiatives to improve chain functions and actors' capabilities and empowerment; 3) the distributional outcomes, primarily economic; and 4) the influence of the external environment of politics, socio-economics, culture, and technology, and the role of salient public, private, and third sector organizations, and of formal laws, regulations, and standards and informal norms of behaviour.

Setting boundaries for value chain research has been necessary to limit analysis to tractable questions and feasible empirics, and consequently, analyses have commonly been case studies, centred on business dyads rather than whole chains. Typically, cases have been *value chain approaches*: interventions by public sector and non-governmental organizations and initiatives by the private sector, to overcome chain constraints, align incentives, and promote development. Thus, whole chain studies have been few. The study reported in IFPRI (2010) may be the acme of value chain analyses, but employed a level of resources that would be unimaginable to most researchers.

The books reviewed focus in different ways on upgrading and economic inclusion, an important mechanism and objective, respectively, for value chain development approaches. Beyond poverty reduction, the scope for value chain research extends to a range of policy issues in economic growth and development. Consideration of some of these is, at best, in its infancy: research and input supply industries serving primary production; domestic staple foods as well as exotic, niche exports; hunger, health, and food safety; gender; climate and environmental sustainability; carbon flows; water management; scalability of interventions; labour and social responsibility; the public sector as an actor within and without the chain; and state-building. Most of these issues appear somewhere in the books reviewed, but none of the cases takes a systematic, whole-chain approach.

Curiously, consumers are often not considered to be chain actors (Hawkes, 2009). Where food consumption is an end in itself, as well as a means to other ends such as employment creation and economic growth, this is inexplicable. Only one chapter in the second book reviewed concerns employment, and consumer issues are almost entirely absent, so there is work still to do on consumers as chain actors.

Actually, food ends as nutrition, and there is an upsurge of global interest in the impact of agrifood chains on nutrition and health outcomes – for the poor and the rich, the underfed and overfed, developing and advanced economies, and cross-cutting contexts where all these dimensions may co-exist.

Chains may come and go but rarely stay the same, and dynamic analyses are also necessary, especially in fast-evolving consumer markets. Much research – and value chain analyses are no exception – adopts a static case study approach. Research

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needs to capture the dynamic nature of markets: not just intervention impacts over months, but changing supply and demand conditions over years.

On upgrading and inclusion, three initial considerations must be made explicit: firstly, is participation always a desirable objective? Secondly, can upgrading have the perverse effect of raising entry barriers and excluding the poor whose improvement is being targeted? And thirdly, to note that a given chain may be less important to the actors themselves than to the keen researchers – people's livelihoods are diverse, and thus a given chain may be only one in a portfolio of activities. Livelihood context matters.

Like this journal, which has one or two 'chain' articles in each issue, the two books reviewed here are part of the growing field of agrifood value chain research, and others will surely follow. They report analyses of value chain approaches to development, are complementary rather than duplicates, and can be recommended for different reasons. Measured against this food value chain framework, they both have strengths, are more or less successful in achieving their objectives, include weaknesses of omission and commission, and acknowledge methodological constraints.

Markets and Rural Poverty: Upgrading in Value Chains
Edited by J. Coles and C. Mitchell
2011, Earthscan, London and International Development Research Centre, Ottawa, ISBN 978-1-84971-313-9 hardback, £60.00

In their editors' introduction, Coles and Mitchell set out an immodest agenda: 'This book seeks to address one of the most intractable contemporary development challenges – what can the billion poorest people do to improve their livelihoods and join the trend of rising prosperity in the developing world?' (p. 15). The answer given is, upgrade their position in a range of natural resource-based value chains.

