A framework for fair prices and governance mechanisms to support sustainable farming in innovative value chains

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Research context : EU DiverIMPACTS

- EU project on crop diversification
- 25 case studies across several EU member states

Temporal diversification

Spatial diversification

Intercropping

1 : Temporal diversification integrating hemp (longer rotations in Sicily. Photo: Luca Colombo
2 : Strip cropping (spatial diversification) in the Netherlands. Photo: Bionext
3 : Intercropping of wheat and winter pea in Belgium. Photo: Olivier Roiseux

Research context : EU DiverIMPACTS

Mapping of barriers to crop diversification

- 46 barriers to crop diversification,
  15 barriers related to pricing

- Along all steps of the value chain:
  - Agricultural production
  - From harvest to retail
  - Markets
  - Coordination between value chain actors

Agricultural production	Lack of technical knowledge and references
	Lack of economic knowledge and references
	Need of investment for adapted machinery
	Lack of technical knowledge and references about impacts on sustainability
	Profitability is low, problematic or uncertain
	Uncertainties, risks and variability of agronomic performances
	Lack of technical knowledge about the impact on farming system and design
	Lack of information because of problems with advisory context
	Current situation is still profitable on the short term
	Constraints in labor organization (period, volume), mental or physical load
	Barriers related to CAP*, environmental or sanitary regulations
	Lack of adapted plant varieties in the local context
	Need of innovation in machinery for field activities
	Low agronomic performances (yield, quality)
	Increased complexity for management and decision-making
	Cultural barriers, confrontation with farming practices of parent's generation
	Cognitive frame and ways of thinking need to be changed
	Seeds are hard or expensive to get
	Farmers' lack of awareness about issues linked to specialization
	Lack of available or adapted phytosanitary solutions
From harvest to retail	Volumes are too limited in a given area to be profitably or easily collected
	Equipment for screening, cleaning, drying or storing requires investment
	Equipment for processing requires investment
	Competition on the global market with crops produced cheaper elsewhere
	Equipment for screening requires investment
	Equipment for processing requires innovation
	Regulations issues around sanitary, quality and purity aspects
	Equipment for cleaning, drying or storing requires innovation
	Administrative, fiscal or accounting issues
	Equipment for screening requires innovation
	Traders are reluctant to support solutions which may reduce inputs that they sell
	Dealing with diversification products brings higher costs
Market	Need to raise consumer's awareness or bad visibility of diversification benefits
	Uncertain or unstable market
	No pre-existing or very limited market
	Doubts about willingness of consumers to pay more for diversification products
Coordination between value chain actors	No ensured and/or fair sharing of added value between actors
	No ensured or limited volumes to buy/sell products or establish secure contracts
	Duration of contracts not enough to secure farmers in taking risks and investing
	Limited or no cooperation between innovative farmers
	Individualistic mentality and lack of trust between farmers limit collective action
	Unbalanced power in bargaining between farmers and traders
	Finding suitable contracts to address issues related to variability in production
	Lack of communication between value chain actors
	No ensured quality of products to be bought, sold or to establish secure contracts
	No ensured reciprocal benefits in partnership (especially for land arrangements)

Morel et al. (2020) Innovating within or outside dominant food systems? Different challenges for contrasting crop diversification strategies in Europe.

What is a good price for crop diversification?
What are the options for defining it?

Research methods

Objective: Identifying criteria for fair prices

2, 4: Old cereal varieties; Soybean

1. Review of Belgian and EU-level labels and initiatives → **9** criteria
2. Discussion with practitioners → **13** criteria
3. Targeted review of scientific literature → **14** criteria
4. Discussion with practitioners → **14** criteria
5. Development of questionnaire for value chain actors

Fourteen fair price criteria

Production and market criteria

1. Higher than reference prices
2. Consistent with production costs
3. Allows for a fair farmers' revenues level
4. Consideration for the added value compared to reference crop
5. Consumer acceptability of the price

Chain development criteria

6. Allows for investments
7. Risk-sharing and premium for innovation and/or risk taking
8. Stability and/or reassessment of price

Relationship between actors

9. Transparency
10. Fair value distribution
11. Long term commitment of the actors
12. Shared effort by all actors of the chain to guarantee commercial success
13. Fair governance mechanisms
14. Payment in a fair time

Considerations on the framework and how to use it ?

Possible criteria

Not a mandatory checklist

Context-specific

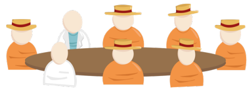
Depends on value chain (crop, size, development stage…)

Actor-specific

Different actors might prioritise different criteria

Time-specific

Criteria are likely to evolve as value chain develops



Stimulate discussions

To be used in combination with other tools[1]

[1] E.g. Lundy et al. (2014) LINK methodology. A participatory guide to business models that link smallholders to markets.

Examples of applications

The framework has been used in a diversity of contexts :

- For different crops and value chains
- In different countries
- In different research settings

Long-term project

FOOD

Soybean
Belgium

One-off workshops

FOOD

Old cereal varieties
Belgium

FEED

Soybean
France

Buckwheat
UK

External assessments

Chickpeas
Belgium

Red beans
Belgium

Yellow split pea
Belgium

Commercial crops
Belgium

BEER

Malting barley
Belgium

Perspectives and key take-aways

From the theoretical exercise to the practical applications

- From fair prices to fair relations
- Open dialogues are still challenging, but also rewarding: greater transparency improves collaborations
- Importance of a catalyser
- No blueprint for fair prices and relationships
- Translation to implementation: complementarity with other tools

SYTRA

transition of food systems

WWW.SYTRA.BE

https://sytra.be/publication/fair-price-tools/
https://sytra.be/event/eaae-187th-seminar/

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