SUFISA OVERVIEW

SUSTAINABLE FINANCE FOR SUSTAINABLE AGRICULTURE AND FISHERIES

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SUFISA

The Problem

How to ensure **financial sustainability** for primary producers in a **market-oriented** way, taking into account **policy requirements** and **market failures**?

Our Objectives

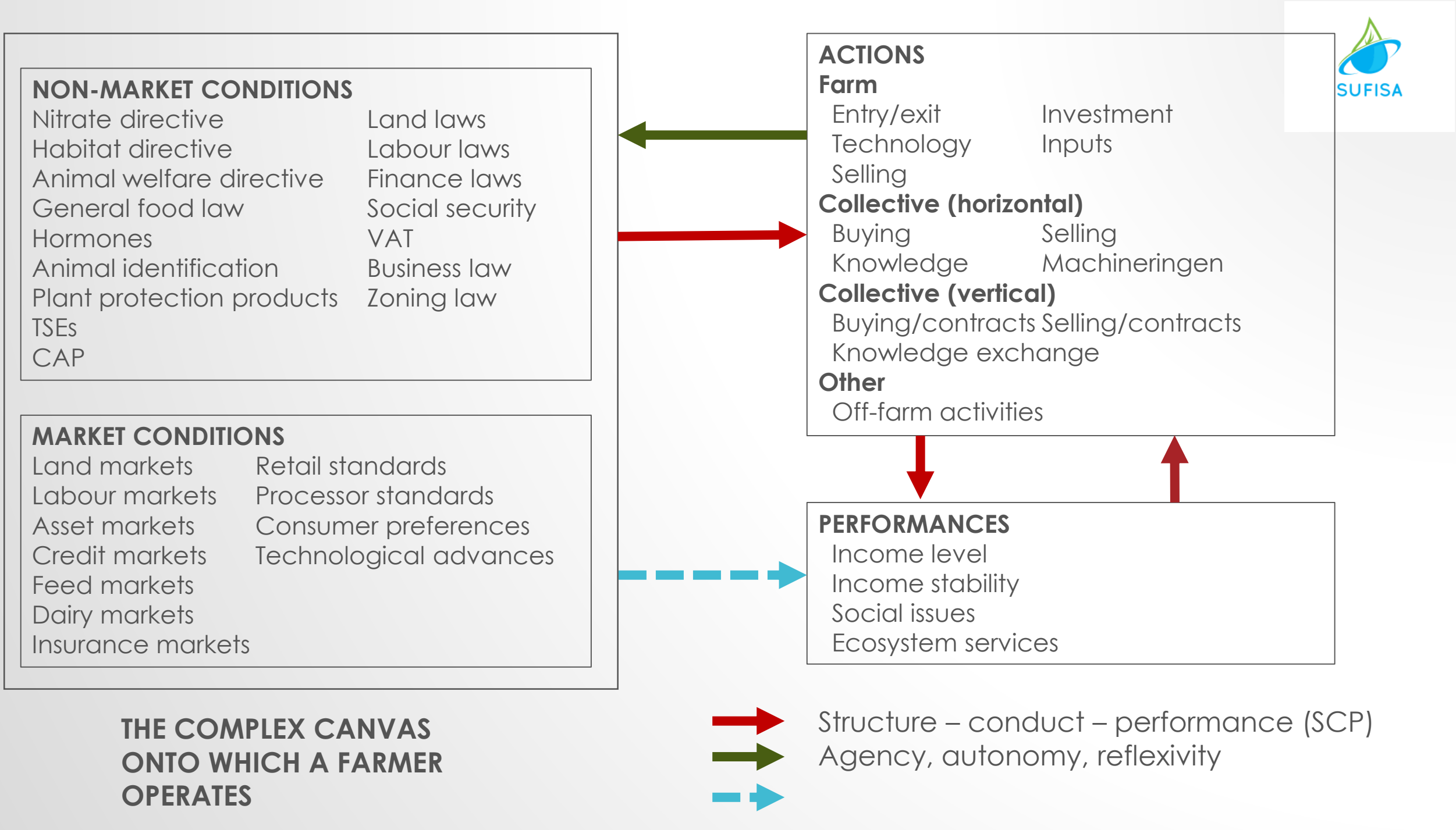
1. Deliver **conceptual framework** that links market failures and policy requirements to primary producers' strategies and performances
2. Investigate the **nature** of market failures, policy requirements and their **implications** for specific commodity sectors and regions
3. Analyse **impact** of market failures and policy requirements on **efficiency** and **performance**
4. Identify sustainable **practices and policies** and develop **future scenarios** to counter identified market failures
5. Carry out work in a **transdisciplinary** way using a multi-actor approach

Activities so far:

- National round tables with stakeholders
- Conceptual framework of farmer conditions, strategies and performances
- Analysis of conditions at country level
- Qualitative data collection: 22 case studies in 11 countries
- Quantitative analysis of market power in 2 cases
- Farmer survey in all case studies (n=150 per case, data collection finalised in February 2018)