The book, edited by the Overseas Development Institute, London, is a synthesis of research that has emerged from a programme of the International Development Research Centre, Canada, that aimed to integrate poverty, gender, and environmental concerns into value chain research and increase incomes for the rural poor in a sustainable manner. There are 28 contributing authors. After an introduction on the problems of rural poverty and the potential of value chains to contribute solutions, the rest of Chapter 1 explains the process of desk research and fieldwork and presents a methodology for integrating developmental concerns into value chain analysis. The research was undertaken between 2007 and 2009, in South and East Asia (India, Nepal, Vietnam, and the Philippines), and sub-Saharan Africa (Mali, Tanzania, and Senegal), drawing on the experiences of farmers, development workers, and policymakers 'from the South'. A greater breadth of interest than in many studies is manifest in addressing 'labour markets, social arrangements and vulnerability' (p. 11).

The conceptual and methodological frameworks are explained in Chapter 2, and then detailed accounts of seven case studies follow in Chapter 3. These involve domestic products within the agriculture, forestry, and fisheries sectors. Then

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come the five key chapters on different types of upgrading strategy evidenced in the literature and from the case studies. The book closes with two chapters giving reflections on the external enabling environment and a summary of the main findings and implications.

The conceptual framework introduced in Chapter 2 is novel and aims to address the risk outcomes of value chain activities, the integral part labour markets play, environmental implications, niche market standards, and an understanding of the horizontal and vertical relationships that are embedded in social history, local relations, and the environment. The outcome is a comprehensive framework: 'rewards and risks are understood both in financial terms and with regard to outcomes related to poverty, gender and the environment' (p. 24) – including the opportunities and challenges presented by the increasing prevalence of standards and certification.

The graphic representation of the framework which emerges, with 'discs' radiating from 'nodes' in the chain is somewhat novel but obfuscates rather than clarifies. A similar search for novelty in the upgrading strategies is also unhelpful, whereas the practical guide for doing action research includes seven steps for value chain analysis and is a valuable operational checklist.

For the time-strapped reader, Chapter 3 is a good summary of the seven projects. The empirical work was action research: a chain was selected, interventions were designed, the project was implemented, and the impact was assessed. This leads to confusion: while it is instructive to read about failures, it is not easy to attribute success/failure between good/poor project design and good/poor implementation. In most cases, the nature of the interventions is poorly explained, and the principal lessons are more methodological than conceptual or developmental. Throughout there is a self-critical motif of the empirical work but it would be good to have a critique also of the conceptual framework and the value of the practical guide: was the design effective even if the implementation was weak? Useful highlights are as follows:

- NGO intervention to improve chain-wide weaknesses (inter alia, raw material quality and processing methods and equipment) in the manufacture of incense sticks in the eastern Indian State of Tripura was successful in increasing capabilities and thereby increasing efficiency and improving incomes and working conditions of the female workers.
- Intervention by a local NGO in the Tominion district of Mali was made to improve the quantity of production and the quality of milling of a local type of millet, *fonio*. There were positive lessons but, overall, achievements were below expectations, knowledge gaps remained, and some conclusions were inferential due to methodological limitations.
- In the analysis of the Vietnamese catfish chain 'outgrading' (or 'inter-chain upgrading') enabled some producers to diversify and reduce vulnerability but the balance of costs and benefits of higher product standards and certification was ambiguous.

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- The case of cassava in Tanzania 'was among the least successful in the programme, both as a research and as a development exercise' (p. 90). One of the major constraints affecting market demand was the need for 'legislation to mandate partial substitution of cassava flour for wheat flour' (p. 90) and was never going to result from this project.
- A bay leaf project to improve the value chain for essential oils in Nepal and northern India was more successful, notwithstanding methodological limitations: 'The difficulty in tracing the bay leaf value chain beyond the point of sale from producers/collectors to traders through to the end market does diminish the value of the exercise' (p. 117).
- A project in Senegal to promote the sustainable management of the octopus resource, improve quality, and increase returns to fishermen was 'one of the least successful projects' (p. 117). The failure to understand the fundamental price–quality disconnect undermined the rationale of the project. There was no credible baseline information, primary data were considered to be inaccurate, and the critical issues may have been misidentified. 'The project had very limited impact on the supply chain … assessing project impacts becomes a process of conjecture' (p. 123).
- Interventions to enhance the collective participation in the Philippines of small-scale producers and labourers in high value *kalamansi* – a small, lime-like citrus fruit – were among the most successful. Production and marketing improved, increasing incomes, even though the performance of the cooperative remained uncompetitive *vis-à-vis* private buyers.

