



Innovations in linking sustainable agriculture practices with markets. An overview of the joint FAO/INRA study

Allison Marie Loconto, Anne Sophie Poisot, Pilar Santacoloma, Marcello Vicovaro

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Innovations in linking sustainable agriculture practices with markets

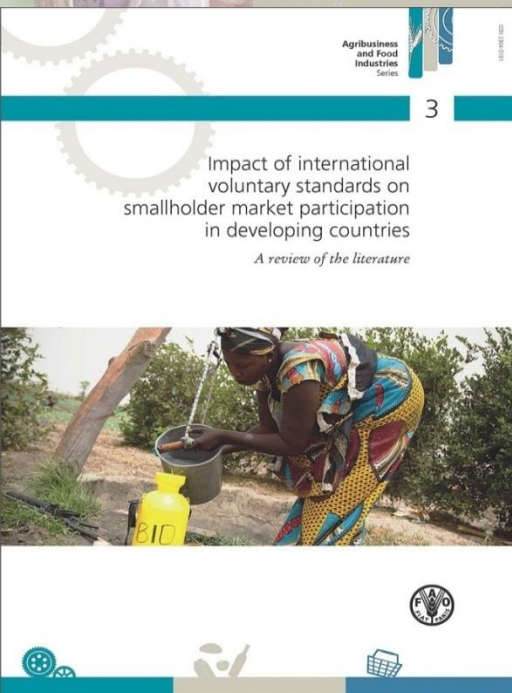
An overview of the joint FAO/INRA study



Allison Loconto (INRA/AGS)
Anne Sophie Poisot (AGP)
Pilar Santacoloma (AGS)
Marcello Vicovaro (AGP/AGS)

The impact of voluntary, social & environmental, standards on smallholder access to markets

One of the key findings: International voluntary standards have a positive impact on smallholder access to markets when local institutions have the capacity to support smallholder adoption of standards



Key messages

- Equitable and sustainable supply chain linkages, increased access to assets, and support for cooperative development are incentives for complying with standards.
- Both public and private actors have comparative advantages for supporting voluntary standards and are most effective when combined.
- Governments can provide services – infrastructure and proper legislation – that facilitate the inclusion of smallholders in certified value chains.
- the ability of exporters and farmers to meet standards requirements largely depends on assets, knowledge of certification and pre-existing relationships with certified value chains. However, upgrading is possible when the standards act as market incentives (e.g. long-term contracts) for small-scale producers to adopt better practices.
- Economies of scale are common in certified markets and small-scale farmers need to act collectively. The decisions made by retailers, manufacturers and importers are fundamental to the impact and success of voluntary standards. There is some evidence of smallholder exclusion, particularly in private food safety standards where these are de facto mandatory for entering the market.
- In most sectors and countries, compliance with standards and certification does increase costs but also increases farmgate prices. Some evidence of increased profitability was found for Fairtrade and organic certification. This was because of different combinations of increased prices, increased yields or decreased costs.

- **NGOs**
- **Extension Services**
- **Public policies (e.g., subsidies)**
- **Sector-specific characteristics/Corporate culture**
- **Local certification bodies**
- **Easily accessible testing laboratories**

Specifically for organic standards: national legislations in both exporting and importing countries

