MRLG
MEKONG REGION
LAND GOVERNANCE

Thematic Study

AGRICULTURAL INVESTMENT IN THE MEKONG REGION

A COMPARATIVE ANALYSIS TO INFORM THE TRANSITION TO RESPONSIBLE PRACTICES

Daniel Hayward and Skylar Lindsay

January 2025

Thematic Study

ACKNOWLEDGEMENTS

This comparative study emerged from workshop discussions calling for a systematic analysis and further sharing of case studies on agricultural investments. It is a desk-based comparison, primarily informed by two sources of information:

- A series of workshops and webinars on Responsible Agricultural Investment (RAI) coordinated by the Mekong Regional Land Governance project (MRLG) between July 2020 and March 2022. These workshops gathered an alliance of government and research stakeholders from around the region, including representatives from government ministries in each country covered and researchers from national organisations, INGOs, country offices of NGOs, and academia.
- A body of primary research carried out by partners of MRLG, including:
  - Research on organic cassava, rubber, and other crops including sugarcane and cashew in Cambodia, conducted by the Centre for Policy Studies (CPS) in 2021, with research support by the Analyzing Development Issues Centre (ADIC).
  - Research on tea and sugarcane production in Laos, conducted by independent researchers in 2021-2022 upon the request of the Investment Promotion Department (IPD) of the Ministry of Planning and Investment (MPI).
  - Research on both sugarcane and rice in Vietnam, produced by the Information Center for Agriculture and Rural Development (AGROINFO), under the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD).

The authors would like to thank all the farmers and organisations involved in the cases discussed here, as well as the researchers who produced the case studies that informed this research, in particular:

- In Cambodia: Jean-Christophe Diepart, the CPS research team (Ngo Sothath, Ngin Chanrith, Chan Sophal, Ngorn Chansovy, Hour Thany and Hem Metta), Il Oeur and the ADIC research team
- In Laos: Thiphavong Boupha, Soytavanh Mienmany and Hilary Smith
- In Vietnam: Nguyễn Anh Phong and the AGROINFO research team.

Authors

Daniel Hayward, Independent Researcher, Bangkok, Thailand
Skylar Lindsay, University of Bristol, United Kingdom

Editors and reviewers: Robert Cole, Naomi Basik Treanor, Antoine Deligne

Proof reading: Antonino Faibene

Infographics design: Eszter Bodnar

Layout and design: Watcharapol Isarangkul Na Ayuthaya

Suggested citation:

Hayward, D. and Lindsay, S. (2025). *Agricultural Investment in the Mekong Region: A comparative analysis to inform the transition to responsible practices*. Thematic Study No.16. Vientiane: Mekong Region Land Governance.

Cover image: A farmer picking tea at a plantation in Xiengkhouang province in Laos. © Bart Verweij

Contents

Large-scale sugarcane plantation in Hoa Binh province in Vietnam. © MRLG/Alla Tykmanova

ACRONYMS AND ABBREVIATIONS

AEC	ASEAN Economic Community
AGROINFO	Information Center for Agriculture and Rural Development (Vietnam)
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATWGARD	ASEAN Technical Working Group on Agricultural Research and Development
CACC	Cambodian Agriculture Cooperative Corporation Plc.
CPS	Centre for Policy Studies (Cambodia)
ELC	Economic Land Concession
FDI	Foreign Direct Investment
FPIC	Free, Prior and Informed Consent
IPD	Investment Promotion Department (Laos)
IPSARD	Institute of Policy and Strategy for Agriculture and Rural Development (Vietnam)
MPI	Ministry of Planning and Investment (Laos)
MRLG	Mekong Region Land Governance project
PDAFF	Provincial Department of Agriculture, Forestry and Fisheries (Cambodia)
RAI	Responsible Agricultural Investment

Natural latex being collected from rubber trees in a plantation. © Chokchai Poomichaiya

EXECUTIVE SUMMARY

This analysis brings together case studies of agricultural investment in the Mekong region to consider factors that contribute to inclusive, equitable and sustainable contract farming, aiming to inform the growing movement towards Responsible Agricultural Investment (RAI). With a focus on Cambodia, Lao PDR and Vietnam,[1] the analysis traces how production arrangements have changed and outlines current policy trends related to contract farming.[2] There are three sections in this study:

Section 1 gives an overview of agricultural investment in the Mekong region since socialist economies began engaging in price liberalisation, privatisation of state-owned enterprises, and broader global engagement at the end of the 1980s. It describes how legislation and policy developed in each country and traces the rise of large agricultural concessions through the 2000s. As governments began questioning the efficiency and productivity of these concessions, interest in contract farming and land lease investments grew. However, there is a dearth of specific policies to govern such investments or to ensure that they are inclusive, equitable, and both socially and environmentally sustainable. Governments are now working to address this: Cambodia is developing a Contract Farming Law, Lao PDR (hereafter Laos) is moving towards developing supportive policies and guidelines including a Decree on contract farming, and Vietnam is incorporating contract farming approaches within its policies on land accumulation and concentration, particularly through a January 2024 revision to its Land Law.

Section 2 presents a comparative framework for analysing agricultural investments, based on key findings from a series of workshops with a regional alliance on RAI, coordinated by the Mekong Region Land Governance project (MRLG). The workshops featured research by local and international organisations and facilitated inter-governmental and evidence-based discussion; this comparative study was requested as part of the dialogue. There are eight components to the comparative framework, as follows:

- ***Factors:***
  - Agricultural investment model
  - Role of governments
  - Role of cooperatives or producer organisations
  - Contract terms
  - Enforceable contracts and dispute resolution
- ***Outcomes:***
  - Land tenure security
  - Environmental impacts
  - Livelihood outcomes

Section 3 presents six cases of ongoing agricultural investments from Cambodia, Laos, and Vietnam. The cases are:

- ***Cambodia:***
  - Rubber projects by Dak Lak Mondulkiri Aphivath and Socfin-KCD companies in Mondulkiri province, initially under a single concession but with centralised contract farming emerging as a response to land conflict (Diepart et al., 2022; Chan et al., 2020)
  - An organic cassava project by Cambodian Agriculture Cooperative Corporation Plc. (CACC), under a multipartite contract farming investment model, together with local agricultural cooperatives in Preah Vihear province (Diepart et al., 2022)
- ***Laos:***
  - The Lao tea sector in three provinces, with investment by both domestic and foreign companies (primarily Chinese), under diverse contract farming arrangements developing over time, from concessions to multipartite and intermediary arrangements with producer groups playing a significant role (Boupha, 2023)
  - Sugarcane production in Savannakhet province with investment from Thai-owned Mitr Lao Sugar Company and the Thai majority-owned Savannakhet Sugar Corporation under several different investment models (Mienmany & Smith, 2024)
- ***Vietnam:***
  - Sugarcane production in Son La province using a centralised contract farming model under Son La Sugar Joint Stock company (AGROINFO, 2020b)
  - Paddy rice production in Soc Trang province using a multipartite model. Research focused on the Hung Loi Agricultural Cooperative (AGROINFO, 2020b)

1 Following the 2021 military coup and given continuing insecurity, this study does not address new field studies from Myanmar.
2 Contract farming is defined here as any production involving advanced purchase agreements between producers and buyers.

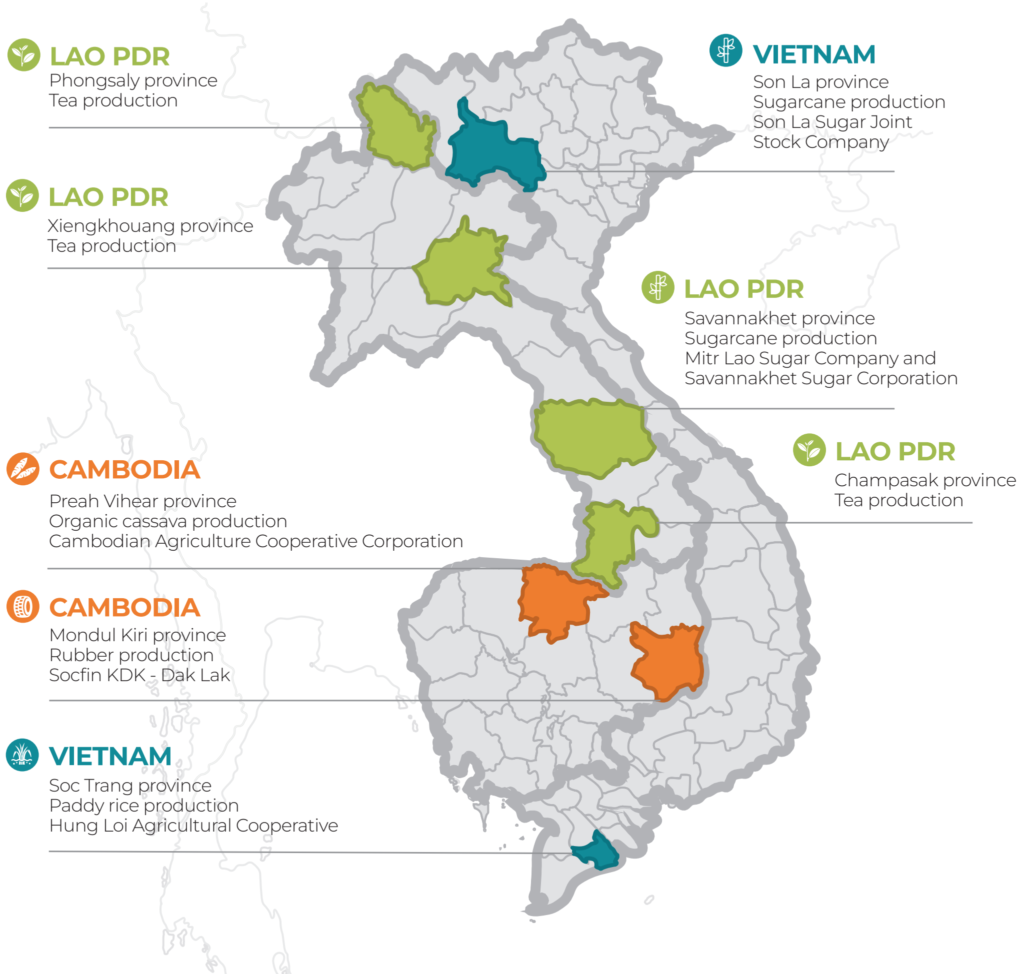


Figure 1: Case study map

This study references five models of contract farming—**informal, intermediary, multipartite, centralised** and **nucleus estate/outgrower**—and two types of non-contract farming—**land concession** and **land lease.**[3] While production arrangements vary and are influenced by crop, country, and investment model, and while there is no single approach that guarantees an ideal outcome for RAI, this analysis offers valuable lessons. The diverse cases illustrate challenges with facilitating clear, equitable, enforceable contracts that benefit all parties, as well as the need for policies to support, among other factors, dispute resolution. Comprehensive legislation and context-driven approaches are needed in all cases, though implementation of such policies places high demands on local governments. It is therefore critical that central governments, donors, and NGOs provide long-term assistance.

Contract farming policy and practice can encourage positive relationships between parties, equitable benefits for all, and contracts with clear responsibilities, roles and enforcement mechanisms. One way to facilitate understanding between investors and farmers is through the use of contract templates. Producer organisations, such as cooperatives, are a key group that can help facilitate RAI in these areas.

In addition, the relationship between farmers' participation in a contract farming arrangement and secure tenure – understood as the holistic recognition of rights, and the ability to exercise those rights to land; this definition goes beyond the simple existence of a title or statutory framework that acknowledges rightsholders – is complex and often tenuous. Tenure security is an enabling condition for farmers to benefit from agricultural investment, and while it is rare that contract farming itself is enough to catalyse tenure security, governments

[3] Appendix 1 provides a further introduction to these models.

may view cash cropping as a more "productive" use of land than swidden farming and therefore less likely to expropriate land. In Laos, current land titling programmes will not apply to categories of land currently used for contract farming, though other land tenure instruments (for example, land use certificates, small-scale leases, and village contracts) are being proposed to expand recognition of customary tenure in forest areas. To improve land tenure security and achieve RAI, there is thus a need for contemporary land tenure instruments that provide more options for rightsholders.

The following synthesised takeaways resonate at a regional level:

Policy:

1. **There is a need for legislation that achieves clarity and consistency and is responsive to local context**, facilitating straightforward processes for all stakeholders. This could include new contract farming laws, revisions to existing investment and agricultural policy, or specialised legislation governing certain crops, areas, or investment models. Importantly, laws and policies should be disseminated in a way that reaches, and is accessible to, farmers themselves.
2. **Policy incentives for contract farming should support efforts to promote secure land tenure,** through recognition of customary tenure for smallholders and communities who steward agrarian land, formalisation (titling), and/or other contemporary land tenure instruments that provide a wider 'bundle of rights,' for rightsholders across land and land use types. Proponents of contract farming should support other reform efforts aiming to recognizing customary tenure rights.
3. **Policies must be grounded in the voices, needs, and knowledge of women, reflecting their roles as decision-makers** on contract farming arrangements, both separate from and together with their husbands. Policies must promote gender equity, including through formalised steps throughout investor-farmer relationships. This includes the co-signing of contracts, as this gives couples equal legal standing in the event of disputes.

Contracts:

1. **Contracts should contain clear and fair roles and responsibilities** for all parties. Farmers should be able to easily understand their rights and obligations, both when deciding whether to sign a contract and afterwards. This can establish positive lines of communication and the foundation for mutual trust and respect between farmer and investor.
2. **Contracts should be enforceable**, laying out processes for monitoring that are satisfactory for both farmers and investors. Contracts must stipulate consequences for violations and processes for dispute resolution, ideally via a **low-cost independent dispute mechanism**.
3. **Contracts should stipulate clear and fair pricing, payment terms, and value creation/addition**, including payment structures and schedules. They must **equitably distribute risks and benefits,** such as through minimum purchase commitments and checks to ensure value and benefits are more fairly accrued throughout the supply chain.

Farmer supports:

1. **Local authorities should promote and support an effective, transparent and inclusive contract negotiation process**, as the basis for positive communication and mutual trust between farmer and investor.
2. **Farmers need materials, technical expertise, and financing to succeed in a new enterprise.** Investors, local government, cooperatives, and NGOs can all contribute support, and it must be clear who will provide each type of support. The provision of credit must be handled with care to minimise risk of unmanageable or exploitative debt.
3. **Producer groups such as cooperatives play a key role as intermediaries between individual farmers and companies**, helping to establish production arrangements and provide support services and training. There is a need for policies and, more broadly, good governance structures, that provide resources and capacity building for such groups, to aid them in supporting responsible contract farming, and to ensure they are able to function and thrive in the long-term.

Cassava harvest in Hoa Binh Province in Vietnam. © MRLG/Leonard Reyes

1. INTRODUCTION: PROTECTING SMALLHOLDERS IN MEKONG AGRICULTURE

This study traces recent and current patterns of agricultural investment across the Mekong region, analysing models, outcomes, key factors, and implications for future policy and practice. Patterns in each country reflect their political and economic trajectories: while Thailand eyed export markets for agriculture in the 1960s, the economies of Myanmar, Laos, Cambodia, and Vietnam remained under forms of socialist governance, only exploring price liberalisation, privatisation of state-owned enterprises, and opening up to markets in the Global North in the late 1980s and 1990s. Agricultural investment models also vary, from smallholders linking to agribusinesses, for example through contract farming, to large-scale land concessions controlled by companies.

New policy priorities are emerging for agricultural investment. The restructuring of the global food system, particularly since the 2008 financial crisis, has consolidated more agrarian land in the hands of fewer, more powerful stakeholders through concession models, driving new forms of investment purporting to raise revenues, support rural development, and mitigate food insecurity. Not only have these objectives rarely been achieved, but the increasing pressure on the world's land has also exacerbated a "global land squeeze" (Searchinger et al., 2023) with adverse impacts on forest, biodiversity and climate. Land use, including agriculture and forestry, is responsible for over one-fifth of global GHG emissions (IPCC, 2023).

In the Mekong, large-scale land concessions have fallen short of achieving economic development goals (MRLG, 2017), opening a window for models that can create a more equitable balance of benefits and risks between investors and farmers. Most agricultural producers in the region are smallholders, many of them living under precarious tenure regimes. Despite shifts towards industrialisation and urbanisation over the past 50 years, there remains a significant population of smallholders in each Mekong country who depend on their land for their livelihoods (Thompson et al., 2019). As a result, many actors are calling for agricultural investments to follow inclusive models that prioritise the needs of all parties equally. This momentum is part of the growing movement for RAI, which combines inclusivity, equity, and both social and environmental sustainability (see ATWGARD, 2018; CFS, 2014). This study aims to complement a top-down vision of responsible investment by synthesising evidence from the ground.

1.1 A BRIEF HISTORY OF AGRICULTURAL INVESTMENT PROMOTION AND MODELS IN THE MEKONG

This analysis requires an understanding of how the region's farmers arrived at this moment, including the policy and investment trends that have shaped agricultural production since the early 2000s. It thus begins by tracing the rise of large-scale land investments, the emergence of contract farming in parallel, and the recent shift in interest among policymakers from the former (concessions) to the latter (contract farming).

Commercial farming in the Mekong region can be traced to pre-colonial times, when production in fertile rice-growing lowland plains expanded to serve centralised bureaucracies as they concentrated political control and traded agricultural goods (Hirsch & Scurrah, 2015b). Colonisation and imperial economies further changed the nature of commercial farming, pushing spheres of economic and political power into upland areas and reshaping agroecologies – the interplay between ecological processes and agricultural production – and market relationships in the process. This dynamic continues to evolve today in many mountainous and border areas.