Succeeding chapters analyse the different types of upgrading: horizontal and vertical coordination; 'doing different things' – functional upgrading; product and process upgrading; and skills transfer – inter-chain upgrading. These chapters explain the principles and assess each upgrading strategy and infer impacts on the dimensions of poverty, the environment, and gender. A range of lessons is derived concerning, inter alia: the inappropriate imposition of structures from outside; the existence of trade-offs between objectives; the complexity of balancing costs and benefits of novel contracting; whether responsive trading relationships which reduce vulnerability and uncertainty – non-financial benefits – can coexist alongside imbalances in market power; specialization to reduce the costs and risks of functional integration; the advantages and disadvantages of working closely with intermediary firms; the role of state intervention to overcome market failures due to ineffective standards, lack of rural infrastructure, and costly logistics; costs and benefits of certification; the significance of price–quality disconnects for poverty and environmental impacts; the complexity of labour issues; and the advantages of inter-chain upgrading arising from economies of scope.

Chapter 9 on the external enabling environment covers types of governance and, like the previous chapter, draws on a wider literature as well as the seven cases to exemplify governance as legislative (setting the rules), judicial (implementing the rules), and executive (enabling others to follow the rules). Attention is drawn to the frequent unintended consequences – often negative – of state intervention, as well

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as the need for benign state governance and measures to address the consequences of private sector failure to fill governance gaps.

The last chapter summarizes earlier conclusions and highlights the importance of testing received wisdom about value chain interventions. The final synthesis proposes pathways whereby value chain outcomes impact poverty, environment, and gender.

In most cases the results are informative, but weak implementation devalued the project: the absence of a price analysis in the case of *fonio*, a local millet in Mali, resulted in:

> a key knowledge gap which raises methodological concerns, such as the collection of robust baseline data in addition to the clear establishment of a counterfactual scenario. There are a number of unanswered questions in relation to the tangible results of this project and its intervention … (p. 74).

Assessment of impacts on poverty and gender are core interests of the development community but the sustainability of change 'was not well measured' (p. 256). The absence of any assessment of 'value for money' is noted (p. 256). The self-critique of the octopus project in Senegal is devastating. Can there be upscaling of specific interventions? For the bay leaf chain in Nepal and India, 'The extent to which this model is replicable elsewhere is moot' (p. 112).

The concluding chapter claims that 'our approach has been intensely practical … this book examines research-based evidence for the effectiveness of upgrading interventions' (pp. 236–7), yet it is the empirical work that is the weakest element. The admissions of failure in implementation are honest and instructive, but where the research was found to be deficient, one wonders, what is the point?

What we read is elegant conceptualization, somewhat patchy contextual analyses, and variable standards of project design and research methodology. It adds usefully to the theoretical literature on value chain analysis, but less on experiences of value chain interventions. Perhaps the cases are little more than typical market development interventions. One might have expected more on the critical role of human capacity building, and on empowerment which is mentioned in a couple of places but tangentially, or apparently as an afterthought on gender (p. 248), but not as a fundamental element of the framework.

It is well-written and mostly readily comprehensible. There are occasional errors of syntax which should have been picked up in proofreading and create confusion.

To sum up, the book frames a lot of questions in a helpful way, and many are answered, but the evidence is only partly derived from the empirical work. For readers who are researchers the conceptualization is sound, but the empirical work is admittedly weak. For practitioners, ideas about how upgrading occurs – or doesn't – are instructive. That the rural poor, given an enabling environment, 'can work their own way out of poverty' (p. 257) is an encouraging message on which to end.

