

THE CAMBRIDGE NATURAL CAPITAL LEADERS PLATFORM

LINKING LANDSCAPES AND LIVELIHOODS FRAMEWORK



UNIVERSITY OF
CAMBRIDGE

INSTITUTE FOR
SUSTAINABILITY LEADERSHIP

Why the need to link landscapes and livelihoods?

It is common practice that environmental and social issues are dealt with separately by companies. A company may include environmental considerations in operational decisions while ‘community relations’ are dealt with by a completely separate part of the company. Nonetheless there is an increasing need for companies to understand environmental and social interactions in relation to the livelihoods of smallholder farmers and incentives to engage with smallholders are becoming clearer. For agricultural companies, engagement with smallholders is primarily about securing supply and expanding market share, while for extractive companies it is about wider landscape management and license to operate. In terms of their reputation, many companies are also under increasing scrutiny to demonstrate that their operations are not contributing to food insecurity.

Smallholder farmers are estimated to make up approximately 85 per cent of the world's 500 million farms.¹ A smallholder farm is typically a family-owned enterprise that produces crops or livestock on two or less hectares.²

In some sectors, such as coffee and cocoa, smallholder farmers dominate production, while in other sectors, such as horticulture and other labour-intensive crops, smallholders may be more efficient than large farms.

While many companies have adopted individual strategies to engage with smallholders, often through intermediaries or partners, a challenge remains to demonstrate impact and identify viable business models that can be scaled across business operations without undermining natural capital.

This is not unique to companies. A recent review of 103 monitoring initiatives for the sustainable intensification of agro-ecosystems³ highlighted that many approaches lacked a systemic understanding of issues and that few tackled trade-offs among objectives.

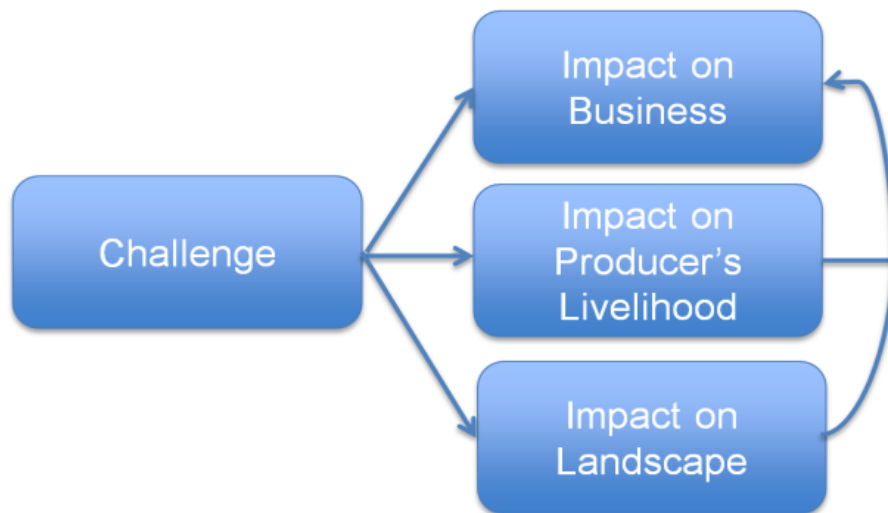
The objective for the Cambridge Natural Capital Leaders Platform was therefore to develop an approach that addressed these challenges so that companies could:

- Link their engagement with smallholders to business objectives
- Understand potential trade-offs between productivity, environmental services and welfare goals
- Understand options for cost-effectively measuring and monitoring the effectiveness of chosen interventions

¹ Nagayet O. Small farms: current status and key trends. In *The future of small farms: proceedings of a research workshop*, ed. International Food Policy Research Institute, pp.355–367 (2005)

² Although in some countries and sectors smallholdings can exceed 10 hectares.