Recent approaches to agricultural investment began following socio-economic and political reforms: Laos' New Economic Mechanism of 1986, Vietnam's Đổi Mới reforms also beginning in 1986, and the transition to a democratic state in Cambodia with the Paris Peace agreements in 1991 and elections in 1993. These reforms all involved switches to outward-looking market economies and free trade, yet each country remained under the control of authoritarian powers. Reforms also began with a move away from collectivised land systems, the reintroduction of private property rights, and the reform of financial systems, and have continued to progressively develop more open environments for agricultural investment. Although this study is not an in-depth policy analysis, Appendix 2 presents select laws and policies from each country in the region as a reference. The sub-sections that follow provide details on the trends and policies in Cambodia, Laos, and Vietnam, as well as contract farming in Thailand as a point of comparison.

1.2 LARGE-SCALE LAND INVESTMENTS: THE UPS AND DOWNS OF THE CONCESSION MODEL

The 2000s saw a notable trend of increasing land concessions in Cambodia, Laos, Vietnam and Myanmar (with both domestic and foreign investors), though this plateaued in the 2010s (see Figure 2). Economic reforms provided incentives for large-scale agricultural investments, with their roots in postwar industrialisation and neoliberal policy. A further incentive emerged with the 2007-08 food price spikes and subsequent rise in the price of key agricultural commodities, driven both by land scarcity and financial speculation, which consequently upped the value of cultivable land (Ingalls et al., 2018). There was a parallel smallholder movement towards industrial crops in response to the development of cross-border trade in areas where subsistence farming had previously persisted.

These factors facilitated a continuing pattern of boom crop farming. As demand for animal feed increased in China and Thailand, cross-border trade catalysed an uptick in maize farming across the region (Cole & Soukhathammavong, 2021), while volatile rubber prices drove expansion of both smallholder and large-scale cultivation at the expense of primary forests and other natural ecosystems (Diepart et al., 2023, Vongvisouk & Dwyer, 2017; see Box 1). In both Myanmar and Laos, Chinese demand drove a boom in banana plantations, often with dramatic social and environmental impacts (Hayward et al., 2020). In Cambodia, investors and farmers capitalised on sugarcane production after the Everything But Arms (EBA) trade agreement with the European Union opened up access to markets. Most recently, smallholders have increased cultivation of cassava in Cambodia (Ngo & Ngin, 2022) and Laos, where it was acknowledged as the largest driver of forest loss in 2023. The trade in each commodity is also sustained by their nature as 'flex crops': rubber, sugarcane, cassava, maize, and oil palm all have multiple uses as human or animal food, biofuel, or ingredients in industrial products.

Latex from rubber trees being treated with diluting solution prior to collection. © MRLG/Leonard Reyes

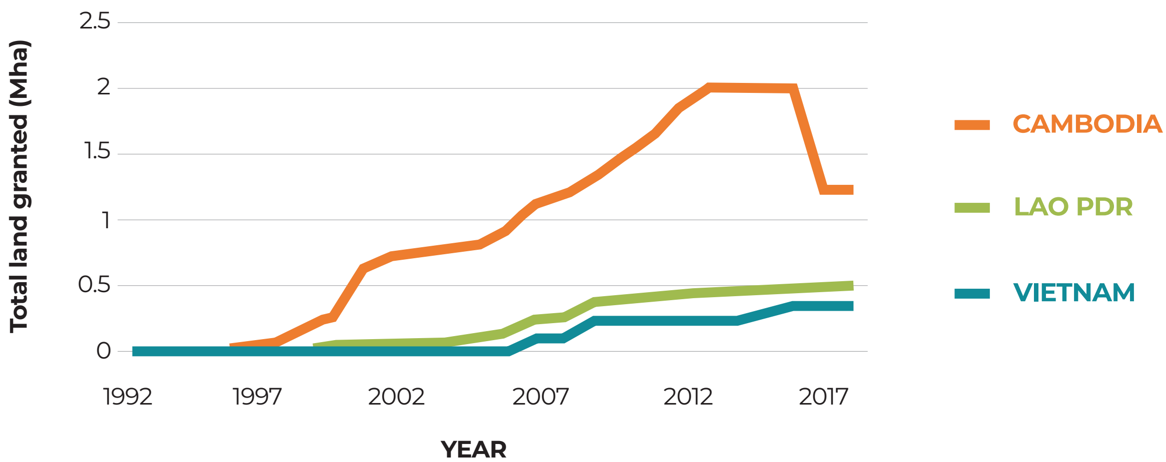


Figure 2: Evolution in the area under agricultural and tree-crop concessions in Cambodia, Laos and Vietnam (1992-2017; data follows Ingalls et al., 2018, p. 31).

BOX 1: THE EXPANSION OF RUBBER IN LAOS

Across much of the Mekong region, rubber was the focus of large-scale agricultural land acquisitions in the 2000s, driven by high prices mid-decade. In Laos, distinct rubber production arrangements took shape in the country's north and south. In the north, many smallholders engaged in contract farming, often informally. In the south, local authorities brokered deals with rubber companies, leading to many large-scale concessions involving Vietnamese investors. Across the country, rubber expansion led to the destruction of forests.

The rubber boom in Laos came to an end in the mid-2010s, when average annual purchase prices per kilo of Dry Rubber Content (DRC) dropped from CNY 14/kg in 2011 to a low of CNY 3.5/kg in 2014. The impact on smallholder livelihoods, especially in the north of the country, prompted government responses to encourage smallholders to persevere despite market conditions, including establishing committees to manage rubber sales and offer slightly higher prices than those set by rubber-purchasing companies. However, these initiatives were constrained by limited leverage over companies' pricing policies and the dominant influence of Chinese markets on land use decisions. In the north, Chinese companies played a role in dictating prices significantly below those received by Chinese growers.

Lao farmers adopted diverse strategies in response to falling prices. Large producers could refrain from tapping on their own holdings until prices improved. Where plantations operated through sharecropping models, production also stopped because it was economically unviable. Smallholders, however, often continued to tap their trees as they relied on unpaid household labour and could not afford to stop despite very low market prices. In some cases, smallholders engaged in collective actions to negotiate higher prices. Lastly, investors and smallholders both sold off land to buyers who could then switch to more profitable crops like bananas. These impacts on smallholder livelihoods and land use are common patterns in many cases of crop booms (Vongvisouk & Dwyer, 2017).

Investors in these crops sought access to cheap land and labour, with China becoming the primary source of Foreign Direct Investment (FDI) in agricultural land in Cambodia, Laos and Myanmar; Thailand, Vietnam and higher-income Asian nations becoming secondary investors (MRLG, 2017). Geographically, foreign investment sometimes clustered around shared border areas, such as Thai sugarcane projects in southwest Cambodia, Vietnamese rubber projects in northeast Cambodia, and Chinese rubber projects in northern Laos, though these geographic clusters are just one investment trend.

Domestic financing also drove concessions, both through sole investments and in joint ventures with foreign partners, as is required to invest as a foreigner in some countries. In Vietnam, concessions focused on new rubber plantations in the northwest run by domestic state enterprises and private investors (Hirsch et al., 2016). Foreign capital helped develop these industrial agricultural value chains, shifting away from land-based primary commodity production.

Throughout the 2000s, the following assumptions became engrained in prevailing narratives around land-based investment:

- FDI is essential for economic development
- Large-scale agriculture is more efficient and productive than small-scale farming
- Privatising land facilitates investments and therefore increases production and efficiency
- Subsistence farming and swidden agricultural practices are outmoded and environmentally destructive
- The developing "modern economy" will absorb the agrarian workforce liberated by modernisation

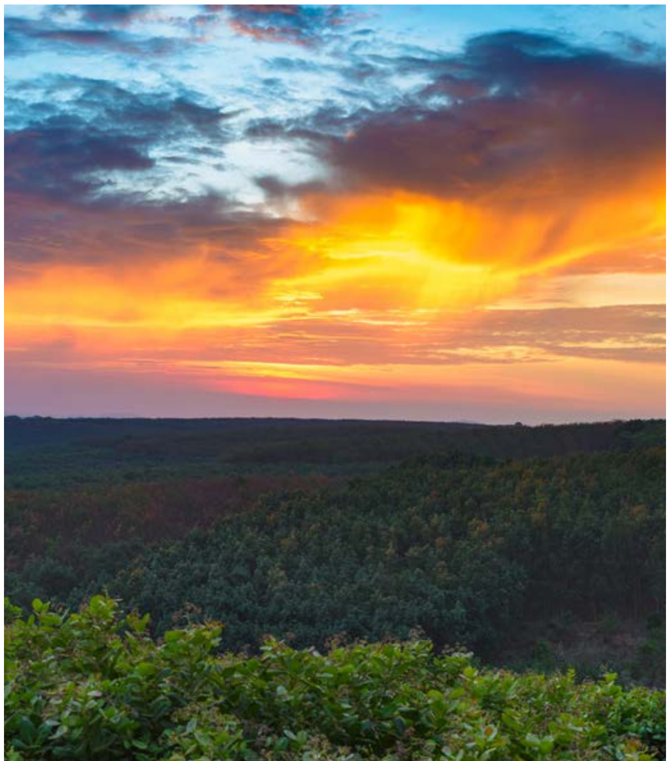
(Diepart and Castellanet, 2022)

Country policies and experiences of concessions

In **Cambodia**, the 2001 Land Law set out the new land categories of "state-public land, state-private land, private-individual land and indigenous/communal land", with the category of state-private land becoming the basis for Economic Land Concessions (ELCs). This law itself is a rework of the 1992 Land Law, which opened the possibility for private land ownership and the concession model. Together with the 2002 Law on Forestry (governing commercial forests) the Land Law gave powers to both the Ministry of Environment (MoE) and the Ministry of Agriculture, Forestry and Fisheries (MAFF) to grant land concessions. However, in 2016, Sub-decree No. 69 (which governs protected areas and ELCs) transferred management of all active ELCs to MAFF. The rules for the establishment of concessions were specified in the 2005 Sub-decree No. 146 on ELCs.

Land use for ELCs spread rapidly in Cambodia, peaking at two million hectares in 2013. However, by 2012 policymakers were concerned that only 20% of land granted for ELCs was being developed for industrial farming, and that agriculture was contributing a mere 3% of total exports (Grimsditch, 2016). In 2012, a moratorium on new concessions was enacted through Order 01 (on Measures Strengthening and Increasing Effectiveness of the Economic Land Concessions Management). A subsequent government evaluation of 257 existing ELCs led to the downsizing of 96 concessions and the revocation of 31 concessions; the length of concessions was reduced from 70 to 50 years (Ingalls et al., 2018). Subsequent reforms brought all concessions under the management of MAFF and aimed to establish a more transparent framework to encourage foreign investment (see 2017 and 2021 revisions to the Law on Investment Promotion and the 2019 implementation instruction in Appendix 2). As of 2018, 227 ELCs and 28 rubber plantations privatised from former state farms totalled 1,401,551 hectares, accounting for 7.7% of Cambodia's land area (Hayward & Diepart, 2021). In terms of investment, 57% of concessions involved FDI, a lower proportion than that of Laos (Ingalls et al., 2018).

The granting of ELCs was intended to drive agro-industrial growth by injecting capital that was otherwise absent, as well as developing "under-utilised" land, boosting employment, and generating state revenue. However, ELCs have fallen short of these goals: they often encroached smallholdings, leading to conflicts over land or other resources and directly harming farmers' livelihoods.

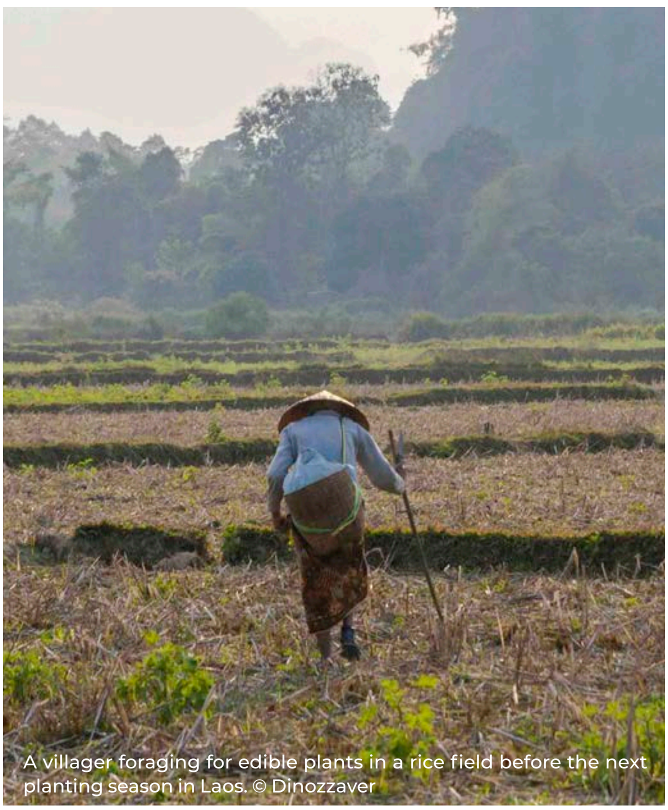

Rubber and cashew trees in an industrial plantation in Ratanakiri province, Cambodia. © MRLG/Sangwan Sapma

ELCs also were used as a tool for timber harvesting in natural forests; while this was technically illegal, it has been estimated that 'conversion timber' for ELCs accounted for up to 90% of Cambodia's timber supply (Forest Trends, 2021). Recognition that ELCs were sometimes failing to deliver the intended results prompted the 2012 moratorium under Order 01.

In **Laos**, the 1992 Land Decree provided for leases and concessions, while the 1994 Foreign Investment Law established a legal basis for leases, specifically for agriculture and forestry. The 2004 Foreign and Domestic Investment Promotion Laws subsequently named concessions and leases, followed by instruments to regulate them. The 2003 Land Law, 2007 Forestry Law and 2009 Law on Investment Promotion laid out the means to establish land concessions on degraded or barren state land, involving multiple authorities depending on the size of the concession. Since 2006 the government has adopted a 'turning land into capital' approach, promoting private investments in large concessions (which by definition can only exist on state land) for cultivation of export-oriented crops such as rubber and sugarcane. Though this exact wording was never written into law, the 2007 Resolution of the Land Meeting No. 6/PMO specifically uses this term, and the approach became a justification for concessions and other land investments (Kenney-Lazar et al., 2018).

The system of land deals in Laos has been somewhat chaotic, with provincial and district officials directly arranging deals without conforming to national policy (Hirsch & Scurrah, 2015a). Two moratoria were announced: the first in 2007, which applied to concessions for all crops in areas greater than 100 hectares, and the second in 2012, which allowed for the evaluation of existing projects but applied only to some tree crops and not to agriculture. In between, however, the 2009 Decree on Concessions and Leases effectively allowed investment to continue, lifting the 2007 moratorium (Lu & Smith, 2023). This limited further increases in foreign investment during the 2010s, although domestic commercial investment continued to rise. Unlike in Cambodia, the moratoria did not lead to significant reductions in existing concessions. The 2012 moratorium was reviewed in 2018 and lifted for some tree plantation crops, but not rubber. In 2019, a revised Land Law maintained leases and concession as the same instrument for acquiring rights to large-scale land acquisition.

An updated inventory of land deals in Laos (Hett et al., 2020) finds, as of 2016-2017, 449 agricultural deals with a known granted area of 238,603 ha and 328 tree plantations with a known granted area of 354,754 ha. Of 361 agricultural deals analysed in this report, 339 deals were concessions and 22 were leases. However, as in Cambodia, only a minority (81,412 out of 223,617 granted ha) were developed. The pattern for tree plantations is similar, though a higher proportion of granted area has been developed (225,659 out of 339,762 ha). Seventy-one percent of concessions, a high proportion than in Cambodia, involve FDI (Ingalls et al., 2018).


A villager foraging for edible plants in a rice field before the next planting season in Laos. © Dinozzaver

After **Vietnam's** independence in 1945, land in much of North Vietnam was redistributed from landlords to peasants and later allocated to farming collectives. After reunification in 1975, the state extended the socialist land tenure system to the south, where more limited reforms had already been attempted. Subsequently, the 1993 Land Law further decentralised ownership of land rights to the household level (To et al., 2019). Vietnam then moved to facilitate private sector land use in revisions to its Land Law in 1999 and 2004, but the priority was to convert land for urban-industrial needs rather than agricultural ventures. The 2013 revision to the Land Law however did promote larger-scale land use. It extended household land leases but also increased quota limits for agricultural land by up to ten-fold. In 2016, the Twelfth Party Congress issued a formal statement calling for the restructuring of the agricultural sector to support large-scale high-tech commodity production. Supporting policies have focused on agricultural investment, for example to encourage enterprises to invest in agriculture and rural areas (Decrees No. 210/2013/ND-CP and 57/2018/ND-CP), to develop credit policies (Decree No. 55/2015/ND-CP) and to encourage public-private partnership (Decrees No.15/2015/ND-CP and No. 63/2018/ND-CP). The 2014 Investment and Enterprise Laws (revised in 2020) have also supported increased foreign investment in the country. Yet there are only seven agri-business concessions recorded, with large areas of land and forest accessed for use by state-owned enterprises (MRLG, 2017; personal communication, 2024). For a foreign investor, the principle means of accessing large areas of land is by leasing state-controlled land or renting directly from smallholder farmers. However, the latter can prove a cumbersome venture as Vietnam has the lowest average agricultural landholding size in the region, with 35% of smallholders having less than 0.2 ha and 34% having 0.2 to 0.5 ha (Ingalls et al., 2018). These trends have sparked a debate over land concentration, with some concerned about government support for "new landlords" (To et al., 2019). The revised Land Law (2024) and its Implementing Decrees, bolsters the rights of citizens to participate in the land policy process and contain provisions in the event of expropriation, compensation, or resettlement (MRLG, 2024).

1.3 THE INCREASE IN CONTRACT FARMING

During the last decade, there has been partial movement away from concessions in the Mekong region, particularly in Cambodia and Laos, with governments looking to promote other agricultural investment models.[4] As above, this is chiefly because large-scale concessions have not delivered the economic growth and productivity promised; governments have seen that such large-scale models are often inefficient, may not bring sustainable local development and are more environmentally destructive than smallholder farming. Yet despite concerns over large-scale concessions, governments in the region continue to see agricultural investment as a key driver of development, particularly as large companies look beyond domestic production to source commodities and the regional agri-food industry becomes increasingly integrated.