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Value Chains, Social Inclusion and Economic Development: Contrasting Theories and Realities
Edited by A.H.J. Helmsing, and S. Vellema
2011, Routledge, London, ISBN 978-0-415-59163-8 hardback, £85.00

This volume emerges from a Dutch group of value chain researchers, comprising scholars from a wide range of disciplines each with concerns for inclusiveness and poverty reduction. It deploys considerable theoretical variety. The work took a 'writeshop' approach: rather than primary research, authors undertook a process of assimilating existing research and analysis through intensive discussions by multi-disciplinary teams. It can add considerable value at low cost.

The studies were written by a total of 33 authors, within three broad sections. The endeavour was to 'enrich the conceptualization of governance … and to unravel the connections of value chains to the behaviour of non-chain actors in a variety of socio-economic contexts' (p. 1): both chain and contextual analysis.

Chapter 1 by the editors is a dense but helpful summary of the key lessons of the three sections. Firstly, on *Governance and inclusion*, including the poorest in poverty reduction interventions must be tested against the trade-offs and risk. As is argued later, 'inclusion and exclusion are more usefully seen as processes shaping *how* (rather than *if*) actors participate …' (p. 12). Some actors may be excluded or 'self-exclude' from a particular chain in favour of other activities and networks. Thus, targeting 'beneficiaries', and the scope for upscaling successful interventions, become important policy dilemmas, and voice should be given to the 'targets' to consider strategic choices – such as whether or not to adopt production certification and product standards. Moreover, contextual factors such as public policy and industry organization are likely to mediate different welfare outcomes from the same choice sets among value chain-driven intervention mechanisms. Cooperatives are a favoured development approach but the benefits of formal democratic governance become attenuated by community mechanisms and hierarchical arrangements as the need for scale and efficiency increases.

Including labour market institutions within the value chain encompasses stake-holders who are less visible compared with producer-entrepreneurs and downstream firms. Yet employees may be among the poorest of the poor. Thus, labour process theory integrates into value chain analysis the relations of bargaining power, seasonality of rural activities and labour demand, the formalization and organization of contracts, and the establishment of pay rates and returns. One would expect gender relations to be similarly incorporated, but this is not done here. The importance of including the state as a principal actor in the chain, as well as a proximate player in the external environment, is highlighted by the case of the (semi-) liberalized Ghanaian cocoa sector. There the state is an intermediary which attenuates somewhat the market signals for social and environmental issues.

The emphases on *Embedding and business systems* concern behaviour as a function of the socio-cultural and political context, and the interrelationships between, and contrasting incentives among, chain actors and non-chain actors. Thus,

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embeddedness can be observed at the level of the network or chain, the society, or some wider (geographic) notion of 'territory'. The contribution of business systems theory is to recognize that even global chains are embedded within specificities of territorial institutions, culture, and industry. Within this view, a strong role is envisaged for the state in defining pro-developmental institutions (rather than, say, the private sector as a facilitating agent), including the regulation and management of natural resources, and government support in case of shocks.

Power, politics, and profit distribution are features of business systems that may or may not be aligned with incentives to participate or exclude individual actors. They may entrench the economic positions of elites rather than promote development by permitting or encouraging innovation and competition. Alternatively, lead firms may condition business relationships in a manner consistent with environmental and social responsibility.

As for *Chain-based partnerships for development*, the premise is that 'access to assets is a necessary but not sufficient condition for escaping poverty' (p. 15). First, partnerships are necessary and are viewed as having horizontal and vertical dimensions, both within the chain and also with actors from the wider business environment. New institutional relationships can help poor actors overcome the constraints common to smallholder participation, such as lack of information, lack of market alternatives, lack of finance, and small scale. Donors and NGOs may intervene through narrowly defined projects at specific points in the value chain but often ignore these wider partnership constraints. Second, having achieved some measure of improved participation, authors note that 'the literature pays surprisingly little attention to issues of upscaling' (p. 16).

Developing an integrative framework rather than using a singular (economic) conception of what a value chain is allows these diverse researchers to reveal different meanings and incentives found in local communities. Aligning the incentives arising from alternative understandings is necessary to formulate favourable conditions of participation for vulnerable groups – and hence poverty reduction.