³ Shepherd, K.D.; Farrow, A.; Ringler, C.; Gassner, A.; Jarvis, D. Review of the Evidence on Indicators, Metrics and Monitoring Systems. World Agroforestry Centre (ICRAF), Nairobi, Kenya (2013)



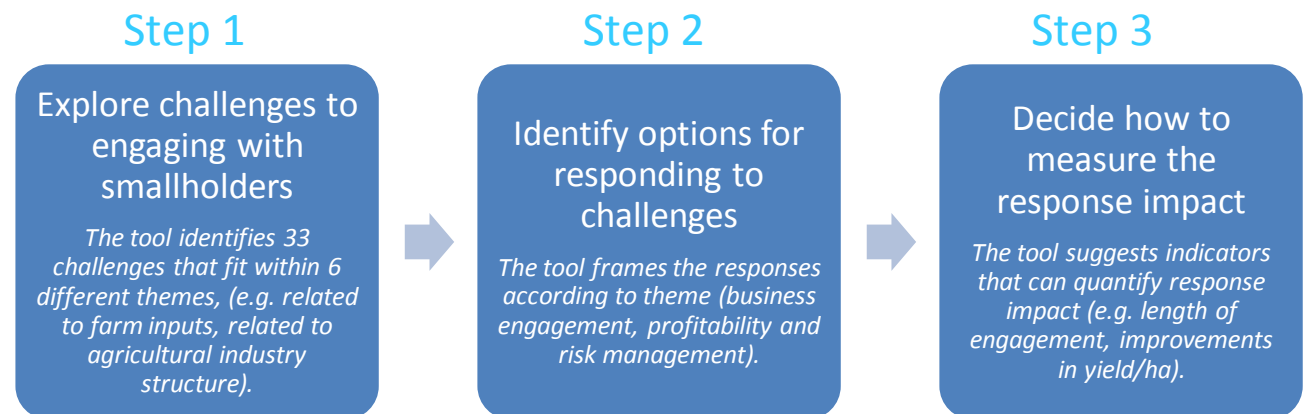
The Natural Capital Leaders Platform is a global business-led initiative focusing on practical action and policy influence to better manage natural capital. In 2012 its members developed the ground-breaking *Natural Capital Leadership Compact*⁴ containing four ambitious commitments from business. The first of these includes a specific pledge to manage supply sources in order to protect the environment and improve social equity. The Platform is supported by the Cambridge Institute for Sustainability Leadership.

A series of in-depth interviews were carried out in the summer of 2013, across the business operations of companies and with key external stakeholders, to collect information on current business practice and the decision-making points which impact on smallholder engagement. These interviews informed the development of the following framework.

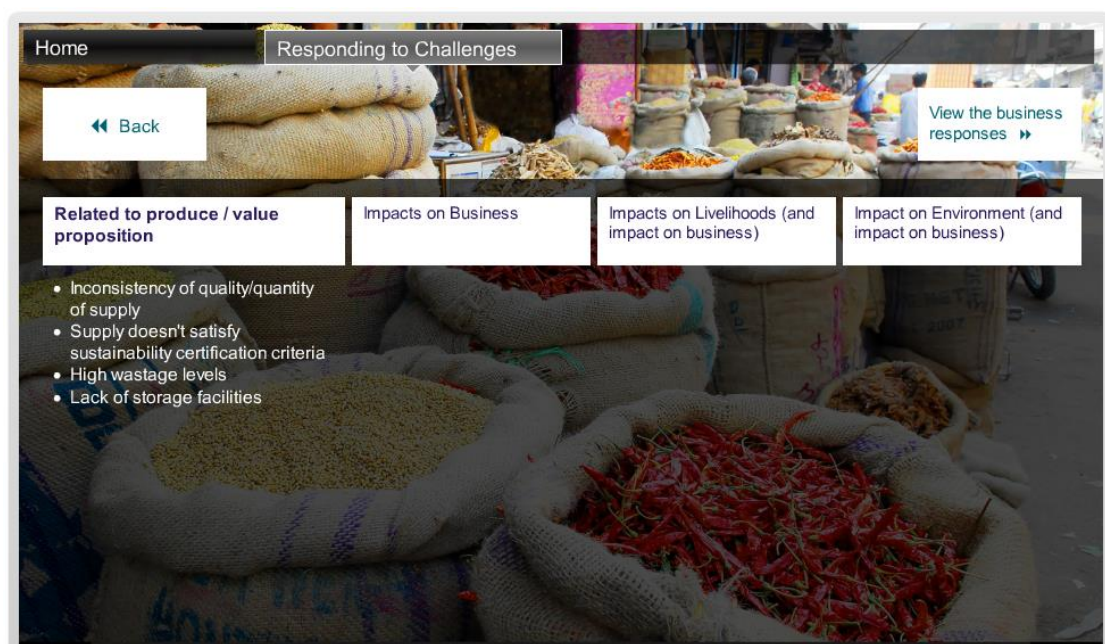
⁴ www.leadershipcompact.com

The Linking Landscapes & Livelihoods Assessment Framework

The framework explores potential challenges companies may experience in engaging with smallholders, identifies options for responding to challenges and finally explores possible means for measuring the impact of these responses.