One alternative model that governments have tested is that of state-held land leases. In Vietnam, for instance, these are now key in providing land access to investors. Another model that has drawn much interest in the region is contract farming, defined by the FAO as "an agricultural production system carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products" (FAO, 2012). In principle, land leases and contract farming can better spread the risks and benefits of production between buyers, producers, investors, and people living near investments. There are substantive questions, however, over how regulations can ensure contract farming and land leases are implemented responsibly and equitably. Each country is undertaking its own approach to contract farming, as outlined below.

Though not a focus of this study, Thailand has long promoted contract farming, including through subsidised financing for farmers who contract with large corporations. In the early 2010s, it became clear that the system needed to incorporate safeguards for farmers, especially following scandals in which companies failed to pay them. The Contract Farming Act in Thailand provides a good example of legislation aiming to promote such safeguards and its review in 2022 provides important lessons (see Box 2), though the Act has not fully remedied inequalities experienced by farmers (Marks et al., 2024).

As for the specifics of contract farming arrangements, contracts may be formal, written and signed by all parties, or may simply consist of an informal verbal agreement that is maintained by trust and the promise of mutual economic benefit rather than legal ties. A contract may encompass provision of inputs, services, and collection of farming output, or only include some of these components. Contracts may contain features such as advanced credit, a set buying price, or a schedule for collection and payment (Cole & Soukhathammavong, 2021). In multipartite investment arrangements (see Appendix 1), contracts involve other actors beyond producers and buyers, such as financial institutions or government agencies supplying services; heads or representatives of local communities or farmer organisations may also negotiate on behalf of producers, and contracts may involve groups of farmers, rather than individuals. Contracts may not link buyers and producers directly, instead involving intermediaries.[5]

Contract farming setups appeal to many stakeholders in principle. For state agencies, contract farming offers a pathway to involve smallholders in agricultural investments as producers as well as providers of land; the model also has the potential to support livelihoods without controversial large-scale land acquisitions, appealing to farmers themselves if the benefits are seen as sufficient.

Despite attempts to mitigate the financial burden of production, there remain risks to any venture:

- Commodity ventures are susceptible to price crashes that can impact both investor and farmer
- Both parties take on significant financial risk. Companies may go bankrupt for other reasons and fail to honour payments to the farmers; farmers may also declare bankruptcy, experience indebtedness, or otherwise find themselves unable to meet their financial obligations
- Agriculture production can be affected by climate change and other force majeure events such as fire, pests, diseases, and/or extreme weather
- Agriculture itself can exacerbate extreme weather and climate events via deforestation and unsustainable land use

4 A brief introduction on agricultural investment models is provided in Appendix 1. A more detailed overview can be found in Diepart et al., 2022).

5 For a useful study of contract farming in Laos that breaks down the different arrangements for specific crops, see Cole & Soukhathammavong, 2021.

Farmers transporting newly harvested cassava in Cambodia. © Dinozzaver

- Failure to respect contractual requirements or other problems may generate disputes between the parties
- Intensive land use, involving chemical fertilisers and pesticides, can cause health hazards and environmental degradation, affecting surrounding biodiversity, quality of air, and water sources.

Country policies and experiences in contract farming

Vietnam adopted a state-managed contract farming system during the 1980s, linking smallholders with inputs and extension services in order to address a rice shortage and promote overall production; this system was both borne out of and replaced Vietnam's period of collectivised agriculture following reunification in 1976 (Cole & Ingalls, 2020). Longer-term land leaseholds established after the Đổi Mới reforms afforded farmers the means to engage with both private and public actors, and there has been policy support for contract farming in Vietnam since 2002. In 2013, the government issued the "Small farmers, large fields" (*cánh đồng mẫu lớn*) policy directive to facilitate contracts between organised groups of farmers, their extended production networks and agribusiness—these arrangements are known nationally as "production linkages" (*liên kết sản xuất*) (see Ba et al., 2019). The latest guiding policy is Decree 98/2018/ND-CP from 2018, which emphasises cooperatives in agribusiness ventures.

In Vietnam, the major concern of policymakers is that the continued fragmentation of agricultural land presents a major concern for productivity. Since the 2013 revision of the Land Law, policy agendas have promoted land accumulation and concentration in pursuit of economies of scale that could improve efficiency and productivity, though some have questioned the assumptions behind this approach (Cole et al., 2022), and specifically the lack of evidence that large-scale farming is more efficient and more productive than smallholder production.

Farmers in Boa Binh province in Vietnam use a threshing machine to separate rice from the chaff. © MRLG/Leonard Reyes

A newly revised Land Law was approved in January 2024 and went into effect in August. Supporting policies to guide its implementation under development. Specifically, the Land Law allows the expansion of "the limit for retrieving transfer of agricultural land use rights for individuals to no more than 15 times the limit for individual agricultural land allocation for each type of land" (Article 177). The regulations on concentration and accumulation also create conditions for farmers to enlarge the scale of agricultural production. Implementing decrees are in process.

In **Laos**, current models of contract farming began emerging in the mid-2000s under what is often referred to as a "2+3" approach: farmers use their land and labour (the "2") to produce crops for an investor who, in theory, supplies inputs, agricultural extension services and a guaranteed market (the "3"). There were no policy instruments that explicitly governed such arrangements and production models varied significantly by crop and location.[6] Starting in 2016, with a review of existing laws by the National Agriculture and Forestry Research Institute (NAFRI), Laos has built momentum for specific policies governing contract farming in order to promote compliance and protect the rights of farmers and investors. In 2021 the Investment Promotion Department (IPD) of the Ministry of Planning and Investment (MPI) produced a contract farming 'road map,' and a new Decree on contract farming was developed by the Department of Agricultural Extension and Cooperatives (DAEC) of the Ministry of Agriculture and Forestry (MAF) in mid-2024. As of this writing, the Government is set to approve the Decree in January 2025. The MPI is also revising a 2019 policy (Instruction 0457 on Investment Approval and Land Management Mechanisms for Leasing or Concessions to Cultivate Crops) to clarify regulations and governance frameworks following the 2024 revision of the 2016 Law on Investment Promotion. The 2018 Civil Code, replacing the 2008 Law on Contracts and Torts, will be an important legal basis for the aforementioned legislation, as it is significantly more detailed on contracts as well as some provisions with respect to agriculture. However, as the Agricultural Law dates back to 1998, there is a need for a revised Law that is harmonised with Land, Forest, and Investment Promotion Laws.


A farmer in Laos prepares a field for planting vegetables. © MRLG/ Leonard Reyes

In **Cambodia**, contract farming had been common, but disappeared during the civil war (1967-75) (Diepart et al., 2022). In the 1990s, contract farming re-emerged for tobacco production with the British American Tobacco company. Contract farming gained momentum at the beginning of the 2010s in response to government policy incentivising the export of milled rice. A 2011 Sub-decree on contract farming has been the guiding regulation governing contract farming practices. There were only 20 formal contract farming arrangements in 2013, but this number recently surged to 498 in 2019 and then to 936 in 2021. This surge has also shown a diversification in the crops cultivated.

Policymakers face the challenge of facilitating contract farming in Cambodia within an agrarian landscape of rising land inequality, fragmented titling, accumulation of land by elites, active concessions, and protected areas. Though there has been no legally binding legislation to clarify contract farming governance, in 2018 the Department of Agro-Industry (DAI) and the Supreme National Economic Council, with funding from the *Agence Française de Development* (AFD), published a practical manual to support the implementation of contract farming which contains information on contracts, procedures, monitoring and evaluation, including application forms from relevant government departments and a contract template. As of 2024, Cambodia has drafted a Contract Farming Law yet the overall objectives for the Law is unclear and the drafting process has occurred with little stakeholder engagement. The Centre for Policy Studies (CPS) has conducted research looking into smallholder-investor relations across different investment models and crops, and how these dynamics relate to land tenure, to inform the draft Law.

[6] Across much of northern Laos, the so-called "1+4" model emerged in the rubber sector during the mid-2000s due to low farmer interest in "2+3." This is a much more concession-like approach, in which investors rent land from farmers but manage all other aspects of production involving wage labor and large-scale, company-managed planting operations created through coercive zoning (Dwyer, 2017, p. 21).

BOX 2: THE 2017 CONTRACT FARMING PROMOTION AND DEVELOPMENT ACT OF THAILAND

Thailand's agricultural sector has expanded since the 1960s by increasing exports of primary and processed agricultural products. Smallholders have played a significant role in this transition, supported by a long-standing system of land ownership rights, including private property rights, which has facilitated farmers' integration into commodity value chains. Contract farming is prominent, with individual farmers or cooperatives connected to large agribusinesses (often through intermediaries) and farmers receiving technical and financial support from the state (Hayward et al., 2021). In 2017, the Contract Farming Promotion and Development Act was passed, becoming the first law of its kind in the Mekong region. The act stemmed from pressure by farmers, civil society and research organisations calling for policy to address:

- Indebtedness and low incomes of farmers
- Opaque pricing for inputs and commodity products
- A production system in which farmers bear all the risk
- Low bargaining power of farmers in contracts
- Lack of an independent dispute mechanism for contract farming
- Health and environmental impacts of farming

The proposed bill was watered down however, following a 400-million-baht (US$13 million) lobbying campaign by agribusiness, and the final Act focuses on how investors establish contracts with farmers rather than protecting farmers' rights. The Act established the following:

- A Contract Farming Promotion and Development Commission to promote, propose and revise policy on contract farming
- A dispute mechanism administered via provincial conciliation committees, with the provincial governor as chair of each committee
- Requirements that companies complete registration and provide corporate information to farmers
- Specifications for contracts and means for contract registration
- Penalties should the law be broken (for example, by not giving a copy of a contract to farmers or inappropriately terminating a contract)

The Act has succeeded in:

- Allowing for increased transparency through a database of companies and contracts
- Registering contracts, including a government signatory and giving copies to farmers
- Helping navigate some disputes, with farmers getting compensation or debt forgiveness
- Instigating some training and knowledge dissemination
- However, there remain some significant concerns:
- The law only protects groups of at least 10 farmers
- The law does not cover farmers who apply for an existing tax reduction scheme that requires they register as juristic or legal persons (as opposed to natural persons, who are covered by the Act)
- Many farmers still do not receive contracts, lack bargaining power, and receive low prices. They still report late deliveries of inputs, late collection of produce, and late payments
- Awareness of the act is low, with only 1 in 30 poultry farmers for example reporting they had heard of it
- Farmers remain fearful about reporting company violations of the act, citing potential impacts of reprisal on their livelihoods
- The system still lacks independent quality control, both of products and of inputs provided to farmers
- The law does little to curtail corporate monopolies and lacks an insurance mechanism to protect farmers against unforeseen disasters, meaning farmers continue to bear nearly all the risk

For more information on the Contract Farming Promotion and Development Act, see Marks (2022)

1.4. THE PROMOTION OF RESPONSIBLE AGRICULTURAL INVESTMENT AT ASEAN LEVEL

At the regional level, ASEAN adopted the 10-point voluntary Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry (ASEAN-RAI) in October 2018.[7] The Guidelines are not a singular product, but instead present a structure for all parties to implement multiple international standards across ASEAN. Grounded in experiences and best practices from the region, they draw on the Committee on World Food Security's Principles for Responsible Investment in Agriculture and Food Systems (CFS-RAI) and the committee's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Forests and Fisheries (VGGT).

ASEAN-RAI calls on all parties to respect land tenure rights, including local customary systems, and to apply the principles of Free, Prior and Informed Consent (FPIC) for communities from the time investors (or governments) begin expressing interest in projects on their land. Concerning environmental impacts, the Guidelines call for inter-ministerial coordination to plan against and monitor risks to air, land, and water resources.

Overall, ASEAN-RAI calls on actors to "level the playing field between investors and affected communities, mitigate potential conflicts, and facilitate monitoring of investment projects and their compliance with contractual and community agreements" (ATWGARD, 2018, p. 20).

Yet there has been minimal progress in national implementation of the Guidelines, in part due to their voluntary nature and recent compilation. As governments express interest in inclusive agribusiness models, the Guidelines offer a framework to guide legislation and implementation. An ongoing assessment of national legislation, with support from the International Institute for Sustainable Development (IISD), aims to support national efforts to develop policies in alignment with ASEAN-RAI. The ongoing movement away from large-scale concessions and towards contract farming policies in each country, outlined above, thus constitute an important momentum towards establishing regional norms on RAI.

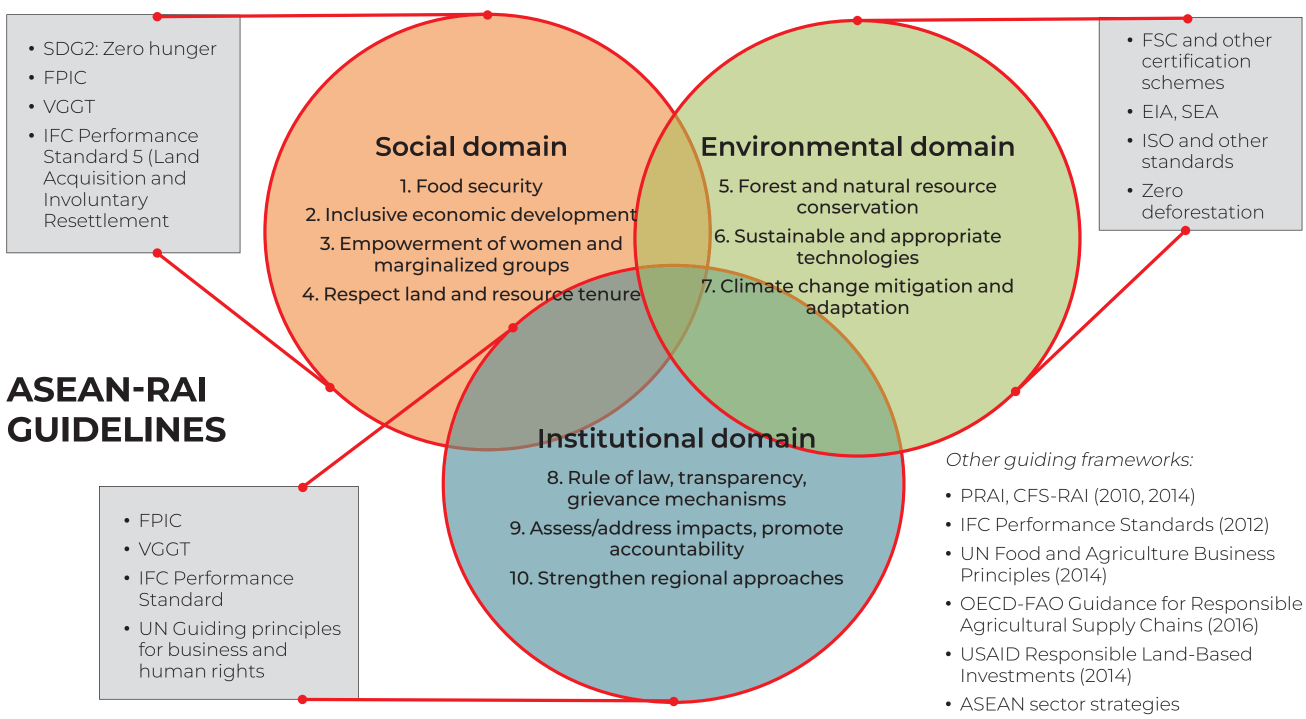


Figure 3: Governance domains of the ASEAN-RAI guidelines and interlinked policies and standards (Cole, 2022)

[7] The guidelines were compiled in a multistakeholder process with technical support from Grow Asia, IISD and FAO; for further information see: https://www.aseanraiguidelines.org/ with technical support from Grow Asia, IISD and FAO.

2. CASE STUDIES

2.1 COMPARATIVE FRAMEWORK

This section presents a framework for comparing experiences of agricultural investment from across the Mekong region and drawing out lessons learned and recommendations for promoting RAI. This framework is then used in the following section (3. Comparative Analysis) to analyse primary research findings. Here, *factors* can be defined broadly as describing five components or characteristics of contract farming – what they do, how they take on various arrangements – and outcomes can be understood as results that stem indirectly or directly from these factors.

The first component of the comparative framework considers **agricultural investment models**, identifying patterns by both country and crop. The second component addresses the **role of national governments,** exploring whether and how policies have facilitated investments, including the role of incentives. The third component describes the **role of cooperatives** in establishing production arrangements, mediation, and providing producers with services. The fourth component addresses the issues involved in **contract enforceability**, including the need for fair negotiations, and prospects for dispute resolution, even in the absence of explicit dispute resolution mechanisms. This component also calls attention to FPIC (or the lack thereof). The fifth component of the framework then focuses on **contract terms** and highlights the need for clear roles and responsibilities, including investor commitments to provide support to producers.