Summing up the introduction,

> This volume argues that the development impacts of inclusion of small producers, local firms and workers in (global) value chains importantly depends on two conditions: the terms of participation in the process of inclusion and the degree of alignment of value chain logics with the capacities of actors and the institutions embedded in territorial business systems (p. 18).

The following chapters are theoretically dense, with a certain amount of light relief to be derived from the pre-existing cases:

- Chapter 2 reviews a Brazilian government programme launched in 2004 to promote the inclusion of smallholders in the biofuels industry. Authors argue that inclusion of the poor in value chains is not dichotomous, and should be viewed as a process, taking into account actors' own views: 'social inclusion policy is often based on normative and narrow ideas about the situation of the excluded and their motivations to be included (or not)' (p. 38).

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- By integrating perspectives from 'legitimacy theory', the norm life-cycle model and New Institutional Economics, Chapter 3 considers how voluntary governance mechanisms such as certification and social responsibility can respond to the imperatives for inclusion and upscaling.
- 'Fair' and 'responsible' mechanisms to achieve social justice and sustainability in the coffee trade in East Africa are examined in Chapter 4, which, unlike much of the rest of the book, is more empirical than conceptual. Through a cross-country comparison, different societal structures and institutional networks in the region were found to influence the mechanisms and outcomes of the certification processes.
- Chapter 5 signals the increasing levels of vertical coordination in agrifood value chains and draws attention to the importance of community and democratic governance of cooperatives. The tensions that arise as a cooperative grows or becomes more heterogeneous are highlighted as the need for efficiency increases.
- Chapter 6 concerns labour issues. 'Inclusion' is not always considered for waged agricultural workers. Moreover, as chains change and labour markets become feminized, the gender implications grow. Cases from the Philippines, Brazil, and Pakistan show that value chain development can cause marginalization of agricultural labour and result in meagre wage levels, informalization, and insecure working conditions.
- Chapter 7 also challenges assumptions about inclusiveness and farmer-level benefits of value chains, and specifically the effects on the more vulnerable actors of upgrading strategies implemented through state- and NGO-mediated mechanisms. To 'raising competitiveness and adding value', and 'remunerative income', 'empowerment' is added as the developmental impact of upgrading most likely to affect inclusion.
- In Chapter 8 the focus shifts towards business systems as a complementary approach to value chain analysis. Chain actors and functions are 'grounded' within a specific location suggesting that insights can be gleaned from combining the relational view of firms and political economy analysis at different scales. Notably, the nature of the state influences the type of intra-chain power relationships.
- Chapter 9 draws on concepts from both value chains and business systems with a fascinating comparison of three lobster value chains in the Caribbean and Central America. The authors perhaps find more differences between the chains than they themselves acknowledge, with more common impacts than expected caused by the collapse in US export demand as a consequence of the economic crisis.
- 'Greening' of agrifood value chains makes a welcome appearance in the title of Chapter 10. The environmental burden of agrifood is signalled, and the case of Vietnamese vegetable production is used to illustrate how neither the state-dominated business system, nor the limited integration into vegetable markets has shifted production away from input-intensive patterns. In contrast, Thai government institutions provided a context in which domestic greening

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mechanisms reduced the environmental impact of the shrimp industry. Finally, it was global civil society that 'greened' organic cotton in Benin through the development and implementation of international standards.

