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

G. Faure (Cirad, UMR Innovation, Agreenium)
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, Coffe 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