The framework then considers three outcomes: it examines **land tenure**, exploring both how the local context shapes projects and how investments impact land tenure. The cases highlight how when local communities have secure tenure, it can benefit both investors and the farmers they work with. The framework also analyses **environmental impacts**, including the potential for remediation and mitigation of future impacts through policy. Finally, it considers the benefits or negative impacts for **farmers' livelihoods.**

Table 1: A framework for comparing agricultural investments

Component	Sub-component
Factors	
Agricultural investment models	• Production arrangement • Role of investor • Reasons for employing that particular model
Role of governments	• Facilitating investment environment and specific projects • Guiding implementation, including mediation • Policies governing investments, especially given the lack of clear contract farming policy
Cooperatives	• The role of agricultural cooperatives or other farmer organisations
Enforceable contracts and dispute resolution	• Ensuring transparent contract negotiations • Equitable growth and investment viability • Examples of inclusive growth (or its absence) • Practices of FPIC in investor-community interactions • Dispute resolution
Contract terms	• Clarity of contracts, including rights and responsibilities • Farmer access to financing, training, inputs and other extension services or support • Pricing and purchasing terms
Outcomes	
Land tenure security	• Security of tenure for smallholders (recognition of rights, and the ability to exercise those rights, to land) • Impact of land tenure security on projects • Impact of projects on land tenure security
Environmental impacts	• Role of environmental responsibility in shaping both projects and policy directions • Successes and areas for improvement
Livelihood outcomes	• Benefits and impacts for farmers • Key factors influencing outcomes

2.2 INTRODUCTION TO THE CASES

The cases detailed in this study are from Cambodia, Laos, and Vietnam. Analysis of these cases aims to identify trends in contract farming and potential paths to bring equitable, inclusive benefits for both investors and producers. The cases are not necessarily representative of the investment model, crop, or country, but they do highlight important features of contract farming schemes that can inform policy agendas. The cases offer takeaways about how particular factors (such as **agribusiness models, the role of the state, relations between actors, contracts** and **land tenure**) have led to particular outcomes (in terms of **tenure, farmer livelihoods** and **environmental impacts**).

Case 1: Rubber investment in Mondulkiri province, Cambodia

This case demonstrates how land conflicts can delay and disrupt agricultural investments, how various types of mediation (discussions between companies and farmers and/or independently-supported mediation) can offer a path forward and how contract farming has been promoted as a solution to such conflicts. As part of an in-depth project on contract farming, the Centre for Policy Studies (CPS) undertook a quantitative survey of rubber farming households (34-65 per investment) in January 2021. Researchers from the Analysing Development Issues Centre (ADIC) then conducted a qualitative survey and focus group discussions with those same farmers to collect further information.

The analysis and subsequent discussion below is informed by two publications from MRLG and CPS (Diepart et al., 2022; Ngo & Ngin, 2022) and focuses on investments by two companies—Socfin-KCD and Dak Lak Mondulkiri Aphivath—which were granted economic land concessions for rubber in Mondulkiri province between 2008 and 2010:

- Socfin-KCD is a joint venture between Cambodian firm Khaou Chuly Development (KCD) and Socfinasia, a subsidiary of French-Luxembourgish conglomerate Socfin Group. The joint venture acquired two 70-year concessions for rubber: Varanasi (2,705 hectares in 2009) and Sethikula (4,273 hectares in 2010; see Chan, Ngorn, Hour & Hem, 2020. "Land Conflicts between Economic Land Concessions and Smallholder Farmers in Bousra Commune (Cambodia)," n.d.)
- Dak Lak Mondulkiri Aphivath is a Vietnamese state-owned company headquartered in Vietnam's Dak Lak province, which borders Cambodia. In 2008 it was granted a 70-year concession of 4,162 hectares.


Rubber plantation in Mondulkiri Province, Cambodia. © Brian Moore

Both investors soon faced land disputes with local communities. The investments impacted seven villages in Bousra commune, made up primarily of Bunong Indigenous Peoples. However, the concession agreements did not acknowledge local land use under customary and informal tenure systems. When Socfin-KCD's local partner began clearing land in early 2008, local residents protested. A further protest at the end of 2008 destroyed company property and led to the arrest of some local residents. Following an extensive negotiation, the companies then offered four options to people in the affected communities: 1) Relocate to land provided outside the concessions; 2) Enter into contract farming for rubber; 3) Accept cash compensation; and 4) Keep their land (generally not the preferred option for the companies; see Chan et al., 2020). Most people chose cash compensation.

For those who chose rubber contract farming, Socfin-KCD offered 60-year land leases and a 15-year credit scheme that would cover the costs of paying the company to clear the land and plant rubber. Dak Lak offered farmers a 20-year credit scheme to establish and maintain a plantation, as well as free training on maintenance techniques. Both companies committed to buy latex at market price. Though the investments began as concessions, they have evolved into nucleus estate (outgrower) production models.

Case 2: Organic cassava production in Preah Vihear province, Cambodia

This case shows how cooperatives have played a key role in the setup of contract farming and differentiated value chains for organic cassava in Cambodia, and specifically how producer groups can facilitate relationships between farmers and sources of technical support, inputs, and training, including for certified organic production (Diepart et al., 2022).

The Cambodian Agriculture Cooperative Corporation Plc. (CACC) has been operating in Preah Vihear province since 2019, focusing on organic cassava, rice, cashews, and pepper. In 2019, CACC began contract farming for organic cassava with eight cooperatives (353 total members) cultivating 474 hectares in Kulen district. This study also included farmers involved in conventional, non-contract cassava production however, allowing for comparative insights.

CACC exports fresh cassava and cassava starch, mainly to Thai Wah Company in Vietnam. The group receives general support from the Provincial Department of Agriculture, Forestry and Fisheries (PDAFF) and support for seed production through the Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade (ASPIRE-AT) project[8]. The Cambodia-Australia Agricultural Value Chain (CAVAC) project[9] also provided support with seeds and quality assurance, as well as training for farmers in cultivation, seed production, and soft skills such as accounting and group discussion facilitation.


Newly planted cassava field. © Popofyear

[8] Funded by the International Fund for Agricultural Development (IFAD)
[9] Funded by the Australian Department of Foreign Affairs and Trade (DFAT)

Case 3: The Lao tea sector

This research (Boupha, 2023) focuses on three tea production areas and shows how diverse contract farming arrangements have emerged, often as alternatives to unsatisfactory trade and land concession agreements. Due to travel restrictions under the COVID pandemic, the study is primarily informed by a literature review, however 30 interviews were conducted with producers, producer groups, tea associations, factories/processors, local and foreign tea investors, local government offices, and representatives from tea development projects. The evidence illustrates important lessons about the roles of local government and farmer-based collectives (tea producer groups) in facilitating clear, equitable, and enforceable contracts.

Laos produces three categories of tea: wild tea collected from forests, ancient tea in gardens cultivated for hundreds of years, and tea from modern plantations. Market integration and penetration has increased since the 1990s, and 80% of Lao tea is now sold to Yunnan province in China, a fact unrepresented in most trade figures due to informal cross-border trading. The sector also benefits from emerging European markets and value chains, and organic and Fairtrade certification.

The three tea production areas are as follows:

Phongsaly province, northern Laos: Tea contract farming was promoted here in the 1990s to reduce poverty and replace opium production and upland swidden practices. In 1997, a Chinese investor obtained a concession from the local government to establish the Phoufa Tea Factory, develop its own plantations, and collect leaves from the seven villages in the Korman area—well-known for its ancient teas, including from gardens with 400-year-old trees. As production expanded however, investors relied on low-quality modern tea varieties. In the mid-2000s, other investors built factories in the area and competition led investors to establish contract farming with producers (via local government) using a centralised or outgrower 2+3 model, providing seedlings, extension services, and market access to farmers in exchange for exclusive purchase rights. Increased production has led to oversupply however and, as contract farming arrangements continue to develop, both local government and producer groups seek further support for and investment in value-added production.

Phousan, Xieng Khouang province, northern Laos: This area is well-regarded by Chinese and other traders for its wild teas and relatively chemical-free cultivation. A nascent form of multipartite, intermediary 2+3 contract farming began in the mid-2000s with an NGO and a fair trade/organic group training farmers in both production and processing, and purchasing their tea under informal agreements. Foreign investors (mostly Chinese) followed and obtained land and trade concessions for both wild and newly cultivated teas, including exclusive purchase agreements and fixed prices. These concessions have faltered and sometimes failed however, as the agreements did not reflect consultation with farmers and parties did not fulfil their obligations. By contrast however, Phousan has also seen parallel successful development of market-led value chains for high-value wild teas, with some buyers also engaging producers in 2+3 contract farming.

Paksong, Champasak province, southern Laos: Paksong has been producing ancient teas for over 100 years and its production arrangements are diverse: farmers may manage the entire process including sales, sell informally to traders, or sell fresh leaves to processors (including newer foreign investors' factories) under a nucleus estate model. Current value chains developed in the early 2010s as farmers started selling fresh leaves to be processed for the Paksong Farmer Organic Tea Production Group (FOTPG), however these farmers, and other smallholder groups, have struggled with both fluctuating demand and low processing capacity. Unlike Phousan and Phongsaly in northern Laos, Paksong targets European and other markets with niche value chains. In 2020, Paksong tea was also granted an official geographical indication (GI)—a certification label that recognises the tea's unique qualities and helps producers to market the product by establishing quality standards.

A tea farmer in Xiengkhouang province prepares leaves for drying.
© MRLG/Leonard Reyes

Case 4: Sugarcane production in Savannakhet province, Laos

Sugarcane production in Laos expanded in the north of the country during the 1990s, and throughout the country in the 2000s, facilitated by new land concessions. This case study (Mienmany & Smith, 2024) shows how companies engage in multiple investment models simultaneously for a single crop in a single area. Carried out in 2022, it draws on interviews with representatives from 16 government departments (at central, provincial, district, and village levels), two sugarcane companies, ten farmer households, and local stakeholders in two focus groups. The study analyses the two largest sugarcane companies in Laos (out of seven), both operating single factories in Savannakhet province:

- Mitr Lao Sugar Company (Mitr Lao) is a Thai-owned subsidiary of Mitr Phol Group, the fourth-largest producer of sugar globally, that began operations in 2005 and by 2021 was sourcing from 15,961 hectares in Savannakhet province. Nearly half of Mitr Lao's supply comes from smallholder contract farming.
- Savannakhet Sugar Corporation (SVK Sugar Corporation, or SVK) is a Thai-Lao joint venture (99.5% Thai) that started in 2006 and by 2021, was buying sugarcane from 12,600 hectares in Savannakhet, of which 5,140 ha was under contract farming.

Both companies initially entered into agreements with the Lao Government for sugar concessions on state land, contracted for 30 years (SVK Sugar Corporation) and 40 years (Mitr Lao). However, as the Lao Government soon began questioning the effectiveness of concessions, the companies concurrently invested in contract farming schemes (Mitr Lao in 2006 and SVK in 2010) and smallholders now constitute a majority of production. The product is exported (to Vietnam and Thailand by SVK and to the EU by Mitr Lao) and sold in domestic markets.


A cassava plantation near the PhnomTbeng National Heritage Park in Preah Vihear, Cambodia. © MRLG/Leonard Reyes


Farmer harvesting sugarcane in Son La province in Vietnam . © MRLG/ Leonard Reyes

Case 5: Sugarcane production in Son La province, Vietnam

Son La is a mountainous province in northwest Vietnam with a population that is predominantly populated by ethnic minorities (groups other than Kinh, Vietnam's ethnic majority). Contract farming is expanding in the province for a range of crops, mainly through production linkages (*liên kết sản xuất*) between enterprises and cooperatives. This case focuses on Son La Sugar Joint Stock company, which has signed contracts with nearly 10,000 households to cultivate sugarcane, accessing a production area of over 8,000 hectares. The company deals with both cooperatives and farmers, 95% of whom are ethnic Thai. In 2019, a research team from the Information Center for Agriculture and Rural Development (AGROINFO), under the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD), interviewed 100 farmers (58 men, 42 women; 28 Kinh and 72 Thai ethnicity) connected to the investment. The case helps build an understanding of how some ethnic minority communities participate in contract farming.

Operating in a 3+2 model, the company provides farmers with inputs, technical guidance, and interest-free loans, while farmers provide land and labour. Contracts require that farmers sell their whole harvest to the company. Analysis of the arrangement suggests it leads to lower production costs and higher efficiency than non-contract farming. Notably, contract farmers build connections with one another through training courses and other meetings coordinated by the company. Some local residents have also been hired by the company for pre-processing, processing, and packing.

Case 6: Paddy rice production in Soc Trang province, Vietnam

Soc Trang is a province in the Mekong Delta in southern Vietnam. Paddy rice is the main crop and there is little unused land. Since 2011, the government has promoted land concentration into large fields by facilitating links between farmer collectives and enterprises that provide inputs, technical support, and machinery. In 2020, the province had 546 large fields with a total of 58,800 hectares. This case focuses on four cooperatives, namely Tho Hoa Dong A Agricultural Cooperative, Dai Thang Rice Production and Service Cooperative, Thanh Tri Agricultural Cooperative, and Hung Loi Agricultural Cooperative. Hung Loi Agricultural Cooperative, for example, has 538 members producing rice on 609 hectares, with over 100 hectares comprising large fields. Participating farmers include a significant number of ethnic Khmer, a minority who make up 30.2% of the provincial population. In 2020, a research team from AGROINFO conducted in-depth interviews of 100 farmers (56 men, 44 women; 53 Khmer, 45 Kinh, and 2 Hoa ethnicity), interviews with four cooperatives and farmer group discussions. This case helps consider the role of agricultural cooperatives in land concentration in Vietnam, as well as the involvement of ethnic minority groups.

2.3 COMPARATIVE ANALYSIS

Agricultural investment models: the diversity of contractual arrangements

The diversity of arrangements in these cases illustrates both a challenge and an opportunity for contract farming policy. There is no one-size-fits-all model for RAI: models and outcomes vary both across and within crops, countries, and types of investors and investments often do not fit archetypal models. This necessitates a complex, context-driven policy approach, which can be difficult to implement. However, the cases also show the diverse ways in which both farmers and investors will seek to change a production arrangement if it is not meeting their needs.

Table 2 highlights the production details and model used for each case in this study (for details on the investment model typology, see Appendix 1). The arrangements that "work"—in that they are equally beneficial and satisfactory to all parties—are tailored to local contexts, needs and voices. Where this contextual tailoring proves challenging, disputes or violations can occur. As such, the cases presented here offer policymakers examples of the many models that might be incorporated into contract farming governance framework, and some potential outcomes.

Rice harvest in Hoa Binh province, Vietnam. © MRLG/Leonard Reyes

Table 2. Characteristics of agricultural investments in the case studies

<table>
<tr><th colspan="2">Country</th><th colspan="3">Cambodia</th><th colspan="2">Vietnam</th></tr>
<tr><td colspan="2">Crop</td><td colspan="2">Rubber</td><td>Organic cassava</td><td>Sugarcane</td><td>Paddy rice</td></tr>
<tr><td colspan="2">Name of company</td><td>DakLak Mondulkiri Aphivath</td><td>Socfin-KDC</td><td>Cambodian Agriculture Cooperative Corporation (CACC)</td><td>Son La Sugar Joint Stock Company</td><td>Various buyers and cooperatives</td></tr>
<tr><td colspan="2">Nationality of investor</td><td>Vietnamese</td><td>European - Cambodian</td><td>Cambodian</td><td>Vietnamese</td><td>Vietnamese</td></tr>
<tr><td colspan="2">Location of investment (province)</td><td colspan="2">Mondulkiri</td><td>Preah Vihear</td><td>Son La</td><td>Soc Trang</td></tr>
<tr><td rowspan="2">Agricultural investment model</td><td>Land arrangement</td><td colspan="2">Concession and tenant farming</td><td>Smallholder</td><td>Smallholder (land concentration)</td><td>Smallholder (land concentration into large fields via transfer)</td></tr>
<tr><td>Market arrangement</td><td colspan="2">Centralised contract farming</td><td>Multipartite contract farming with cooperatives</td><td>Centralised contract farming</td><td>Multipartite contract farming with cooperatives</td></tr>
</table>

<table>
<tr><th colspan="2">Country</th><th colspan="5">Laos</th></tr>
<tr><td colspan="2">Crop</td><td colspan="3">Tea</td><td colspan="2">Sugarcane</td></tr>
<tr><td colspan="2">Name of company</td><td colspan="3">Various</td><td>Savannakhet Sugar Corporation (SVK)</td><td>Mitr Lao</td></tr>
<tr><td colspan="2">Nationality of investor</td><td colspan="3">Mainly Chinese, but also domestic and other international investors</td><td>Lao</td><td>Thai-Lao</td></tr>
<tr><td colspan="2">Location of investment (province)</td><td>Phongsaly</td><td>Xieng Khouang</td><td>Champasak</td><td colspan="2">Savannakhet</td></tr>
<tr><td rowspan="2">Agricultural investment model</td><td>Land arrangement</td><td colspan="2">Concession and smallholder (outgrowers)</td><td>Land lease and smallholder (outgrowers)</td><td colspan="2">Concession, outgrowers, leases and sub-leases</td></tr>
<tr><td>Market arrangement</td><td>Informal and centralised contract farming</td><td colspan="2">Informal and multipartite contract farming</td><td colspan="2">Centralised contract farming</td></tr>
</table>

The cases show contract farming may emerge through a variety of pathways. For cassava in Cambodia and many crops in Vietnam, investors established contract farming initiatives from the beginning, working with cooperatives to implement organic production (in Cambodia) and to access land and labour (in Vietnam). Other cases see contract farming emerge after initial concession arrangements: in Cambodia, the two rubber investments were established as ELCs but following land disputes with local communities, a dispute resolution process offered contract farming as one option for the smallholders involved. In the Lao tea sector, land and trade concessions gave investors exclusive purchase rights, which depreciated prices; contract farming then emerged to counter smallholder side-selling, as farmers sought better prices for their fresh leaves.

For most cases, the resulting matrix of contracts and obligations shows how diverse, complex investment arrangements can develop around a single crop or area, presenting a challenge for contract farming policy. In the case of sugarcane in Laos, Mitr Lao and SVK obtained large concessions but soon shifted to a mix of contract farming, leasing land from smallholders and subleasing land to farmers. For Lao tea, today some investors with land concessions and plantations contract with smallholders (in a nucleus estate or outgrower model), while other investors act as centralised processors, purchasing tea from smallholders who control their own farms and sales. Some farmers also sell processed tea to investors, while others handle every step of production themselves as well as sales, albeit with limited market access compared to investors. Informal agreements also continue across all tea producing sites. Cases of multi-partite contract farming also demonstrate the diversity of possible arrangements, in terms of obligations (for inputs, labour, capital, extension services and other responsibilities). For example, the Lao sugarcane case sees labour shared between contracted smallholders who care for and monitor the crop, and company staff who carry out mechanised processes, including site preparation, planting, fertilising, harvesting, transport, and weighing.