Activities for the last year:

- Quantitative analysis of farmer survey
- Cross-case analysis and synthesis of results
- Foresight activities at EU and case level
- Policy recommendations and dissemination


NON-MARKET CONDITIONS
Nitrate directive
Habitat directive
Animal welfare directive
General food law
Hormones
Animal identification
Plant protection products
TSEs
CAP
Land laws
Labour laws
Finance laws
Social security
VAT
Business law
Zoning law
MARKET CONDITIONS
Land markets
Labour markets
Asset markets
Credit markets
Feed markets
Dairy markets
Insurance markets
Retail standards
Processor standards
Consumer preferences
Technological advances
ACTIONS
Farm
Entry/exit
Investment
Technology
Inputs
Selling
Collective (horizontal)
Buying
Selling
Knowledge
Machineringen
Collective (vertical)
Buying/contracts
Selling/contracts
Knowledge exchange
Other
Off-farm activities
PERFORMANCES
Income level
Income stability
Social issues
Ecosystem services
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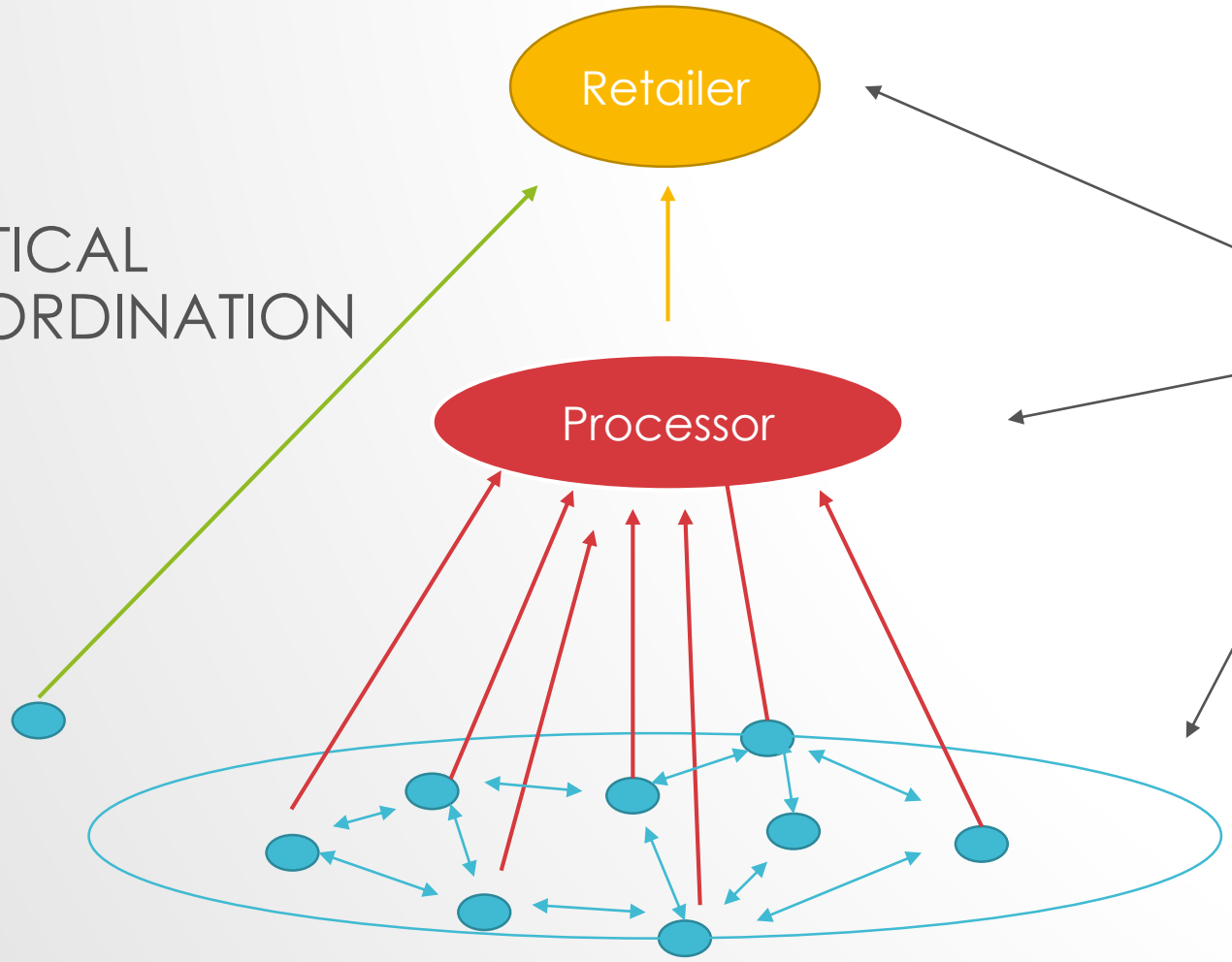
THE COMPLEX CANVAS ONTO WHICH A FARMER OPERATES
Structure – conduct – performance (SCP)
Agency, autonomy, reflexivity