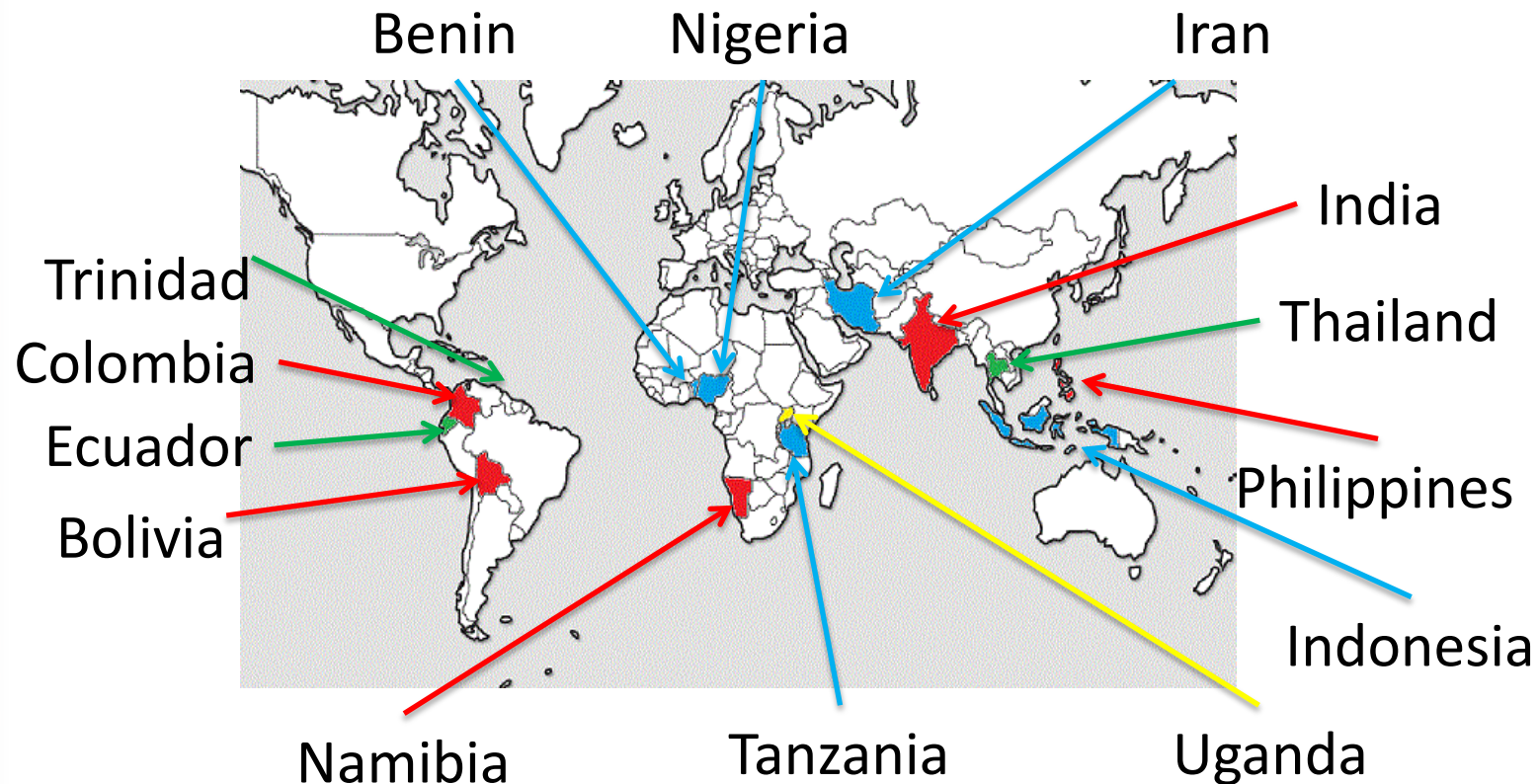


Study Objectives

- September 2013 – A joint initiative between FAO & INRA to bring together case studies on institutional innovations that have created local markets for sustainable products in developing countries
- Research Question:
 - *How do standards and market-based mechanisms act as incentives for the adoption of sustainable agriculture practices?*
 - What are the motivations and drivers that enable the adoption of sustainable practices?
 - How are value chains and local institutions being reorganized to facilitate the adoption of sustainable practices?
- Hypothesis:
 - *Innovative institutional arrangements mobilize actors and provide support that incentivize the adoption of sustainable agriculture practices*
- Focus not on global value chains, but on local value chains in developing countries:
 - **What are the other market mechanisms that link sustainable practices to markets**