The complexity of arrangements reflects a reality for farmers: smallholders often combine contract farming with other agricultural and non-agricultural work. Among rubber farmers interviewed in Cambodia, households use an average of 52% of their agricultural land for contract farming; this figure was 82% for the organic cassava case. In Savannakhet, Laos, farmers reported they were attracted to sugarcane production because it fits well with the calendar for rice cultivation and is thus an added source of income rather than a replacement for other livelihood pursuits. Again, the diversity of models presents both a challenge and an opportunity, as clear, dynamic and context-driven policies can facilitate production arrangements that match the needs of both investors and farmers.

Role of governments

These cases show that the role of government in any given arrangement is a product of specific historical and local context as much as of policy strategy. This diversity illustrates the need for comprehensive and dynamic legislation and the importance of responding to the local context, in terms of investor aims and farmers' needs and rights. Where contract farming has developed out of other models (concessions for tea in Laos and for rubber in Cambodia), the state has had to adapt to facilitate investors' efforts to set up new arrangements, and to address disputes and production problems. Local governments often coordinate with NGOs and development programmes; for example, COPE and BioTrade were essential in promoting more stable, equitable and sustainable production for tea in Phongsaly (Laos).

The primary role of governments is to establish the investment environment (including via direct and indirect incentives, see, Box 3) and facilitate investors' entry into the market. As in the case of tea in Laos, local governments typically offer trading rights (in the past via exclusive concessions) and support for investors to access the land and labour they need. The government has established a One Stop Service Unit under the District Planning and Investment Office, which coordinates a consultation with all related provincial offices. Investors are expected to take active steps to stimulate value chain development and local economic growth; this may include introducing improved production technology to the area, supplying farmers with seedlings and/or guaranteeing farmers a minimum price. In Laos, local governments specifically bring investors on board to support 2+3 contract farming: farmers provide land and labour, and investors provide inputs, technical support and market access.

In working with investors however, governments must also realistically assess whether investors can provide the assistance they promise. The tea investments in Phongsaly suggest a possible path in this regard: authorities in the investors' home country (China) have officially vouched for the investors' technical capacities, assuring both the Lao Government and producers that the investors can fulfil their commitments. This stems from the Chinese government's practice to assign investors a grade, which informs their ability to access credit (higher grades allow them to access higher levels of credit).

BOX 3: INVESTMENT INCENTIVES BY GOVERNMENT [10]

How can **national governments** promote more responsible investments establish supportive policy frameworks? The challenge is for governments to make investments more attractive for both investors and producers, while mitigating associated risk. Governments can offer two principal types of support (see Table 3): direct financial or tax incentives and indirect policies that create an enabling environment for desirable investments.

Direct incentives for investors often include subsidies and grants for certain types of projects. For example, in Vietnam, eligible projects such as production linkages—a type of contract farming—can obtain funding and subsidies to invest in equipment or infrastructure, hire consultants, provide extension services, and conduct training. Direct incentives for contract farming may also encourage investors to commit to inclusive business models, and support a level playing field for fair and equitable production arrangements that applies to other investors. Tax incentives for contract farming are comparatively rare, in part because they are frequently deemed redundant in developing countries where investors are likely to invest anyway.

[10] This section mostly originates from IISD experts' presentation during a webinar series organised by MRLG in 2021.

Table 3 Types of investment incentives

Direct		Indirect	
Tax	**Financial**	**Technical**	**Regulatory**
• Preferable tax rates • Tax holidays • VAT exemptions • Accelerated depreciation on assets	• Subsidies • Grants • Reduced land rent • Loans with favourable terms	• State provides training and technical assistance for farmers • Improved infrastructure • Extension services	• 'One-stop shop' structure to facilitate regulatory process • Mechanisms to access land and labour

(Brewin & Tundang, 2021)

Governments can also facilitate investment by removing barriers to and burdens on contract farming investment (enabling incentives). This may involve improving farmer capacities, reducing investor transaction costs, providing supporting infrastructure and addressing power imbalances in contract relations. Examples include the Vietnamese Government's extension services for contract farmers, which reduce potential financial burden on investors. Enabling programmes and regulations can be written into specific legislation that applies to contract farming, or work within existing laws; both are possible and there is no expert consensus that one option is better.

Governments then shape how these investments will be implemented, enacting policy to regulate and certify contracts (see section 3.6) and to ensure investors and producers clearly understand and are able to fulfil their obligations. In Vietnam, this means coordinating linkages that provide investors with crucial access to large commodity production areas. In both Son La and Soc Trang, local governments facilitate plans for production areas, encourage investors and farmers (via cooperatives) to join linkages, certify contracts, and monitor contract implementation. As such, local government involvement helps ensure the model delivers benefits for farmers (see section 3.8 below). Yet, governments in the region are not on a level playing field when it comes to supporting rural people, and their capacity to provide financial incentives.

For tea farming in Laos, authorities now verify that investors have the technical capacity and capital to fulfil their contract obligations, however this approach often relies on authorities in China, where investors are based, to vet the investors. Local authorities in some cases certify contracts between companies and cooperatives, as was the case in Soc Trang, Vietnam, where authorities monitor and supervise implementation. By comparison, the Lao sugarcane case sees central and provincial governments playing a significant role in concession agreements and reporting, but less so in contract farming.

Governments also play the role of mediator, which is often only necessary because contracts are unclear or unfair. For tea contract farming in Xieng Khouang province in Laos, a short-term agreement was signed between a trader and a producer group to provide processed tea, however it was unclear as to what would happen in the case of supply or payment issues. In late 2021, 6.5 tons of processed tea went uncollected due to a delay from end-of-line buyers in China related to the COVID pandemic. The producer group could not sell their produce and asked authorities to step in and help, however the local government was reportedly unable to help as the contract was not properly signed and witnessed by a third party (Boupha, 2023).

For organic cassava production in Cambodia, Preah Vihear provincial authorities (from the PDAFF) have actively supported contract farming by working with CACC staff and cooperative committees to organise regular trainings and meetings to share information on contracts. This type of support does entail a high level of government involvement, however in the cassava case, the farmers' relatively low levels of chemical input use facilitated a simpler transition to organic production. The arrangement is also part of provincial economic development plans, which may help local governments to allocate resources to support it. This is the case for tea in Phongsaly, Laos, where government actors and investors endorsed the Phongsaly Provincial Tea Development Strategy in 2018, following initiatives from NGOs, donors and producer groups.

Agricultural cooperatives

Farmer cooperatives can play an important role in facilitating more equitable relationships between farmers, investors, and other actors. They also offer a means for investors to potentially access large amounts of land and labour through a single group. This study uses the term "cooperative" broadly, referring to formal producer groups, unions, and networks or more informal organisations. Cooperatives can have numerous functions, including:

- Signatory of agreements with investors on behalf of a community of smallholders
- Platform for shared participation by men, women and youth
- Provider of agricultural inputs and technical support
- Mediator to protect the land tenure of smallholders, so as to avoid land conflict
- Conduit for government support and legal services for contract negotiation and dispute resolution
- Information-sharing body
- Monitor of practices by contract parties to help ensure compliance

The efficacy and role of cooperatives depends on recognition by governments, investors, and members and whether they are empowered to negotiate contracts and bargain for fair prices. This is already the case in Vietnam, where many stakeholders view cooperatives as primary actors in contract farming. Cooperatives help investors access land within a fragmented system of holdings that can otherwise impose huge costs. There are already 7,000 partnerships between cooperatives and agribusinesses in Vietnam, which feature prominently in policy plans for 2021-2030. In Laos, the policy and legal frameworks for cooperatives are not as well established and, without explicit policies to support cooperatives and farmer organisations, other models dominate. In Cambodia, a Law on Agricultural Cooperatives (2013) and a sub-decree on Contract Farming (2011) establish a legal framework (a law on Contract Farming is in draft form as of late 2024), though in practice, cooperatives often face barriers.

There are also cases where a cooperative struggles with internal cohesion and lacks the means to fulfil the roles outlined above. Like any form of collective action, cooperatives are subject to elite capture, exclusion, and marginalisation of already-vulnerable members.

The cases also show specific examples of how agricultural cooperatives can facilitate successful contract farming. In Cambodia, CACC met first with cooperative committees who could then explain contracts to farmers, assess land availability, and gauge farmers' willingness to participate. Cooperatives, as in the CACC case, also help with training and monitoring.

Tea harvest, Phousan District, Xieng khoung province, Laos. © Bart Verweij

In Vietnam, the number of agricultural cooperatives in Soc Trang province rose from 29 in 2018 to 171 in 2019. For paddy rice, cooperatives provide inputs and loans as well as assistance on soil preparation, harvesting, and sales. Participating members also benefit from storage warehouses supported by development project funding[11].

Producer groups are actively involved in the Lao tea sector, particularly in instances of contract farming, and now drive the sector's development in areas such as Phongsaly. Producer groups enhance farmers' negotiating power with tea investors and facilitate close engagement with local government. They also allow farmers to share information on production technologies and markets. Tea producer groups can receive extra income from price premiums for both organic and Fairtrade certificates, incentivising them to adhere to contracts. Such certifications are expensive and in the vast majority of cases can only be achieved at the level of a cooperative. At the same time, tea factories benefit from engagement with producer groups through standardisation of quality and quantities, reducing production risks and transaction costs.

However, cooperatives are not guaranteed to facilitate successful contract farming ventures, and capacities differ among producer groups. Additionally, the cooperative sector is very diverse in each country (Ngo & Cole, 2022). Cooperatives need capacity development and management support to grow, a key role the government can play. Cambodian organic cassava farmers raised concerns about insufficient consultation between them and the cooperative, voicing a desire for direct contact with the company. They nevertheless rated services provided by the cooperative very highly. That said, cooperatives also need financial support and a model to build up capital, including financial products developed specifically for cooperatives. In the Lao sugarcane case, farmers encountered administrative barriers when setting up producer groups. However, it is not clear if these obstacles were intentional, or if the companies were not outwardly supportive. Only one sugarcane group in the study area was found to be recently established, and central government officials mentioned that they were unsure whether the group was still functioning (Ministry of Agriculture and Forestry, personal communication, 28 May 2024).

CONTRACT TERMS

Clarity of contracts, including rights and responsibilities

There is a lack of awareness among smallholders regarding legal frameworks and their rights and commitments under contracts. These are critical aspects to address as they can empower smallholders and achieve balanced agreements between farmers and enterprises. To achieve mutual benefit, contract farming investments must involve fair and transparent contracts between buyers and producers. Legislation on contract farming, for example, can include a model contract farming agreement, such as that in the investment manual published by Cambodia's DAI in 2018 (though this is not a binding policy document). Legislation could also require processes to ensure that farmers are better able to understand contracts. At a minimum, farmers should receive copies of their contracts, in local languages, and ideally, full FPIC should be followed. A general perception amongst government officials, expressed during the 2024 contract farming decree consultation process in Lao PDR, is that farmers' lack of understanding of their contracts presents a major barrier to implementation. There were also discussions during workshops as to whether governments should be a counter-signatory to a contract as a witness. This can help enshrine and enforce the role of the state but can be a time-consuming and costly process, as well as an opportunity for rent-seeking activity by officials (Marks, 2022).

Many cases show contracts that are either unclear or not understandable to all parties. There are many instances where farmers do not receive a copy of the signed contract at all, although not in the cases presented here. In the Cambodia cases, contracts are in Khmer language yet are poor translations of standard company forms, from Vietnamese for Dak Lak and from French for Socfin. The results include jargon and unclear statements. In Laos, sugarcane contracts with Mitr Lao were mostly in Lao language but had sections in Thai. In Vietnam, farmers in Soc Trang had limited experience signing contracts and thus faced challenges understanding terms, which was compounded by a lack of transparency in contract and project setup. As contracts outline dispute mechanisms, they must also stipulate which language version of the contracts will be used as the main reference in the case of disputes. This all points towards the need for contract templates which can facilitate understanding and set out rights and responsibilities systematically, align with national

[11] In this case by the World Bank-supported VnSAT project on Sustainable Agricultural Transformation.

legislation on contract farming and investment practices, and prioritize accessible language over legal jargon. However, templates alone cannot guarantee responsible investments or a certain outcome, or replace the need for better enabling environment in which farmers are empowered to exercise their rights.

The organic cassava case is an example of relative clarity in contracts: CACC provides technical support, seeds for the first year, monitoring of production twice during the first year, and a set time for collection. Meanwhile, farmers and cooperatives provide information on land used for production and producers involved, and commit to attending trainings. Contract implementation shows more mixed results: in 2019, a purchase of fresh organic cassava took place at a price satisfactory to farmers, on schedule and with payment delivered one week after collection. However, in 2020 CACC did not collect a cassava order on the agreed schedule, instead collecting later when the produce was of reduced quality and fetched a lower price. As a result, farmers were unable to claim compensation. This shows a struggle to enforce contract provisions.

Involving a third party in the contract negotiation and approval / endorsement could help mitigate these risks. None of the contracts in the Cambodian cases were reviewed by either a government authority or other legal aid service. A lack of external contract support, or inconsistently applied practices, is common across the cases. In Savannakhet, Laos, for example, stakeholders were concerned that contracts between sugarcane companies and farmers (whether for production, credit, or subleases of land) were not notarised and therefore not legally binding. This issue was also exemplified in the tea case, where the government was unable to intervene because contracts were not officially registered or notarised. (It should be noted that farmers in positions of public service, or with government connections, did in fact have their contracts notarised.)

One of the Lao tea cases, in Phongsaly province, shows a more promising example of external contract review. Investors must sign a contract with district authorities before they can sign a sub-contract with each village. The sub-contract is, in theory, drafted in consultation with villagers, with mediation from village authorities and tea producer group committees. If all parties are satisfied, the sub-contract is signed by the investor, the head of the producer group, and heads of participating households, and witnessed by village authorities and the District Industry and Commerce Office (DICO). At present, it seems farmers are relatively happy current levels of support for costs, international certification and market access. Despite unpredictable demand, the market benefits prove a sufficient incentive for all sides to make the relationship work.

Agricultural support provisions

In many of the cases analysed here, contract farming arrangements offered farmers improved production support, primarily around inputs and extension services. Organic cassava in Cambodia is a promising example: CACC collaborates with the Provincial Department of Agriculture and agricultural cooperatives to provide technical support to farmers, including training on risks of chemical pesticides and the use of natural fertiliser. Each farmer carries a book to monitor cultivation, encouraged by cooperative committees, and CACC carries out quality checks. It should be noted however, that farmers in this case expressed concerns over a lack of access to credit. In Vietnam, household surveys from Son La and Soc Trang report improved access to inputs. Son La Sugar and Soc Trang cooperatives provide training programmes and around three-quarters of households in both cases benefitted from access to mechanised production, developing new skills. In Son La, the company also helped build roads and improve irrigation systems—high-cost projects that benefited both producers and the company.

Examples from tea production in Laos show how support provisions became integral to contract farming in the sector. In Phongsaly province, initial concession contracts stipulated that investors would develop production using improved technology and expertise. Yet, investors held back training, concerned they would lose access to the harvest, particularly through producers' side-selling. Valid concerns that contracts were not enforceable thus meant that improved technology was not provided, and productivity remained low. In Xieng Khouang province, investors with trade or land concessions offered no technical support, leading to high farmer dissatisfaction with the price offered, which in turn led to side-selling. Contract farming thus emerged as an alternative means for investors to engage with farmers in both cases, with closer ties including provision of inputs and technical support.

Pricing policy and value-addition

One primary purpose of contract terms is to set pricing. The price terms of contracts, including both prices themselves and the payment process, can be critical factors in farmer uptake and satisfaction. Surveys in both Cambodian cases showed that the smallholders' top priorities in contract farming are increased market access, higher selling prices, and minimum price guarantees. Rubber farmers working with Socfin and Dak Lak reported dissatisfaction with contracts because they were unable to negotiate prices. The Socfin contract was also unclear in that it seemed to


Workers drying cassava in Vientiane province, Laos. © MRLG/Leonard Reyes

offer a price guarantee only for the duration of a start-up loan offered to farmers. Satisfaction was higher among organic cassava farmers however, despite a late collection in 2020. This reflects the specific conditions for the crop: there is less market competition, and a strong support system of local government agencies and farmer organisations that promotes respectful relations between farmer and company. Nevertheless, there was still an element of confusion over the pricing policy here: CACC uses a floating price approach with a premium, yet 37% of surveyed farmers believed payments were based on a fixed price. In its work supporting implementation of the ASEAN-RAI guidelines, IISD recommends a ‘fixed formula’ for pricing: a fixed component calculated to meet production costs and to ensure a living wage for farmers, which can be adjusted to incorporate an increase in market prices. It is a fair and transparent mechanism, which minimises the likelihood of side-selling.

Price negotiation is essential as farmers are often subject to an effective monopsony: in Savannakhet, Laos, independent sugarcane growers could sell their crop on the local market for double the price they would receive if selling to the factory, but the market was very small and so sales were not guaranteed. Similarly, Lao tea trade concessions in Phongsaly and Xieng Khouang provinces proved to be both unpopular with farmers and unsuccessful, as exclusive collection rights for investors resulted in price suppression. Trading is now more open and sub-contracts between investors and farmers must include a minimum price and cash payments on time. As in the CACC case, pricing policies have become clearer and more equitable, and contracts are more successful as a whole following significant support from local government and tea producer organisations.

While pricing is an important aspect, it should also be understood in the context of value-addition and benefit for all parties. Pricing is not a goal in and of itself, but is an essential step to account for the costs that come with contract farming and new farming practices, how parties incorporate these costs, and how value is accrued fairly along a supply chain.