Step 1 of the framework requires users to consider their business engagement with smallholders and how potential challenges may impact both directly and indirectly on business, livelihoods, and the environment. Companies will be at different stages in their engagement with smallholders – understanding what is relevant to them is vital to understanding both what information they might want to collect and how this will be used. A buyer might want to consider how they begin to monitor their sourcing from smallholders or they might already know how many smallholders are in their supply chains but want to understand how to address differences in productivity or respond to criticisms of using child labour. In starting by looking at trade-offs, the framework encourages companies to consider issues in a more systemic way.

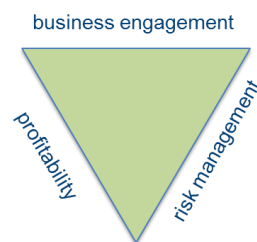


Step 2 of the framework suggests options for business to respond to the issues they have prioritised. These are framed according to three general themes: business engagement, profitability and risk management. The three themes are suggested as a way to build a common narrative around sustainable engagement of smallholders.

Business engagement – Responses reflect the need to agree priorities and differentiate smallholders from larger farmers.

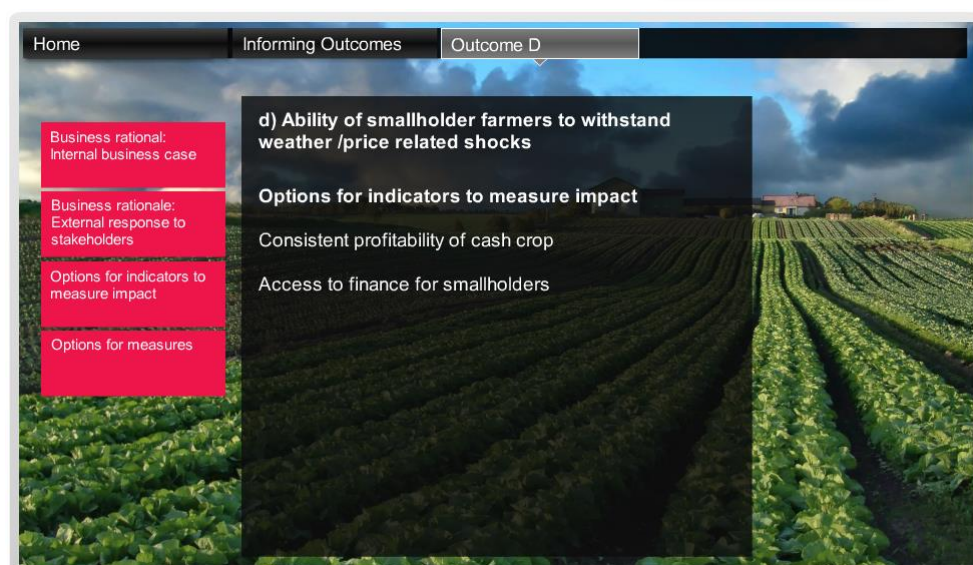
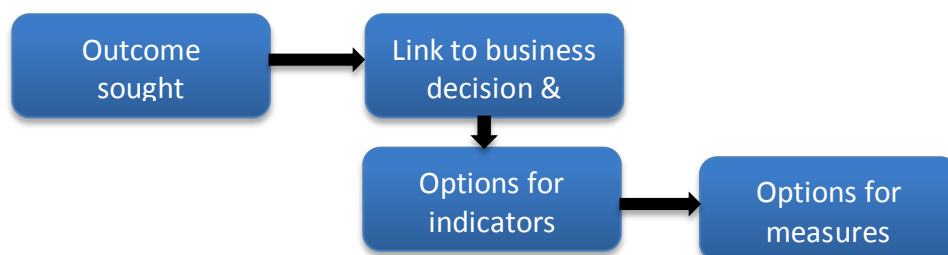
Profitability – Responses reflect what is needed to increase incentives for smallholders to invest. This is much wider than considering price.

Risk management – Responses make a case for longer term business planning that in turn requires deeper risk assessment and a better understanding of the interconnections between smallholder farming and wider landscapes.



Step 3 of the framework builds on possible responses linking them to outcomes and suggesting options for indicators of impact.

For example, in terms of profitability, a desired outcome might be the ability of smallholder farmers to withstand weather/price-related shocks. Possible indicators could be consistent profitability and/or access to finance.



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