Case studies

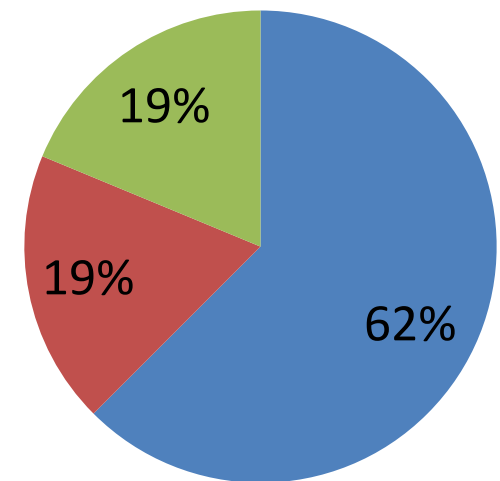
- 87 case study proposals received, of which 42 of good quality that fit the criteria of the call
- 15 case studies selected:



Sustainable Practices

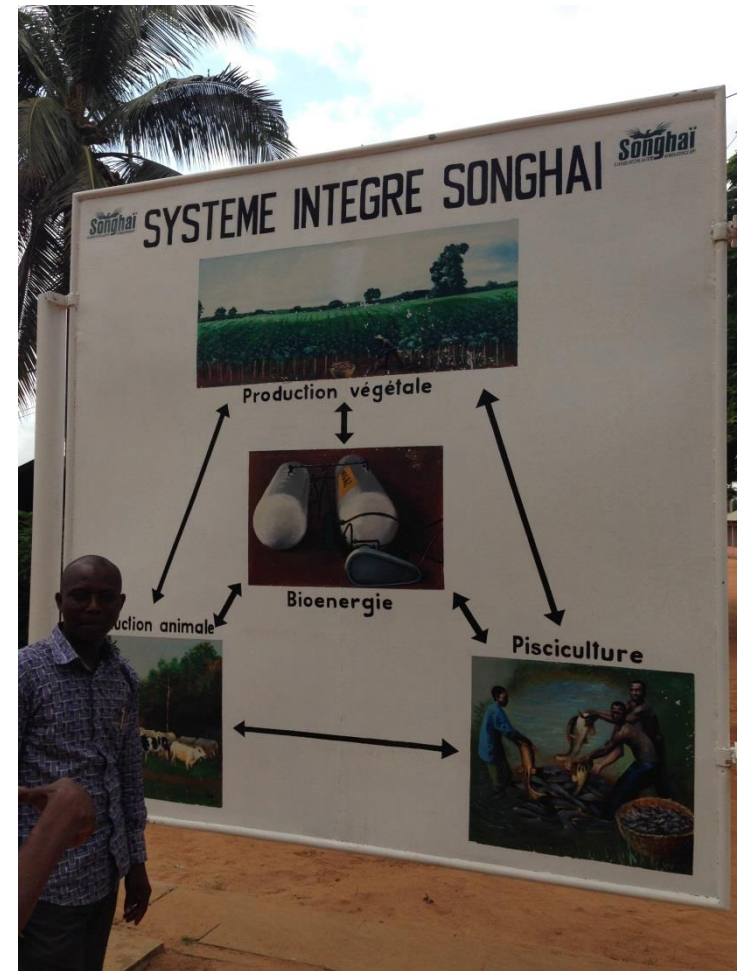
- Agroecology – both un-certified and certified through local organic standards
- IPS - un-certified, based on local agro-ecosystems
- IPM/GAP – both un-certified and certified through international standards

- Agroecology (10 cases)
- Integrated production systems (3 cases)
- IPM/GAP (3 cases)