ENFORCEABLE CONTRACTS AND DISPUTE RESOLUTION

Enforceable contracts: The need for fair negotiation

In contract farming arrangements where one side is dissatisfied, the involved parties often tend towards conflict avoidance (though there are notable exceptions, as discussed below). Farmers may sell their produce to other buyers, while investors may refuse to purchase products if quality or market demand are insufficient. In Cambodia for example, rubber farmers opted to sell to collectors rather than investors due to faster payments at comparable prices. This weakens trust between producers and investors and undermines the purpose of the investment. As such, in order for contract farming to function well, contracts need to be enforceable and must thus be fair and endorsed by all parties. This requires an equitable negotiation process and some oversight by authorities.

Most of the cases show top-down systems for establishing contracts or informal production arrangements in which farmers have little say as to their position. They may only decide, with varying degrees of perceived choice, whether to join the arrangement or not. This is problematic for all stakeholders, as producers may begin selling to investors despite their inability to fulfil obligations in the long term or the arrangement may be financially unsustainable for them, as was the case for some sugarcane farmers in Savannakhet, Laos.


Tea pickers in Xieng Khouang province, Laos. © MRLG/ Bart Verweij

Contract farming in the Lao tea sector, for instance, has the potential to drive equitable development; however, the benefits for all actors have been reduced by a structure that limits farmers' input into negotiations on production arrangements. Farmers are informed of their roles by local government and investor. When prices are too low or arrangements are otherwise inequitable, farmers have engaged in side-selling. Similar problems were found in Son La, Vietnam, where the sugar company controls all elements of production and maintains exclusive buying rights.

More equitable, inclusive arrangements can be facilitated by ensuring farmers both have agency and are better informed. A key example is seen in the rubber cases in Cambodia, where farmers assessed their ability to produce for the investor under the proposed contract farming arrangement, with many choosing other options, citing concerns that the plots were too small, the soil was unfertile, and the land was remote.

The cases further illustrate that inclusivity, and equitable benefits are key in shaping contract farming projects. Despite its many successes, the Lao tea sector shows disparities in who benefits from industry growth. Women are highly involved in tea cultivation, for instance, and may benefit from the communities' improved market access, yet they have few chances to become entrepreneurs. Development of the tea sector can also exacerbate socio-economic disparity as wealthier households also own more and better-quality land for tea. This was also the case for Cambodia, where the contract farmers who were interviewed tended to be those with larger landholdings. Their wealth and experience meant they could better fulfil the company's technical requirements for organic cassava. It is also essential to understand who within producer communities is involved in farming. In Soc Trang, Vietnam, for example, most agricultural workers are middle-aged women, with youth and men employed primarily in industry or urban areas. This means middle-aged women are the main beneficiaries of increased income from rice farming, any training or experience in marketing, and any steps to elevate the voices of farmers in production arrangements and decision-making (this pattern can be seen in many cases in Vietnam; see AGROINFO, 2020b). In the same case however, ethnic Khmer farmers were not able to benefit to the same degree as Kinh farmers, as information and training were mostly provided in Vietnamese, which marginalised Khmer participants. Thirty-two out of 53 farmers interviewed claimed they did not initially understand the new farming processes and needed to follow other farmers instead. This contrasts with Son La province, where sugarcane farming can allow Thai ethnic farmers to build new skills, at least in principle.

Dispute resolution

Dispute resolution mechanisms are essential to ensure proper enforcement of contracts and fulfilment of their terms. The cases show several instances of disputes during project implementation in relation to non-contract farming land and trade concessions. In Mondulkiri province, Cambodia, the rubber concession granted to Socfin became a site of overt conflict when forests were cleared and a Bunong burial site was burned down (Filer et al., 2020). After persistent protest, investors and producers engaged in dialogue, backed by a network of organisations calling for a compensation settlement. The French-based International Federation for Human Rights stated that the project had violated the UN Global Compact and the UN Framework and Guiding Principles on Business and Human Rights, as well as OECD Guidelines. It took over ten years of negotiation for company and community to reach an agreement (see this paper's discussion of land tenure). Thus, disputes can be protracted and damaging for all parties, in financial and reputational terms. The Mondulkiri case also illustrates the need for both resolution mechanisms and initial dialogue between investors and communities to avoid conflict in the first place.

In the Lao sugarcane case, land lease terms resulted in farmer grievances. Companies sub-leased concession land out to smallholders at much higher prices (SVK at US$43-52/ha/year; Mitr Lao at US$80/ha/yr[12]) than they would have paid to lease land from smallholders themselves or from the state (around US$6/ha/yr). The sub-lease contracts contained no dispute mechanisms and farmer grievances were compounded by seeing concession land, which they had previously held, sub-leased to outsiders.

Even when contract farming emerges because of disputes within other production models, such schemes are not immune to conflict themselves. Adherence to contract obligations, which requires monitoring and a means to report violations, is critical. In the Cambodia, Lao and Vietnamese cases, accessible dispute resolution mechanisms are notably absent, as are legal services for farmers and cooperatives. For tea production in Xieng Khouang province, Laos, this led to investment failure. Producers who contracted with Chinese concession owner Champakham company said they were not provided with any promised technical support and that the company only purchased a small portion of their output, despite agreeing to buy all tea the farmers produced. Farmers were unable to sell to other buyers due to the terms of their agreement, resulting in the concession being terminated and the investor replaced in 2018 (Wilson, 2021). A dispute resolution mechanism could have helped prevent the collapse of the investment, and the conflict could have been avoided through clear, equitable, and enforceable contract terms.

Contracts can also incorporate independent dispute mechanisms which can provide impartial rulings on contract violations or other issues if conflicts emerge between investors and farmers. These should be specified in relevant laws or policies – in some cases, such as Laos' Decree on Economic Dispute Resolution and Decree on Village Mediation, a legal basis exists – and more importantly in contracts themselves. This is an access to justice issue as most farmers do not know, or cannot access, legislation or legal services. It is becoming more common for companies in some agro-commodity sectors (palm oil, cocoa), largely based in the Global North, to have publicly available

A farmworker collecting harvested sugarcane for transport to a processing plant. © Yen Mai Kim

12 Exchange rates as of 10 January 2025: US$1 = LAK 21,812.50; US$1 = THB 34.63; THB1 = LAK 629.40

whistleblower channels on their company website, though this practice is rare for investors operating in the Mekong region.

The example of the Thai Contract Farming Law is instructive here as a step in the right direction (see Box 2). Although it falls short of setting up an independent dispute mechanism, instead placing it under jurisdiction of provincial conciliation committees, the policy has nevertheless helped resolve disputes, with farmers receiving compensation as a result (Marks, 2022).

BOX 4: FPIC FOR AGRICULTURAL INVESTMENT

One of the key mechanisms for promoting RAI and equitable relations between actors is Free, Prior and Informed Consent (FPIC), especially for indigenous communities and any groups with especially unequal power relations to investors and/or governments. FPIC is a fundamental principle of international law that recognises the rights of local communities, especially Indigenous Peoples, to participate in decision-making processes that may affect their lands, resources and lives. The consent process should be free from manipulation and communities must have the autonomy to make informed decisions based on a clear understanding of the potential benefits, risks and alternatives. In guaranteeing the rights of Indigenous Peoples and other customary rightsholders to give or withhold consent to developments impacting their land, affected communities become key decisionmakers in any project and have a right to shape its design and implementation. FPIC originates from the fundamental right to self-determination, recognised in the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR).

FPIC offers long-term benefits for both investors and communities and reduces the risk of conflict, yet it is not enshrined in the laws of any Mekong country and therefore no regulatory incentive exists for its application in land-based investment projects. There is also a lack of understanding on what FPIC entails and a tendency to conflate it with more superficial 'consultation' processes or simply providing information. Yet FPIC does not have to be complicated. It involves companies and governments seeing communities who live near or participate in projects as stakeholders and decisionmakers, not as hostile barriers to investment. In particular, constructive dialogue can avoid costly land disputes. At the Mekong Regional Land Forum 2021, Graham Dixie of Grow Asia noted how the most successful investors understand that good community relations improve investment viability and profitability. During the Forum, Mr Khin Lay of Oxfam Cambodia also explained that:

"FPIC is not a one-off event, nor is it a procedural checklist. It is a continuous process of two-way consultation where affected people are given full information prior to actions being taken. The process may or may not lead to consent."

(Deligne et al., 2021, p. 34)

As with investments overall, FPIC must be inclusive to ensure that everyone within local communities —rather than only the wealthy or powerful—both has a say in and benefits from investments (see section 3.5 for a case-based analysis of power relations, including the role of FPIC).

Overall, practices of FPIC are largely absent from the case studies involving Indigenous Peoples or ethnic minority groups, reflecting a general trend in the region. In Vietnam, there was no consideration of FPIC for the involvement of the Thai communities in Son La or for the Khmer ones in Soc Trang. As with Laos and Thailand, government authorities may not see the need to respect FPIC. Nevertheless, FPIC does take place in other agricultural investments and two examples in Vietnam and Laos (beyond the cases considered here) were raised during the 3rd Mekong Land Forum in May 2021.[13]

[13] These are: i) a coffee agro-forestry project in the Central Highlands of Vietnam implemented by Dutch NGO SNV with the Department of Agriculture and Rural Development; and ii) experiences of the Lao-Swedish Burapha Agro-Forestry company consulting with communities in Laos before setting up tree plantations (Deligne et al., 2021).

Land tenure security

As acknowledged earlier, concessions and land leases are potentially damaging to the land tenure rights of smallholder farmers, whereas contract farming often, but not always, sees farmers remain in full control of their land. However, in the Cambodian rubber case, farmers were offered a contract farming arrangement as a compensation for their land loss to the concession, albeit one that came with a credit scheme which put some of the farmers into unmanageable debt. This arrangement required that the farmers access the land for contract farming through the company, rather than gaining long-term recognition of ownership or use from the government. Contractually, it is the company that is leasing state land from the government. In Cambodia, ELCs have been allocated without any consideration for existing customary rights. Formal tenure recognition through titling has been scattered and inconsistent, particularly in upland areas. Given the low tenure security provided, it is unsurprising that most farmers chose the option of modest cash compensation, hoping to continue their livelihoods from before the concessions. Many farmers prefer to clear new farmlands in forested areas including within protected areas. The additional competition from migrants in search of new agricultural lands increases further land tenure insecurity in a context of ineffective recognition and protection of customary rights and only weak protection of formal rights.

In these circumstances, the ELCs are therefore the beginning of a larger process of deforestation, expansion of agricultural land for smallholder plantations and the loss of customary tenure rights in uplands areas.

In Laos, many upland areas are cultivated under customary tenure without formal recognition. Participation in tea contract farming has not brought formal recognition of tenure for farmers, largely because many tea areas are located in State Protected Areas. The expansion of the tea sector has instead resulted in greater competition for access to land suitable for tea production -- both for wild tea, a limited resource at risk of overextraction, and tea gardens, a monoculture cash crop -- and ownership over tea resources, reducing tenure security for customary rightsholders in tea-growing areas. Though these investors are not currently put off by the lack of security in their sourcing areas, it presents a major risk to production. Private use of communal land for tea production can exclude more vulnerable households that lack the capacity to invest, affecting their livelihoods, which are often more dependent on these communal areas. In the sugarcane case, although most lands were not in upland areas, smallholder farmers had cultivated them under customary tenure systems. When the government decided to reallocate lands to sugarcane companies, farmers were forced to give up 75% of their land.

A farmer prepares his tools before going to the fields. © MRLG/Leonard Reyes

The land tenure processes in the cases in Vietnam, where there has been greater statutory recognition of customary rights, offer some key takeaways. In both cases, there were no reported investor-farmer land disputes: smallholders retained land use rights, and investors, with government support, recruited farmers to assemble the necessary land concentration for the project. Though this can be a lengthy process, it avoids higher costs to lease land, transfer rights, or address potential disputes. In Soc Trang, a formal policy helped households inside and outside a designated project area exchange use rights. Of 100 surveyed households, 73% reported they benefited from this process. In Son La, farmers who engaged in contract sugarcane farming used their increased income to purchase more land to grow more sugarcane. As a result, average land size of contracted farmers rose to 1.27 hectares per household compared to 0.85 hectares for non-contracted households.

Environmental impacts

Contract farming can also have significant environmental impacts depending on the crop system. As such, emerging policies on contract farming can mandate environmental responsibility and justice, grounded in local community participation and cross-referencing environmental protection statutes, as part of agricultural investments. In cases where production began under a concession model but later shifted to contract farming, there is a clear increase in attempts to address environmental impacts. For production of sugarcane in Laos for example, there were no environmental or social impact assessments for Mitr Lao and SVK's initial concessions in 2006 as these were not required at the time. However, subsequent agreements required the companies mitigate erosion and manage soil health. SVK's most recent contract requires an Environmental and Social Management and Monitoring Plan. In 2015, Mitr Lao also began a transition to organic production, processing its first

A large scale vegetable farm in Hoa Binh, Vietnam. © MRLG/Alla Tykmanova (partially) organic crop in 2018. The company now has organic and non-organic sourcing areas: farmers with organic plots must follow company practice, though input application, farm management and harvesting are all undertaken by company staff at the farmers' expense. In the case of tea production in Phousan, Laos, the sector's development has led to deforestation and destruction of wild tea trees, with forest conservation generally not incorporated into contracts.

Other cases show environmental responsibility integrated into investments from the outset. Among the Vietnamese cases, a much higher proportion of households reported positive environmental impacts for contract farming of rice in Soc Trang (86%) compared to sugarcane production in Son La (60%). This reflects an emphasis in the Soc Trang arrangement on training farmers on the appropriate use of fertilisers and pesticides and the use of environmentally friendly products, which has led to reduced negative impacts on soil and water resources. In Cambodia, the CACC supply chain is based on the added value of organic cassava, with cooperatives providing training and support for farmers, as previously outlined. For Lao tea, organic value chains have similarly become key to developing the sector, driven in part by producer organisations such as the FOTPG. While environmental stewardship and justice encompass far more than certifications, these cases represent steps to integrate such principles into investment arrangements.

Livelihood outcomes

Potential benefits for farmers engaged in contract farming include retaining their land and gaining access to markets, higher and more stable prices, technical assistance and financing. The cases in this study are ongoing, making it hard to gauge their overall impacts on livelihoods. Additionally, there is little data comparing contract farming with other farming activities. However, the specifics of each case very clearly illustrate how RAI policies can maximise livelihood benefits for farmers by responding to their needs and voices, in particular by: 1) reducing risks for farmers, 2) supporting farmers to increase their capacity, and 3) placing their participation at the centre of investment planning and implementation. In terms of livelihood changes over time, it is worth noting that although contract farming may help develop "new" crops (or crops not previously cultivated on an industrial scale), it may also be pushing changes for crops that farmers have been cultivating traditionally — as is the case with rice in Soc Trang, Vietnam and tea in some areas of Laos. Recognising the context is crucial for understanding farmers' engagement in contract farming.

Farmers across cases often report positive impacts on their net income, however these gains are often tempered by high risks and other financial burdens. In Cambodia, rubber and organic cassava contract farmers all reported increased household consumption, better living conditions in the village, and higher school enrolment. Among cassava contract farmers, 59% reported that contract farming had a moderately positive impact on their livelihoods and 20% reported an important impact. In all cases in Cambodia however, the communities saw increased indebtedness as farmers take out loans to fund their involvement in new projects. In Vietnam, 80 to 90% of households in the two cases (though not always the same households) reported reduced production costs, an improvement in productivity, and higher income. In Soc Trang, paddy rice contract farmers received an annual revenue of 23.6 million VND per hectare compared to 15.6 million VND for non-linked households. However, capital demands again presented a barrier or risk, as many households took on debt to lease more land and invest in production. In Son La, sugarcane growing households reported higher incomes (71.26 million VND/ha/year) compared to non-contracted farmers growing paddy, corn, and cassava (40.6 million VND/ha/year). Additionally, producing for the company required a high initial investment, including making improvements to soil quality. A similar dynamic is visible for sugarcane in Laos, where farmers took on loans from the companies. However, with yields initially low, many defaulted and dropped out of the scheme. SVK and Mitr Lao subsequently adjusted the terms, letting farmers repay their debts over three years. Nevertheless, problems continued, and the companies began requiring security guarantees.

Contract farming arrangements also offer a chance to support capacity building for farmers in terms of both technical knowledge and soft skills. Examples include organic cassava production in Cambodia, in which the arrangement sought to help smallholders gain skills in organic farming and seed production. In the case of Son La sugarcane in Vietnam, land concentration and government support facilitated technical capacity building for farmers. This is notably in contrast to the Lao sugarcane case, in which company employees take on technical tasks and mechanised processes. Though some farmers may not have the skills or machines required for these tasks, there is scope to help them build these skills or to contract them to carry out the tasks

A farmer in Hoa Binh province, Vietnam, harvesting rice. © MRLG/Leonard Reyes

using company equipment. For tea farming in Laos, investors have also pledged to support producers in developing new production techniques, in partnership with local government. Follow-through on this has been limited, however, often due to a lack of local capacity among investors, suggesting the need for policies that can guarantee investors' ability to fulfil all aspects of contracts—not only in purchasing the crop but also in technical assistance and capacity building. Other companies reported concerns that, following any investment in farmer capacities, the government would not enforce their contracts, leading to wasted resources.

For farmers, the question of whether contracting farming benefits their livelihoods are often tied to their free participation in investment planning and implementation. This may be even more important than a strictly income-based comparison. Among rubber farmers in Cambodia, 61% reported contract farming had only a small positive impact on their livelihoods, while 62% said they would prefer a non-contract farming system. This stems from the company's inability to offer higher prices for the latex than the local middlemen and traders. Farmers can still earn a reasonable income, which indicates that a smallholder model may be more resilient, and possibly more efficient, in the face of commodity price volatility and other unforeseen shocks. On the other hand, 95% of respondents in the CACC case wished to continue contract farming; this likely reflects the positive effects of sufficient consultation during setup, monitoring during implementation, and support from actors such as agricultural cooperatives in facilitating information sharing and technical exchange between investors and farmers. In Laos, some, but not all, sugarcane farmers reported they felt coerced into contract farming due to the scale of the investment and a lack of other opportunities. By contrast, in the Lao tea sector, the farmers' growing ability to organise through producer organisations has allowed them to pursue new value chain arrangements. Tea farmers interviewed for the study, particularly from Phongsaly, said they benefitted from higher prices and greater market access through investors, especially during spring picks and during the wet season.