- Chapter 11 ushers in the third and final section on chain-based partnerships. The literature review and conceptualization needs to be more concise. An analysis of five previous papers covers 13 diverse case studies with data collected between 2006 and 2008. Disappointingly, the authors acknowledge that methodological limitations fail to give concrete answers to four propositions about partnerships. More incisive work is needed.
- The penultimate chapter focuses on upscaling participation initiatives directed at poor smallholders in Kenya. It is accessible, interesting, focused, and methodologically plausible. The case of sustainable fishing by a community on the edge of Lake Victoria showed the multiple limiting factors for upscaling a small initiative, while the upscaling of improved production practices by smallholder tea growers was founded on doing 'an old thing' – traditional extension – in a 'new and better way' – successive rolling out of farmer field schools over a period from 2005 to 2009.
- Finally, two cases of innovative value chains in biotrade are used to discuss 'inclusive business'. Convention theory considers a wide range of motivations and uncovers multiple meanings for different actors of a new forest product-based perfume in Ecuador. An unsuccessful initiative in the Colombian Amazon for launching a new chilli sauce into a competitive retail market showed how important networking and coordination are. The last section, 13.4, extolling the benefits of an integrative framework, neatly sums up the strengths of the book.

Much literature on value chains has not moved beyond case studies, as Chapter 3 in this volume acknowledges. In its conceptualization, this book does: it is well written, theoretically strong, and a bit heavy going. The multidisciplinary approach has yielded important insights (something that this author has signalled elsewhere (Poole et al., 2013)). Some chapters (4 and 7) adopt an interdisciplinary rather than multidisciplinary approach. Lessons from theory and from the cases alike are informative, but to some extent, the literature chosen has been squeezed into the overall objective and does not always 'fit'.

While the book covers a range of important cross-cutting themes, consumers are notably absent. Here, anthropology and psychology could be employed to make a useful multidisciplinary contribution. Having been presented with many conceptual frameworks and diverse analytical approaches, it is a pity that the collection does not end with a synthesis. It is irritating to find three different spellings of 'Gereffi' in Chapter 9 – a key citation if ever there was.

Neither book claims to be an exhaustive exploration of all elements of food value chains. Measured against the framework introduced above, there is much work still to be done and that is as it should be: indeed, all research has to be focused, and here upgrading and inclusion are tackled earnestly. We learn that action research is insightful, but must be conducted with rigour. Multidisciplinarity adds insight to

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the analyses and should be extended. Methodologically these books are distinct, but through the largely qualitative cases neither provides hard empirical data on the prices and functional efficiency of value chains needed to assess costs and benefits and upscaling. Quantification is not the be-all and end-all of value chain analysis, but it is a part.

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Competition and Efficiency in International Food Supply Chains: Improving Food Security
John Williams
2012, Routledge, 272 pages, ISBN 978-0-415-52072-0 paperback, £29.99

This book is very relevant in that it deals with international food supply chains, a topic which has moved up the agenda, particularly since 2008 when international food supply shortages led to commodity price spikes and high food prices, resulting in civil unrest in several countries.

The introduction of the book provides some historical background to international centres of food production; that is, the four global food-bowl regions of Continental Europe, the Indus-Ganges river system, the Yangtze-Yellow-Mekong river system, and more recently, since the early 19th century, North America.

The importance of perishables in feeding the global population is highlighted, despite the inability to control related supply chain risks, except for refrigeration. The author states that food security risk for perishables can be low in deregulated countries because of multiple supply sources, substitutability, imports, and high value-to-weight ratios that suit air-freight economies. On the other hand, although storable crops invite risk management, the author argues that very little storable food chain risk is managed effectively. This leads to one of the central arguments of the book, that government intervention contradicts good risk management practice and is likely to lead to public–private hoarding and speculation. It is only through the establishment of strong 'trade' markets (one of the efficiency measures for storable food supply chains) that forward markets and a private warehouse market can be created.

The first chapter deals with 'commodity supply shocks', highlighting the primary factors driving food prices (e.g. product alignment, weather cycles, other commodities, fund speculation, bio-fuel hoarding, freight costs, and currency movement), secondary factors affecting commodity food prices (e.g. time lags, pests and diseases, natural disasters, civil unrest, short-term demand inelasticity, information, trade barriers, and supply inflexibility), the importance of price, and price spike theory.

'Supply chain distortions' are explained from a historical perspective dealing with interventions (e.g. government intervention 'fallacies') and different types of policy distortion (e.g. monetary, fiscal, exchange rate policy, labour costs related).