Focus: Institutional arrangements

POLICY



VERTICAL COORDINATION

Physical flows
- Storage
- Sorting
- Packaging
- Processing
- Transporting
- Inputs

Monetary flows
- Price
- Added value
- Downward risk
- Investment

Information flows
- Standards
- Labels, brands
- Knowledge

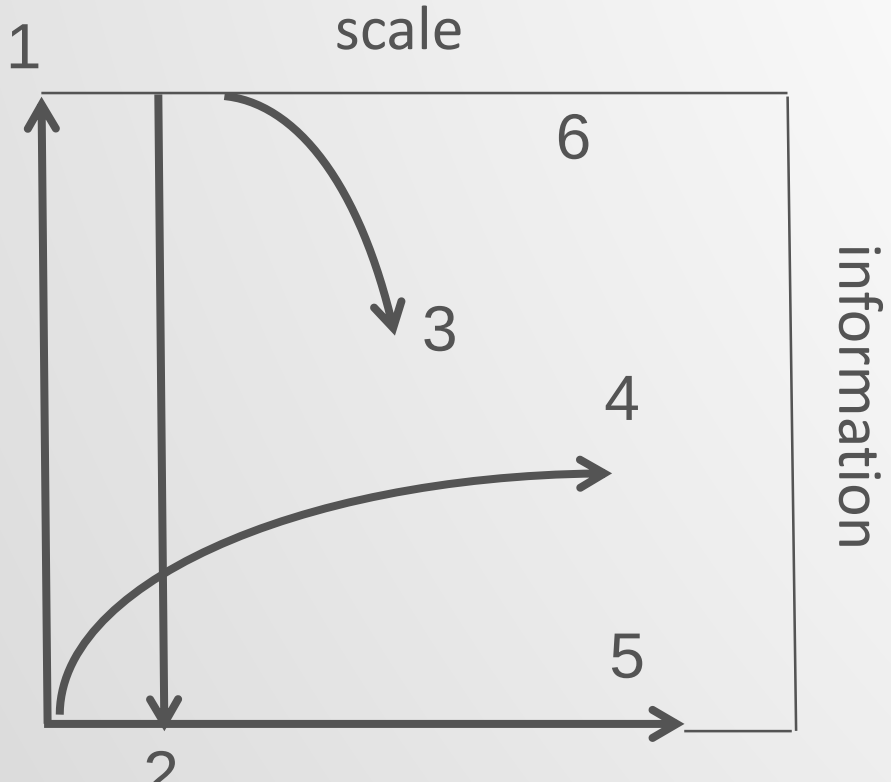
Sustainability requirements

Organisational form
- Market
- Modular
- Relational
- Captive
- Hierarchy

HORIZONTAL COORDINATION

Selected results

1 Short supply chain
2 Direct individual contracts
3 Backward integration
4 Forward integration
5 Bargaining cooperatives, IBO
6 Jointventure



- **Market power** (ability to obtain mark up on costs) depends on **market conditions**: farmers sometimes have market power over buyers (sellers' market)
- To create favorable market conditions requires **supply management** and **innovation**, which in turn require **scale** (cost) and **information** (demand orientation)
- Observe mainly forward integration by farmer **coops**
- Stepwise development varying across EU and commodities:
  - Scale economies through **pooling**
  - Increasing attention for **heterogenous** membership
  - Trade-off between **solidarity** and **individual interest** n
- Info problem not solved as vertical coordination not close enough to consumer

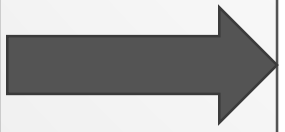
Contribution to the Strategy

SUFISA mainly contributes to Section 2.2.2.1.:

- "Research … should capture major trends affecting rural areas both economically and socially (…). These will include trends related to … market dynamics (including rural financing, market power and concentration in up- and downstream industries) (…). Foresight activities will be useful for establishing the impact of these trends on rural territories and policies."
- Organising sustainable food value chains under changing conditions: "Research has a role to play in unravelling the links between the complexity of food systems and their efficiency, resilience and sustainability. (…) Policies that shape food value chains should be analysed."

Policy implications: more attention needed for supply chain management:

strenghtening the position of the farmer in the supply chain (zero sum game)



strenghtening collaboration in supply chains (win-win-win)

Experiences with H2020

- Process:
  - Clear European added value capturing diversity of approaches and conditions
  - Added value of engaging actors at local level, but more difficult at EU level
  - Collaboration across H2020 projects advisable, e.g., scenario workshops
  - Challenge of science-policy interface
- Topics:
  - Strong emphasis on short and alternative supply chains, but insufficient attention to food supply chain management in mainstream supply chains
  - Lack of 'classical' commodity market analyses, e.g., is the Common Market truly common (are intra-EU markets integrated or not)

More information: https://sufisa.wordpress.com/