In all cases however, contract farming often sees farmers bearing most of the production risk. For sugarcane in Son La, Vietnam, contracts have resulted in an unfavourable deal for farmers, particularly in the context of low sugar prices on the international market. Farmers purchase inputs from the company on no-interest credit which they pay back at harvest. Though the company agreed to purchase all of the farmers' output and claims to provide a higher price than other traders, the contract does not set a price. As a result, farmers' profits depend on international market fluctuations, but they still have to repay their debts to the company. The livelihood benefits for contract farmers are hampered by the inequitable portion of the risks of production which they still bear, resulting in an unstable arrangement that may not be tenable or financially viable in the long-term.

3. OBSERVATIONS AND RECOMMENDATIONS

Each case study in this paper resulted in a published set of recommendations, with country- and context-specific action steps. The recommendations here combine those that resonate at a regional level and suggest a path forward based on the above analysis.

Contract farming does not inherently promote responsible agricultural investment, and it can introduce its own unbalanced power dynamic. But done well, it can offer a platform for equitable relations, shared benefits, inclusive participation, and environmentally just practices. The success of a responsible contract farming project stems largely from positive, mutually-respectful relationships between parties, equitable benefits for all, effective government and non-government facilitation, contracts that detail clear roles and responsibilities, and implementation of fair terms. However much of this requires passing and implementing laws that make such contracts enforceable and support conflict resolution mechanisms. The cases analysed here show the positive results from cooperative-led arrangements, such as the rice production in Soc Trang, Vietnam and organic cassava in Preah Vihear, Cambodia. This shift is also visible in Lao tea production, where producer groups now drive some of the sector's more positive developments.

The diversity of cases for a given country, crop, or model illustrates the challenges for policymakers but also successes in responding to local contexts. Policy can target the potential of a certain crop (such as the Phongsaly Provincial Tea Development Strategy) or investment model; for example, to facilitate the role of tea associations in Laos. There are situations where informal relationships without a contract work well thanks to a high level of trust and respect between investor and farmer. However, a clear and negotiated contract is a useful tool to build trust in most cases. Contract farming itself is understood differently across different countries, as seen in the top-down structure common in Laos or the Vietnamese government's emphasis on production linkages and land concentration. In terms of dynamic contract farming policy, frameworks that are responsive to farmer voices can help identify key areas of need during project setup and implementation.

These approaches place high demands on the capacity of local and central governments, and donors and NGOs can play an important role in building this capacity. National-level state agencies can encourage desirable investments and assess their viability, as well as define roles and responsibilities of actors in a project. Policy can


Tea picker in Xieng Khouang, Laos. © MRLG/Leonard Reyes

Rice farmer in Hoa Binh province, Vietnam. © MRLG/Leonard Reyes

help investors and producers understand their rights, and independent, accessible, and effective mediation and dispute resolution mechanisms can add a level security, helping parties reach a better understanding over time and avoid protracted conflict.

Policies and regulations can include guidelines for contracts, such as templates, which provide a basis - though not a guarantee - for more equitable contracting. These can facilitate understanding for all parties and positive relationships but must also be flexible. Some investments may involve a multipartite model, for example, or present particular technical needs such as for organic production. Templates can also incorporate an effective mechanism to monitor and enforce contract obligations, either reflecting national mechanisms or setting up context-specific processes. Policies must require that contracts include clear and equitable terms around pricing and support services. They can also promote the positive potential of cooperatives, seen in the cases discussed here, as they can play an important role in investor-farmer dynamics, in establishing a positive relationship, monitoring projects and providing mediation where needed.

Like contracts, land is a key factor in achieving equitable outcomes. However, secure tenure for smallholders does not in and of itself guarantee mutually beneficial projects, nor does smallholder participation always lead to more secure tenure. Instead, the opposite can be true: there can be a risk of land loss in cases where farmers become indebted. When there is tenure insecurity, the rights of those involved in the investment are at risk, increasing the potential for conflict and other forms of disenfranchisement. The promotion of responsible agricultural investment therefore needs to go hand in hand with efforts to improve land tenure security, both through the recognition and protection of customary systems of tenure and the adoption of tenure instruments such as titles and certificates across geographies and scales. This is central to the long term viability of investments for all parties.

The studies provided limited data on livelihood outcomes for farmers and on inclusivity in projects. Profitability of these ventures for the investors could also be explored further, such as through a comparison between concession and contract farming outcomes. Further study is necessary to outline how emerging policies can acknowledge and amplify the role of women in production and decision-making. Research is also needed to determine who benefits from contract farming and where support could be lent to those otherwise marginalised by such schemes.

Workshop discussions and case evidence also show that environmental responsibility must be made central to contract farming schemes. How can contract farming contribute to diversified production and agroecological practices rather than imposing monocropping, which strains soil, ecosystems, and farmers? Can contract farming work in tandem with responsible stewardship of the region's resources, including water, forests, and air? What would agricultural production look like if voices often excluded from policymaking spaces—those of women and Indigenous Peoples, for instance—were the ones driving policy?

The following are the key lessons learned and takeaways that can inform policy processes for contract farming:

Policy:

1. There is a need for **legislation that achieves clarity and consistency and is responsive to local context**, facilitating straightforward processes for all stakeholders. This could include new contract farming laws or other types of legislation, revisions to existing investment and agricultural policy, or specialised policies governing certain crops, areas or investment models.
2. **Policy incentives for contract farming should support efforts to promote secure land tenure**, either through land titling or recognition of customary tenure for smallholders and communities who steward agrarian land.
3. **Policies must be grounded in the voices, needs and knowledge of women, reflecting their roles as decision-makers** on contract farming projects, both separate from and together with their husbands. Policies must promote gender equity, including through formalised steps throughout investor-farmer relationships. These include **the co-signing of contracts**, as this gives couples equal legal standing in the event of disputes.

Contracts:

4. Contracts should contain **clear and fair roles and responsibilities** for parties. Farmers should be able to easily understand their rights and obligations, both when deciding whether to sign a contract and afterwards. This can establish positive lines of communication and the foundation for mutual trust and respect between farmer and investor.
5. Contracts should be **enforceable**, laying out processes for monitoring that are satisfactory for both farmers and investors. Contracts must stipulate consequences for violations and processes for dispute resolution, ideally via a **low-cost independent dispute mechanism.**
6. Contracts should stipulate **clear and fair pricing and payment terms**, including payment structures and schedules. They must **equitably distribute risks,** such as through minimum purchase commitments.

Farmer support:

7. The local authorities should promote and support an **effective, transparent and inclusive contract negotiation process** as the basis for positive communication and mutual trust between farmer and investor.
8. **Farmers need support in terms of materials, technical expertise, and financing to succeed in a new enterprise**. Investors, local government, cooperatives, and NGOs can all contribute to this process. It is important to clearly identify who will provide each type of support. The provision of credit must be handled with care to minimise the risk of unmanageable or exploitative debt.
9. Producer groups, such as **cooperatives, play a key role as intermediaries between individual farmers and companies**, helping to establish production arrangements and by providing support services and training. There is a need for policies that allocate resources and capacity for these groups to improve their support for responsible contract farming.

Farmers transporting newly harvested cassava in Hoa Binh province, Vietnam. © MRLG/Leonard Reyes

Cassava being dried at a cooperative-owned facility in Laos. © MRLG/Leonard Reyes

REFERENCES

AGROINFO. (2020, December 15). *Strategic recommendations for agriculture land concentration and accumulation.* Responsible Agricultural Investment Regional Alliance Meeting: Priorities, approaches, and initial findings of RAI research in the Mekong countries, Hanoi.

AGROINFO. (2020b). *Case study: Agricultural land accumulation and concentration and small farmers in Vietnam.* Mekong Region Land Governance (MRLG); Centre Information for Agriculture and Rural Development (AGROINFO).

AGROINFO. (2021, August 4). *ASEAN RAI and case study in Vietnam.* Responsible Agricultural Investment Regional Alliance Meeting: Perspectives on RAI case study analysis for regional comparison, Hanoi.

ATWGARD. (2018). *The ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry.* ASEAN Technical Working Group on Agriculture and Research Development. https://asean.org/storage/2012/05/ASEAN-Guidelines-on-responsible-investment-in-FAF.pdf

Ba, H. A., de Mey, Y., Thoron, S., & Demont, M. (2019). Inclusiveness of contract farming along the vertical coordination continuum: Evidence from the Vietnamese rice sector. *Land Use Policy*, 87, 104050. https://doi.org/10.1016/j.landusepol.2019.104050

Boupha, T. (2023). *Comparing investments in the Lao Tea Sector: Concessions, contracts, and outcomes for smallholder farmers.* Case Study Series No.7. Vientiane: MRLG. https://www.mrlg.org/publications/comparing-investments-in-the-lao-tea-sector/

Brewin, S., & Tundang, R. E. (2021, April 28). *Investment Incentives for Contract Farming.* Investment Incentives for Contract Farming.

Castellanet, C., & Diepart, J.-C. (2015, May). *The neoliberal agricultural modernization model: A fundamental cause for large-scale land acquisition and counter land reform policies in the Mekong region.* Land grabbing, conflict and agrarian-environmental transformations: perspectives from East and Southeast Asia, Chiang Mai University. https://www.mrlg.org/publications/the-neoliberal-agricultural-modernization-model-a-fundamental-cause-for-large-scale-land-acquisition-and-counter-land-reform-policies-in-the-mekong-region/

CFS. (2014). *Principles for Responsible Agricultural Investment in Agriculture and Food Systems.* The Committee on World Food Security (CFS). https://www.fao.org/3/au866e/au866e.pdf

Chan, S., Ngorn, C., Hour, T., Hem M. (2020). Land conflicts between Economic Land Concessions and smallholder farmers in Bousra commune (Cambodia): What Are the Policy Implications? Case Study Series No.2. Phnom Penh: Centre for Policy Studies and Mekong Region Land Governance. https://www.mrlg.org/publications/land-conflicts-between-economic-land-concessions-and-smallholder-farmers-in-bousra-commune-cambodia-what-are-the-policy-implications/

Cole, R., & Ingalls, M. L. (2020). Rural Revolutions: Socialist, Market and Sustainable Development of the Countryside in Vietnam and Laos. In A. Hansen, J. I. Bekkevold, & K. Nordhaug (Eds.), *The Socialist Market Economy in Asia: Development in China, Vietnam and Laos* (pp. 167–194). Springer. https://doi.org/10.1007/978-981-15-6248-8_6

Cole, R., Nguyen, D. T., & Ingalls, M. L. (2022). *Agricultural Land Accumulation and Concentration in Viet Nam: Policy objectives and implications for smallholder farmers – MRLG* (Discussion Note Series #9). Mekong Region Land Governance; Institute of Policy and Strategy for Agriculture and Rural Development of Viet Nam. https://www.mrlg.org/publications/agricultural-land-accumulation-and-concentration-in-viet-nam-policy-objectives-and-implications-for-smallholder-farmers/

Cole, R., & Soukhathammavong, S. (2021). *Contract farming in Laos: Responding to a rising agricultural trend.* Mekong Region Land Governance (MRLG). https://www.mrlg.org/publications/contract-farming-in-laos-responding-to-a-rising-agricultural-trend/

Deligne, A., Hayward, D., Cole, R., Campbell, N., & Ingalls, M. (2021). *Mekong Regional Land Forum 2021: Land tenure in Mekong forest landscapes: Advancing the recognition of customary rights and responsible investment practices*. Mekong Region Land Governance (MRLG); Land Portal. https://www.mrlg.org/publications/mekong-regional-land-forum-2021-land-tenure-in-mekong-forest-landscapes-advancing-the-recognition-of-customary-rights-and-responsible-investment-practices-summary-report/

Diepart, J.-C. and C. Castellanet. (2022). *Agrarian modernization and counter land reforms: Ideologies and realities in the Mekong region*. Hirsh, Woods, Scurrah, and Dwyer (eds). Turning Land into Capital. Development and Dispossession in the Mekong Region. Chapter 3. Seattle: University of Washington Press.

Diepart, J.-C., Ngo, S., Ngin, C. and Oeur, I. (2022). *Agricultural investment at the crossroads in Cambodia: Towards inclusion of smallholder farmers?* Case Study Series No.6. Phnom Penh and Vientiane: CPS, ADIC, MRLG. https://www.mrlg.org/publications/agricultural-investment-at-the-crossroads-in-cambodia-towards-inclusion-of-smallholder-farmers/

Diepart, J.-C., Kong, R., Kou, P. (2023). *Cambodian smallholder rubber sector, 2000 to 2021: Trajectories of Change*. Forest Trends Report. Washington D.C.

Dwyer, M. (2017). *Land and Forest Tenure in Laos: Baseline Overview 2016 with Options for Community Participation in Forest Management*. UN-REDD Programme. https://www.unredd.net/documents/redd-papers-and-publications-90/un-redd-publications-1191/16178-land-and-forest-tenure-in-laos-baseline-overview-2016-with-options-for-community-participation-in-forest-manageme-nt.html?path=redd-papers-and-publications-90/un-redd-publications-1191

FAO. (2012). *Guiding principles for responsible contract farming operations*. Food and Agriculture Organisation of the United Nations. https://www.fao.org/3/i2858e/i2858e.pdf

Filer, C., Mahanty, S., & Potter, L. (2020). The FPIC Principle Meets Land Struggles in Cambodia, Indonesia and Papua New Guinea. *Land, 9*(3), Article 3. https://doi.org/10.3390/land9030067

Forest Trends. (2021). *Timber Legality Risk Dashboard: Cambodia*. Forest Trends. https://www.forest-trends.org/wp-content/uploads/2022/01/Cambodia-Timber-Legality-Risk-Dashboard-IDAT-Risk.pdf

Gill, M. (2013). *Contract farming handbook: A practical guide for linking small-scale producers and buyers through business model innovation*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. https://europa.eu/capacity4dev/file/16814/download?token=3aWcRVTy

Grimsditch, M. (2016). *The "Engine of Economic Growth": An Overview of Private Investment Policies, Trends, and Projects in Cambodia*. Focus on the Global South. https://focusweb.org/publications/the-engine-of-economic-growth-an-overview-of-private-investment-policies-trends-and-projects-in-cambodia/

Hayward, D., & Diepart, J.-C. (2021). *Deforestation in Cambodia: A story of land concessions, migration and resource exploitation* (Land Portal Data Story). Land Portal. https://landportal.org/node/100575

Hayward, D., Hirsch, P., & Scurrah, N. (2021). *Key Themes in Land Governance: Synopses of Research, Policy and Action in the Mekong Region*. Chiang Mai, Vientiane: The Regional Center for Social Science and Sustainable Development (RCSD), Mekong Region Land Governance (MRLG).

Hayward, D., Ko Lwin, Yang Bin, & Htet Kyu. (2020). *Chinese Investment into Tissue-Culture Banana Plantations in Kachin State, Myanmar*. MRLG Case Study Series No.4. Vientiane, Yangon: Mekong Region Land Governance. https://www.mrlg.org/publications/publication-title-chinese-investment-into-tissue-culture-banana-plantations-in-kachin-state-myanmar/

Hett, C., Nanhthavong, V., Hanephom, S., Phommachanh, A., Sidavong, B., Phouangphet, K., Lu, J., Shattuck, A., Ingalls, M., Bernhard, R., Phathitmixay, S., Phomphakdy, C., Heinimann, A., & Epprecht, M. (2020). *Land Leases and Concessions in the Lao PDR: A characterization of investments in land and their impacts*. Centre for Development and Environment (CDE), University of Bern, Switzerland, with Bern Open Publishing. https://boris.unibe.ch/133115/1/Land_deals_in_the_Lao_PDR_Eng_4SEP2020_LQ.pdf

Hirsch, P., Mellac, M., & Scurrah, N. (2016). *The political economy of land governance in Viet Nam*. Mekong Region Land Governance. http://www.mekonglandforum.org/sites/default/files/Political_Economy_of_Land_Governance_in_Viet_Nam_1.pdf

Hirsch, P., & Scurrah, N. (2015a). *The Political Economy of Land Governance in Lao PDR*. Mekong Region Land Governance. http://rcsd.soc.cmu.ac.th/mlrf/sites/default/files/Political_Economy_of_Land_Governance_in_Lao_PDR.pdf

Hirsch, P., & Scurrah, N. (2015b). *The Political Economy of Land Governance in the Mekong Region*. Mekong Region Land Governance. http://rcsd.soc.cmu.ac.th/mlrf/sites/default/files/Political_Economy_of_Land_Governance_in_Region_0.pdf

IPCC (2023). AR6 Synthesis Report: Climate Change 2023. https://www.ipcc.ch/report/sixth-assessment-report-cycle/

Ingalls, M. L., Diepart, J.-C., Truong, N., Hayward, D., Neil, T., Phomphakdy, C., Bernhard, R., Fogarizzu, S., Tagliarino, N., Epprecht, M. E., Nanthavong, V., Vo, D. H., Nguyen, D., Nguyen, P. A., Saphanthong, T., Inthavong, C., Hett, C., & Sem, T. (2018). *State of land in the Mekong region*. University of Bern; Mekong Region Land Governance. https://www.mrlg.org/publications/state-of-land-in-the-mekong-region-2/

Kenney-Lazar, M., Dwyer, M., & Hett, C. (2018). *Turning Land into Capital: Assessing A Decade of Policy in Practice*. Land Information Working Group (LIWG). https://www.ohchr.org/Documents/Issues/EPoverty/Lao/MilesKenneyLazarAnnex6.pdf

Lu, J., & Smith, H. (2023). *From Booms to Bans: Governing Land and Forests in Laos*. Sociology of Development 9(2): 131-150. https://doi.org/10.1525/sod.2023.9.2.131.