Songhai Centre, Bénin

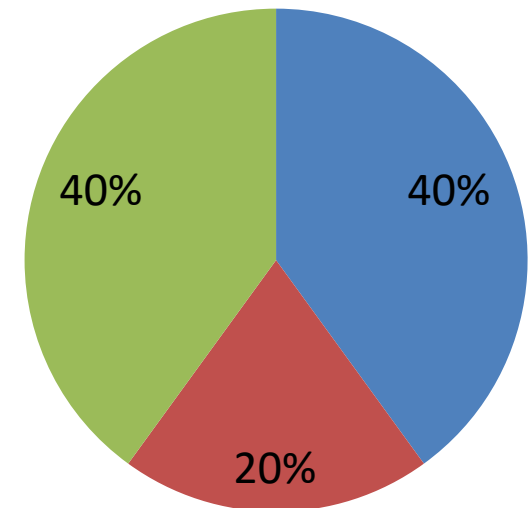
- A training center:
 - ‘learning by doing’ for young agricultural entrepreneurs
- Integrated system:
 - Interdependent production: Livestock, aquaculture, field crops, biogas
- Closed-circuit value chains:
 - sourcing from ex-trainees and recycling of plastics
 - Own consumption, direct sales and national markets (fresh and processed products)



Institutional Innovations

- MIP: producer-researcher networks created to work on developing/promoting a specific sustainable agriculture practice or technology
- CSA: producer-consumer networks created to support community development through direct markets
- PGS: producer-consumer networks created to certify organic practices based on peer-review

- Multi-actor Innovation Platforms (6 cases)
- Community-Supported Agriculture (3 cases)
- Participatory Guarantee Systems (6 cases)



FreshVeggies PGS, Uganda

- Farmer groups
 - Building on SACCOs
 - 88 farmers
 - 3 farmer-auditors
- Local adaptation of regional public standards
 - ‘dos and don’ts’
 - 3 local medicinal plants
 - Rotating responsibilities
- Value chains
 - Own consumption first
 - Using social media (facebook) to create markets
- Consumer-led production approach providing healthy/difficult to find products



Introduction to PGS.

- What is a PGS?

Participatory Guarantee system (PGS) are less formal methods for guaranteeing the organic status of organic farmers production.

They share a common goal with 3rd party certification in provision of credible guarantee for consumers of organic produce.

However, They have a different approach of direct participation, are adapted to realistic realities of the small farms, smallholder farmers & the local markets that they mostly serve.





Institutional Innovations

facilitate collective marketing

“putting ‘culture’ back into agriculture”

- Farmer-consumption
- Input markets (seeds, biofertilizers, compost)
- Farmers’ markets and Fieras
- Box-schemes
- Hospitality industry (restaurants, hotels, tourism)
- Public procurement (schools, hospitals, prisons)
- National supermarkets and wholesalers
- Export markets

Different roles for different actors

Based on:
Hekkert et al.
2007

	% Of the functions performed on the total	Entrepreneurial Activities	Creating Knowledge	Knowledge Diffusion	Guiding the Search	Market Formation	Resource Mobilization	Legitimation
Public actors	(221/1260) 17,5%	(18/180) 10%	(23/180) 12,8%	(26/180) 14,4%	(51/180) 28,3%	(23/180) 12,8%	(23/180) 12,8%	(63/180) 35%
Civil Society	(156/1470) 10,6%	(16/210) 7,6%	(23/210) 11%	(29/210) 13,8%	(22/210) 10,5%	(21/210) 10%	(12/210) 5,7%	(35/210) 16,7%
Private actors	(193/945) 20,4%	(28/135) 20,7%	(20/135) 14,8%	(28/135) 20,7%	(39/135) 28,9%	(43/135) 31,9%	(14/135) 10,4%	(19/135) 14,1%

Conclusions

- Standards and market-based initiatives act as incentives by integrating knowledge (creation and training), markets, resources and policy support into local networks that engage with national and international organizations.
 - Public/private/civil society actors (including consumers) are all important for incentivising farmers' adoption of sustainable practices
- The value chains are focused on local markets, but are highly diversified.
- Next steps:
 - Focus on the agroecology innovations to better understand the value chain development
 - 3 regional workshops to share experiences with broader networks working on these innovative approaches