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The chapter on the 'role of the private sector, price, competition, and government' has sections on problems with government supply chain intervention, and the role of the private sector in food security, highlighting that in contrast to the problems of government intervention, there are many functions of private intermediaries in the food supply chain that cannot be easily replicated by government or its agencies. The main roles for government in the food supply chain (e.g. defence of trade routes, as institutional buyers, competition regulation, enforcement of contract law and property rights, and infrastructure), are compared with less definitive roles for government that need to be exercised with caution so that interference causing distortions and crowding out of the private sector can be avoided (production issues mentioned include genetic diversity, new crop research, controlling insect and rodent plagues, responding to plant disease outbreaks, and justifiable quarantine restrictions). There is also discussion of areas that governments should avoid in the food supply chain; for example, governments are ill-equipped to know all the reasons why consumers accept or reject perceived product value in private food supply chains, and much government data collection and reporting is out of date when it is publicly released.

'Government intervention by importing countries' provides examples, case studies, and anecdotes related to import replacement success stories, marginal food production in the importing country, failures in government import tender purchasing, investment in overseas agricultural production, overseas food supply chain investment, government cartel-buying arrangements, buffer and reserve stocks in the food supply chain, and alliances with international merchants.

'The rise and fall of commingled commodity handling' deals with the general weaknesses in commingled bulk handling, the impact of railways on bulk handling, the relationship of bulk handling to bulk harvesting, the association of bulk handling with cooperatives, the predisposition for government intervention, the rise and fall of government-to-government transactions, complementariness with international merchants, and the demise of traditional bulk handling.

'Government intervention failures in exporting countries' covers protectionism and welfare, production-push policies, statutory selling imposition, price control policies, export controls assistance, import protection, overseas ownership, exporter cartels, and countertrade.

The chapter on 'hoarding' covers aspects such as private pursuits, public hoarding in practice and theory, problems with hoarding, the disequilibrium of 'equilibrium', supply (in terms of production and acreage) and demand curves, the rise of speculative bunkering, and hoarding psychology.

'Corruption in the food chain' covers corruption indices, gifts, bribes, and extortion, dependency, basic causes for corruption, government import tender fraud, consequences from corruption, and the role of competition.

'Food aid problems' covers gift giving and 'aid', aid and corruption, dependency, diversion risk, conditionality, economic distortions, undermining domestic food producers, substitute for trade reform, encouragement of military conflict, and aid as a vested-interest industry.

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'The importance of "trade" markets and merchants' deals with the definition of a 'trade' market, the need for 'trade' markets, characteristics of 'trade' markets, forward markets, benefits of strong forward markets, the role of merchants, factors preventing 'trade' markets, and factors that integrate farmers into 'trade' markets.

'Post-deregulation issues' covers deregulation background, government issues, problems with deregulation, characteristics of deregulation, as well as arguments against re-regulation.

'Food supply chain efficiency' deals with efficiency criterion, efficiency measurement, inefficiency, efficiency trade-offs, efficiency and integration, impact of infrastructure and logistics, efficiency and technology, efficiency and cluster industry formation, and efficiency in government actions.

According to the author, the greater the success of food supply chains, the more choice is provided to consumers. However, he also argues that consumer satisfaction goes beyond cost efficiencies and in most countries includes the provision of quality, consistency, availability, continuity, suitability, safety, and more frequently traceability, ethicality, and sustainability.

As for the presentation of the book, at times it comes across as a series of chapters that could be independent papers. No doubt the author has plenty of experience in the field of international food supply chains, most probably as a research consultant. As a result, the book does not offer much in terms of theory (e.g. the chapter on food supply chain efficiency, which is most relevant, comes at the end) but more in terms of case studies, practical experience, and anecdotes. Also, there is some repetition in the text (e.g. government performance tends to be poor and its competence limited, while the private sector is more efficient in guaranteeing consumer choice).

As far as user-friendliness goes, there are no summaries, bullet points or similar highlights helping the reader to digest the significant amount of information. The small font size and presentation of the text makes it look wordy and not very consumer-friendly.

