

Can supply chain's coordination mechanisms include small holders? Insight from Costa Rica and Burkina

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Family agriculture under pressure

- Increasing role of downstream actors (agro-industries, supermarkets) to organize the value chains
- Increasing role of certifications to steer the value chains
- Increasing participation of FOs in products commercialization or services provision

Addressed issues

- What are the impacts of contract farming on farmers?
- To which extent FOs can help small holders to access markets ?
- To which extent certifications can help small holders to better comply with social and environmental issues

Contract farming

- Contracts between farmers and agro-industries are based on:
 - Price, quality, quantity
 - Services provision (training, inputs, credit)
 - Agricultural practices to be implemented
- Case of cotton chain in Burkina Faso
 - Development of innovation (inputs, mechanization), farmers' inclusion, positive impacts on incomes and food security because of long term contractual arrangements
- Case of export vegetable chain in Costa Rica
 - Development of innovation, no impacts on incomes, farmers' exclusion because of lack of long term contractual arrangements

FOs can foster farmers inclusion depending on the situations

- **With captive coordination** (stringent standards, high investments, one kind of client)
 - FOs are useful but face difficulties to control the exclusion process, strategy similar to a private firm to secure investments
- **With others flexible coordination** (less stringent standards, low investments, different kind of clients)
 - FOs are able to progressively learn
 - FOs are key to include small farmers
 - But FOs need rules to control free riding and to provide efficient services to members
- **With market coordination** (few requests, exchange based on spot market)
 - FOs are not indispensable to market products
 - Farmers need to participate in interprofessional bodies to participate in the design and monitoring of rules of the game

Voluntary certifications with environmental and social requirements

- Case of coffee chain in Costa Rica (Rainforest, Coffee practice)
 - Complex process but affordable for FOs
 - Improve access to market especially for FOs already producing high quality coffee
 - Poor influence on agricultural practices because FOs select farmers already complying with the requirements but positive changes in farmers' perception on environment and social issues
- Case of pineapple (GlobalGAP)
 - High cost for farmers and FOs
 - No guarantee to access to market because of competition with international companies
 - Exclusion of small farmers

Conclusion :

mechanisms to include farmers

- Contract farming based on long term investment and shared vision to build trust
- FOs participating in marketing, processing, and service delivery :
 - FOs can manage the whole chain (case of the milk chain) : it takes time, it implies investments, it generates risks
 - Fos can manage part of the chain (collecting products of members, first processing operation, etc.)
- Standards and certifications adapted to local context to facilitate learning processes and to avoid unmanageable rules
- Interprofessional bodies at supply chain level based on trust and transparency to promote innovation, to defend the collective interests, to negotiate the share of the added value
- Efficient public policies to support small farmers (training, credit, adequate trade policy protecting family farming)

THANK YOU

