

Differentiating products: branding and certification

The Proposition

To compete successfully in the increasingly demanding, and sophisticated, market for agro-industrial products, producers in developing and transition economies must respond to buyer demands for a "differentiated" product.

The government has a role to play in facilitating an appropriate response, particularly by small and medium-size producers.

Rationale and recommended response

Markets for differentiated products generally require compliance with private food quality and safety standards. Indeed for many products compliance with at least one such standard has become a de-facto prerequisite for exporting. And compliance means certification for producers within a well coordinated supply chain.

Many certification schemes exist. Each has its own product standards and distinct approach to achieving product differentiation. For the majority of these schemes, it is the process of production, not the product that is certified. As such, it entails the coordination of the entire food chain, with good agricultural practices adopted at the farm level and good hygienic and manufacturing practices used after the farm gate to ensure that the product is high quality and safe for consumers. The cost of acquiring certification, and maintaining compliance, is therefore high.

While the public sector should not be a main driver behind any voluntary certification scheme, it has an important role to play when it comes to ensuring that the small-scale producer responds to the opportunities and challenges such schemes present. This role should encompass:

- Building awareness of markets for differentiated, certified products among small and medium-scale producers;
- Providing information on the objectives, scope, advantages and constraints of the various private standards and certification schemes;
- Establishing the legal and institutional environment to facilitate adoption of "differentiated" standards
- Promoting the inclusion of small-scale farmers in the certification process;

- Reducing the cost of obtaining certification and maintaining compliance; and
- Working towards the harmonization of standards and practices required by schemes of direct relevance to the country's export potential.

Focus of the debate

1 Which markets are most relevant to the small-scale farmer and agro-processor in developing economies? Has compliance with voluntary schemes become a prerequisite for product differentiation in these markets?

2 What voluntary certification schemes are most relevant to the small-scale farmer and agro-processors in these markets? What lessons can be drawn from the success of small-scale producers in other countries who participate in these schemes?

3 How can the public sector facilitate the greater involvement of small-scale producers in markets for high value, differentiated products? Is it realistic to expect that the public sector can assume this role effectively? What are "good practice" examples and what lessons can be drawn from their experience?

4 How can the cost of certification and oversight be reduced? What are the practical examples of cost-effective ways for certification from developing countries that could be replicated?



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Roundtable Proposition 5

the Pannelists

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Kit Chan is Managing Director of K-Farm Sdn Bhd, a private limited company dealing in fresh fruit. He has developed the market access for the Carambola, Mango and luxury melon from Malaysia, targeting supermarkets in the European Union and the niche retailers in Malaysia, by certification, by positioning the produce with the value added to meet customers' demands and by selling the produce at better value. Mr Chan is a Board member of the International Tropical Fruit Network and on the SIRIM Standards Technical Committee Review Board in Malaysia. He has developed the umbrella farm management system and the production protocol for the Carambola farmers of the EurepGap certification scheme under which K-Farm Sdn Bhd is certified.



Ruth Nyagah is the Managing Director of Africert Ltd, the first African certification body. It is the first local company to become ISO 65/EN 45011 accredited for the EUREPGAP Fruits and Vegetable scope. The company carries out third party inspections, verifications and certification for the following international scopes: EUREPGAP fruits and vegetables certification, Utz Kapeh's "Good Coffee" certification, MPS-GAP/SQ inspections for MPS, Starbucks C. A. F. E verification, BRC-Food certification and Organic inspection under Ceres GmbH. Her development goal is to contribute to the adoption of value adding quality systems in the agricultural sector, as a mechanism for achieving wholesome production practices aimed at facilitating competitiveness of local products at both domestic and international markets.



Pablo villalobos Mateluna is the Chilean Senior Advisor responsible for the Technical Management of the cabinet of the Minister of Agriculture. He is also a professor in the Department of Agricultural Economics in Talca University, Chile. His areas of professional and academic specialization are: Environmental Economics, Management of Quality Food Systems and Marketing Strategy. Earlier, he headed the National Program for Quality Agrifood Products for the small farmer for the Institute for Agricultural Development (INDAP) and also worked as an executive in the Chilean NGO (INPROA) where he designed and carried out projects in sustainable agricultural development. He has developed and managed a special University program about Good Agricultural Practices and Food Safety and has authored and edited more than twenty technical publications. Mr Villalobos has a doctorate in agricultural economics.



Ana Paula Tavares is the Deputy Director and Director of Development at the Rainforest Alliance, an international conservation organization with headquarters in New York and work in over 50 countries. As Deputy Director collaborates with government and intergovernmental agencies in the development of sustainable development projects, helps Rainforest Alliance division directors define projects and shares cross-organizational responsibilities with the executive director and other deputy directors. She has been involved in initiatives to increase production of sustainable products and services in Latin America and promote greater linkages with mainstream global markets. Prior to joining the Rainforest Alliance, Ms Tavares was a founding partner at New Frontiers Group, a financial services group in São Paulo, Brazil that promoted investment funds for biodiversity, sustainable forestry, carbon sequestration and renewable energy. She is from Belo Horizonte, Brazil and holds a BA from Marymount Manhattan College.



Moderator: Florence Tartanac is an agro-industry officer in the Rural Infrastructure and Agro-industries Division at FAO in Rome. Her areas of expertise are the following: small-scale rural agro-industries; agro-industry management; food certification; business partnerships; promotion of innovation. She joined the organization in 2001 posted at the FAO Regional office for Latin America, before being transferred to Rome in 2005. Previously, she worked 10 years in Guatemala, for the French Cooperation, INCAP (Institute of Nutrition for Central America and Panama) and UNIDO (United Nations Industrial Development Organization). She is a food industry engineer and has a PhD in Economical Geography.



Roundtable Proposition 5



Enabling poor rural people
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