Potential users of the book are most likely to include practitioners dealing with various practical aspects of international food supply chains. Academics and students may find the text limited in that quite a few references are somewhat out of date, and some key issues of international food production and trade, which are currently high on the agenda, have received little or no coverage (e.g. climate change, value chain approach, role of the government in international trade negotiations).

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Contract Farming Handbook: A Practical Guide for Linking Small-scale Producers and Buyers through Business Model Innovation
Margret Will
2013, GIZ, available for download from <www.giz.de/Themen/en/2198.htm>

Recent years have seen an abundance of books on contract farming. All have tended to analyse experiences with the approach but, until now, none has set out to provide much advice on how to implement contract farming operations. Developed in

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association with three German-funded projects in Africa, this new handbook more than fills the gap. The potential audience is identified as private companies, farmer organizations, sector organizations such as inter-professional bodies, and, finally, third parties interested in promoting contract farming in a broader development context. We are also promised a shortened version that will focus on farm-level aspects of the topic as well as a training course that makes use of the handbook.

The handbook begins with 'Conceptual Foundations' that briefly review the role of contract farming and the different types of linkages between company and farmers. It seamlessly merges the author's own excellent analysis with well-chosen graphics and some text from other recent sources. From the start it emphasizes that contract farming has to be a commercial decision: it is not a panacea for rural development. Indeed, problems often arise when third parties pursuing development objectives become involved. The author is at pains to point out that there is nothing simple about setting up contract farming operations and that several years are likely to be required before a company can be confident of success. Underrating the complexity of the venture and aiming for quick wins are some of the main causes of failure.

Moving on to the provision of practical advice, the handbook's 'Facilitation Guide' suggests that the process of contract farming development requires three phases, which are defined as: 1) Initiate and plan; 2) Implement and learn; and 3) Sustain and grow. It walks you through the whole process, suggesting that these phases be implemented in eight steps, which, in turn, require 18 activities. These activities are discussed mainly in boxes and are cross-referenced throughout the text. The first Activity of Step 1 is to clarify the company's interest in and capacities for initiating such a business model. This is followed by Activity 2, which is to realize a rapid screening of potential production areas and farming systems, before moving on to activities such as farmer selection, deciding on the most appropriate business model, and drawing up a full business plan. The book warns about creating false hopes among farmers and raises the possibility of supporting additional farmer income sources, which is also discussed elsewhere in this issue of *Food Chain*. Finally, it stresses that activities should involve doing 'as much as necessary: as little as possible'.

Phase 2, 'Implement and learn', has three steps: negotiation and acceptance of the contract; start-up of contract farming field operations; and monitoring, feedback, and learning. It stresses the importance of farmers being in a position to take informed decisions about whether or not to sign up to a contract. In particular, all specifications about farmers' responsibilities and about quality requirements should be fully explained and agreed. Once this has been achieved, the next step is to plan and budget the operations and to strengthen the skills of farmers and their groups and of the company's field and management staff. The final step of Phase 2 stresses the importance of learning from experience. Things are unlikely to be perfect in the first years of operation. Arrangements have to be made for regular farmer–firm interface and regular routines established for feedback between all those involved. Finally, Phase 3 looks at the development of mechanisms for continuous improvement and ways of scaling up operations.

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While extremely useful, the handbook has a number of drawbacks and it can be hoped that the author and publishers will further refine it in due course. A consequence of the considerable amount of detail provided is that it is too long and some parts of it are slightly too complex and academic. The 'heaviness' of the text in places could be relieved by presenting brief case studies to illustrate the recommendations being made. The layout is a bit cluttered and photos that could have been used to break up the text are instead reserved for full-page use between chapters, where they serve little useful purpose. English editing would have been beneficial and could have significantly reduced the number of words with little loss of content. But, in reality, these are minor quibbles. It is a very useful handbook that should be consulted by all those active in contract farming. I look forward to the further guide(s) we are promised.

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