Marks, D. (2022). *The Contract Farming Promotion and Development Act (2017) of Thailand: Origins and impacts to date*. MRLG Thematic Study Series No.12. Vientiane: Mekong Region Land Governance (MRLG). https://www.mrlg.org/publications/the-contract-farming-promotion-and-development-act-2017-of-thailand-origins-and-impacts-to-date/

Marks, D., Baird, I., & Jorasatthumb, N. (2024). *Thailand's Contract Farming Act at a Crossroads: Impacts, Shortfalls, and the Need to Better Protect Smallholders*. Critical Asian Studies. https://doi.org/10.1080/14672715.2024.2365872.

Mienmany, S. and Smith, H. (2024). *Sugarcane in Savannakhet province, Lao PDR: Evidence for contract farming, land lease and investment policies*. Case Study Series No.10. Vientiane: Mekong Region Land Governance. https://www.mrlg.org/publications/sugarcane-in-savannakhet-province-lao-pdr-evidence-for-contract-farming-land-lease-and-investment-policies/

MRLG. (2017). *Towards Responsible Large-Scale Agricultural Investments in the Mekong Region: Key messages from a regional dialogue*. Mekong Region Land Governance (MRLG). https://www.mrlg.org/publications/towards-responsible-large-scale-agricultural-investments-in-the-mekong-region-key-messages-from-a-regional-dialogue/

MRLG. (2024). "Land Law revision in Vietnam: prospects and challenges." MRLG News, 27 June. https://www.mrlg.org/news/land-law-revision-in-vietnam-prospects-and-challenges/.

MRLG, & AGROINFO. (2020). *Assessment of Legal Framework in Agricultural Land Accumulation and Concentration in Agriculture Sector and Social and Economic Impact Assessment of Agricultural Land Accumulation and Concentration on Small Farmers Livelihoods in Vietnam*. Mekong Region Land Governance (MRLG); Centre Information for Agriculture and Rural Development (AGROINFO).

Ngo, S., & Ngin, C. (2022). *Making contract farming more inclusive for smallholder farmers in Cambodia*. Policy Brief. Phnom Penh: Centre for Policy Studies (CPS), Mekong Region Land Governance Project (MRLG). https://www.mrlg.org/publications/making-contract-farming-more-inclusive-for-smallholder-farmers-in-cambodia/

Ngo, S., & Cole, R. (2022). *Nurturing Agricultural Cooperatives for Inclusive and Effective Agroinvestment Partnerships in Cambodia*. Policy Brief. CPS, MRLG. https://www.mrlg.org/publications/nurturing-agricultural-cooperatives-for-inclusive-and-effective-agro-investment-partnerships-in-cambodia-brief/

Scurrah, N., & Hirsch, P. (2015). *The Political Economy of Land Governance in Cambodia*. Mekong Region Land Governance. https://www.mrlg.org/publications/the-political-economy-of-land-governance-in-cambodia/

Searchinger, T., Peng, L., Zionts, J., and Waite, R. (2023). *The Global Land Squeeze: Managing the Growing Competition for Land*. World Resources Institute. https://www.wri.org/research/global-land-squeeze-managing-growing-competition-land.

TechnoServe, & IFAD. (2011). *Outgrower Schemes—Enhancing Profitability*. TechnoServe, The International Fund for Agricultural Development. https://www.technoserve.org/resources/technical-brief-outgrower-schemes-enhancing-profitability-joint-report-from/

Thompson, E. C., Rigg, J., & Gillen, J. (2019). *Asian Smallholders in Comparative Perspective*. Amsterdam University Press. https://www.aup.nl/en/book/9789462988170/asian-smallholders-in-comparative-perspective

To, P. X., Mahanty, S., & Wells-Dang, A. (2019). *From "Land to the Tiller" to the "New Landlords"? The Debate over Vietnam's Latest Land Reforms*. Land 8(8), 120. https://doi.org/10.3390/land8080120.

Vongvisouk, T., & Dwyer, M. (2017). *After the Boom: Responding to Falling Rubber Prices in Northern Laos*. Thematic Study Series No.4. Vientiane: MRLG and Forest Trends. https://www.mrlg.org/publications/after-the-boom-responding-to-falling-rubber-prices-in-northern-laos/

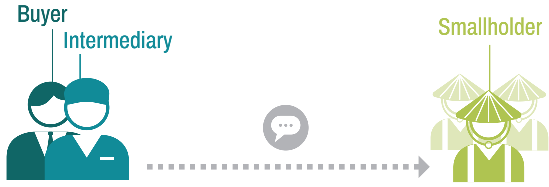
Wilson, A. (2021). *Tea Sector Development in Lao PDR: Understanding 20 Years of Opportunities and Challenges*. LURAS (Lao Upland Rural Advisory Service), Helvetas. https://laoteaorg.files.wordpress.com/2022/01/tea-sector-development-in-lao-pdr.pdf

APPENDIX 1: AGRICULTURAL INVESTMENT MODELS

Contract farming models

Informal Model

Relations are set up verbally between buyer and/or intermediary with smallholder farmers, with no formalised, written agreement. There may be involvement of both inputs and outputs in the agreement, or merely one of the components. Participants likely involve small firms with agreements covering one growing season.

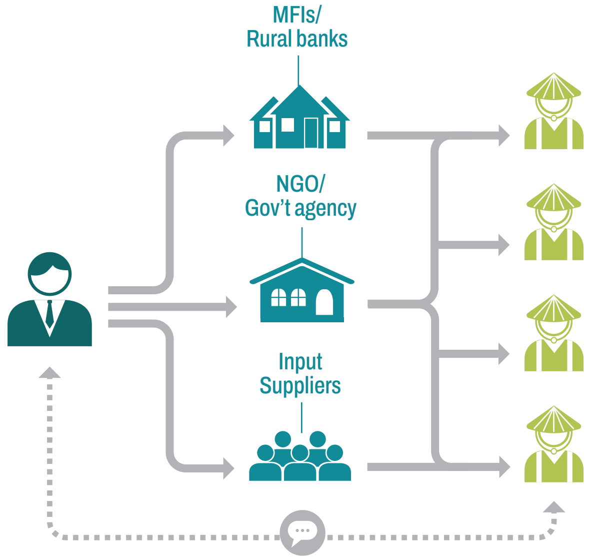


Intermediary Model

The buyer has no direct contact or contract with smallholders. Instead, intermediaries organise contracts (potentially with inputs and connected services, and receiving outputs), then liaising with the buyer.

Multipartite Model

The buyer sets up relations with smallholder farmers, but with services provided by other actors. These can include financing institutions, government agencies, and input suppliers. The buyer or the other actors may have a direct contract with the farmers. There may also be an intermediary.

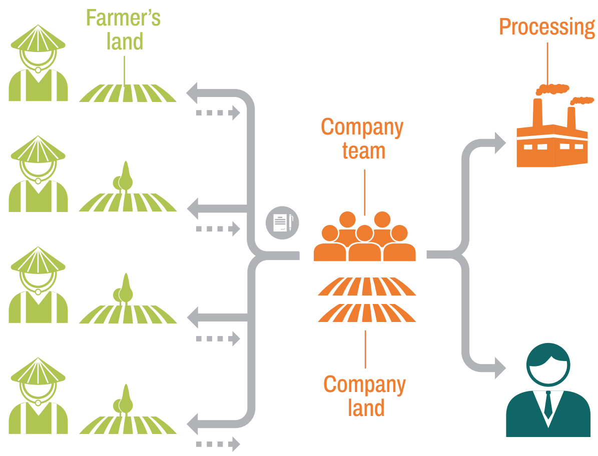


Centralised Model

The buyer sets up contracts with several smallholder farmers, supplying inputs and receiving the output. While the farmer operates production, the buyer will control management of this process, such as in the timing of cultivation components, and demands on the quality of produce delivered.

Nucleus Estate (Outgrower)

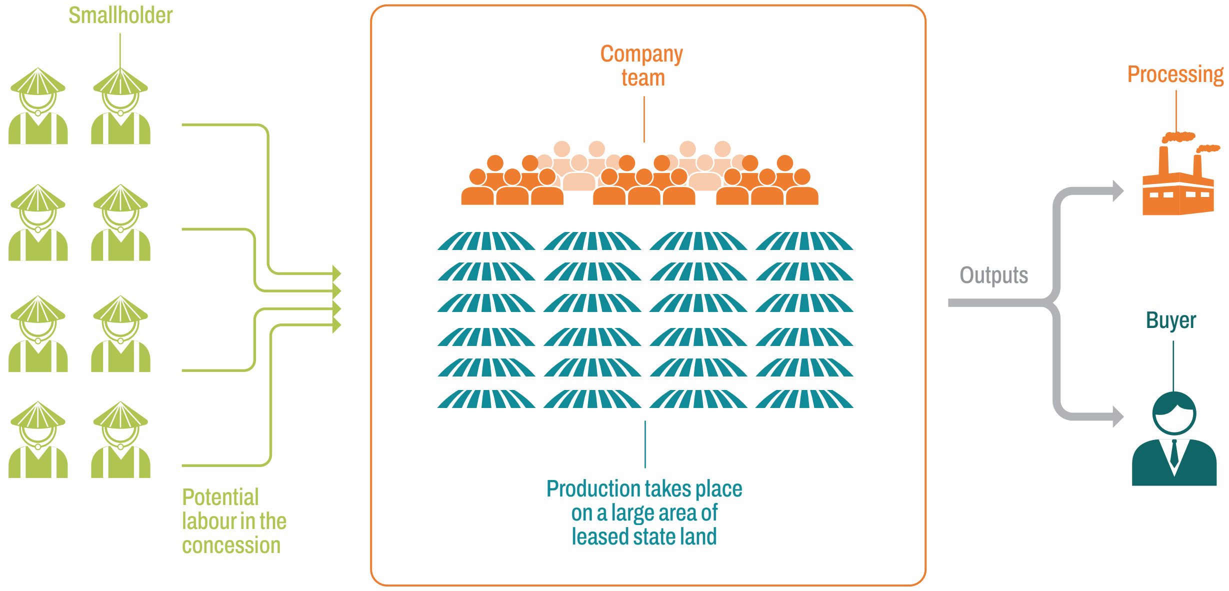
The company/investor has access to its own concessionary area or leasehold for its own operations. However, it additionally contracts smallholder farmers, who may use land belonging to the company or their own in the surrounding area, with the company supplying inputs and receiving the output. The company then controls the commodity output for selling on to a processing facility or to other buyers. This model is frequently referred to as an 'outgrower' model.



Non-contract farming models

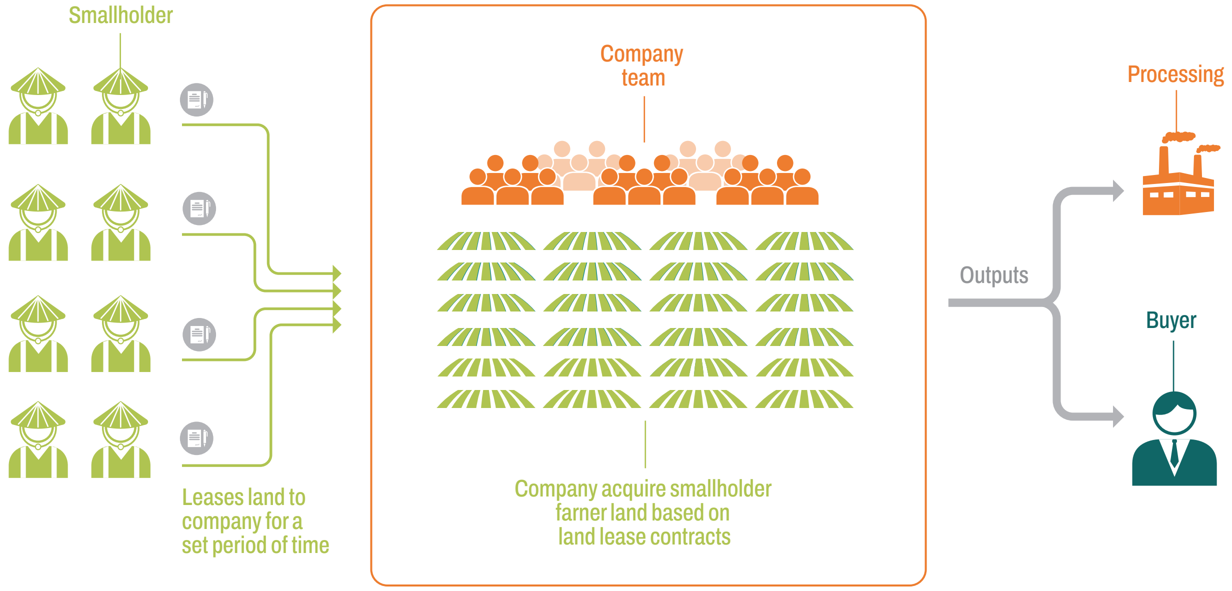
Concession Model

The company/investor is granted a concessionary area for its own operations. It does not utilise smallholders (except potentially as labour in the concession) and their land in the surrounding area.



Land Lease Model

The company/investor leases a plot of land from one or many smallholder farmers, then conducts its operations for a set period of time, and sells the product to a processing plant or other buyers.



APPENDIX 2: LEGAL DEVELOPMENTS RELATING TO AGRICULTURAL INVESTMENT IN THE MEKONG REGION

	Land and forestry	Investment	Agriculture
Cambodia	• 1992 Land Law (revised 2001) • 2002 Law on Forestry • 2008 Law for Protected Areas	• 1994 Law on Investment (revised 2017, 2021) • 2005 Sub-decree No. 146 on Economic Land Concessions (ELCs) • 2012 Order 01 (on Measures Strengthening and Increasing Effectiveness of ELC Management) • 2016 Sub-decree No. 69 on the Transfer of Protected Forest, Protected Areas, Production Forest and Economic Land Concessions between MAFF and MOE • 2019 Instruction on Investment Approval and Land Management Mechanism for Leasing or Concession to Cultivate Crops	• 2011 Sub-decree No. 36 on contract farming
Laos	• 2003 Land Law (revised 2019) • 2007 Forestry Law (revised 2019) • 2024 National Assembly Resolution No. 57/SCNA on approval for use rights in State Forest Areas	• 1990 Contract Law (revised 2008, 2019) • 2005 Policy mantra 'Turning Land into Capital' • 2007 Resolution No. 6/PMO of National Land Meeting • 2009 Law on Investment Promotion (revised 2016; revision forthcoming 2024) • 2019 Instruction 0457 on Investment Approval and Land Management Mechanisms for Leasing or Concessions to Cultivate Crops	• 1998 Agriculture Law • 2024 PM Decree on Contract Farming (forthcoming)
Vietnam	• 1988 Land Law (most recent revision 2024)	• 2014 Law on Investment (revised 2020) • 2014 Law on Enterprises (revised 2020)	• 2018 Decree 98/2018/ND-CP (on contract farming)
Myanmar	• 1991 Wasteland Instructions • 2012 Farmland Law (revised 2020) • 2012 Vacant, Fallow and Virgin Lands Management Law (VFV Law) (revised 2018) • 2014 National Land Use Policy	• 2012 Foreign Investment Law • 2016 Investment Law (& 2017 Investment Rules)	
Thailand	• 1954 Land Code	• 1977 Investment Promotion Act • 1989 Foreign Business Act	• 2017 Contract Farming Act
Regional	• 1967 ASEAN (Vietnam joins 1995, Laos and Myanmar in 1997, Cambodia in 1999) • 1989 APEC (with Thailand, Vietnam joins 1998) • 2015 ASEAN Economic Community (AEC) established • 2018 Trans-Pacific Partnership agreement signed (with Vietnam) • 2018 ASEAN-RAI Guidelines adopted • 2022 Regional Comprehensive Economic Partnership effective		

Tea picker in Xieng Khouang province in Laos. © MRLG/Leonard Reyes

New policy priorities are emerging for agricultural investment in the Mekong region. The restructuring of the global food system has consolidated more agrarian land in the hands of fewer, more powerful stakeholders through concession models, driving new forms of investment purporting to raise revenues, support rural development, and mitigate food insecurity. These models have fallen short of achieving their stated goals, exacerbating pressure on land, forests, biodiversity, and the climate in the process. Yet a window of opportunity is now open for production arrangements that create a more equitable balance of benefits and risk between investors and smallholder farmers under the broad umbrella of Responsible Agricultural Investment (RAI), which prioritizes social and environmental sustainability, equity, and inclusivity.

This study brings together six case studies on contract farming in the Mekong region. With a focus on Cambodia, Lao PDR and Vietnam, it adopts a comparative analytical framework to trace how production arrangements have changed, outline emerging policy trends related to contract farming, and offer synthesized recommendations to inform the growing movement towards RAI. While agricultural investments are highly contextual and influenced by crop, country, and investment model, and while there is no single approach that guarantees an ideal outcome for RAI, the diverse cases presented here illustrate the need for clear, equitable, and enforceable contracts that benefit all parties, comprehensive legislation, and direct farmer support.

The Mekong Region Land Governance Project (MRLG) aims to improve the land tenure security of smallholder farmers in the Mekong region and has been operating in Cambodia, Laos, Myanmar and Viet Nam since April 2014.

MRLG is a project of the Government of Switzerland, through the Swiss Agency for Development and Cooperation (SDC), with co-financing from the Government of Germany and the Government of Luxembourg.

For more information on MRLG, please visit:
www.mrlg.org

Funded by:

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

german cooperation
DEUTSCHE ZUSAMMENARBEIT

LUXEMBOURG AID & DEVELOPMENT

Implemented by:

Land Equity International

GRET

Supported by:

giz