Title: A collective mark to improve local value chains for Peru’s smallholder organic products

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*Abstract: To enhance the integration of non-certified ecological smallholders into improved short food supply chains is a strategic objective for the National Association of Ecological Farmers of Peru (ANPE PERU). Lack of suitable marketing tools combined with non-acceptance of the PGS as a legally valid organic guarantee scheme, has been limiting better market integration. Therefore, ANPE PERU and the AGROECO project joined forces to expand the scope of the Frutos de la tierra (Fruits of the earth) brand to a legally-approved collective mark in order to improve market differentiation and organic product placement. This practitioners’ paper describes the experience and the challenges of developing and implementing a collective mark for organic smallholder products in the Peruvian local and national markets. The collective mark Frutos de la tierra as a multi-product mark for organic smallholders – representing family agriculture, biodiversity conservation and farmer associativity as its core values – is a pioneering undertaking by itself. The paper describes the initial stages from brand development and the development of rules of use to awareness raising and capacity building among farmer groups in pilot studies in 4 regions of Peru, finalizing with product selection, evaluation, development and market launch during the largest gastronomic and smallholder fair in Latin America. After discussing opportunities and challenges, the study concludes that the collective mark should be considered a highly potential tool to contribute to product differentiation and sales to increase income as a driver of food security.

*Keywords: collective mark, smallholder market integration, product differentiation, organic value chain innovation, food security
A COLLECTIVE MARK TO IMPROVE LOCAL VALUE CHAINS FOR PERU’S SMALLHOLDER ORGANIC PRODUCTS

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Introduction

Improving food security of non-certified ecological smallholders by enhancing their integration into improved short food supply chains, is a strategic objective for the National Association of Ecological Farmers of Peru (ANPE PERU), and until recently has been mainly focused on implementing Participatory Guarantee Systems (PGS) and local ecological farmer’s markets that go by the name of Frutos de la tierra (Fruits of the earth). Whereas PGS and these local marketing initiatives in the Peruvian context proved to be useful to promote organic farming techniques and establish relations with local authorities, they are not necessarily yielding higher sales volumes or differential pricing. Lack of suitable marketing tools combined with non-acceptance of the PGS as a legally valid organic guarantee scheme, has been limiting better market integration. Therefore, ANPE PERU and the AGROECO project – Ecological and socioeconomic intensification of Andean smallholder agriculture, led by National Agrarian University La Molina (UNALM) and financed by the Canadian International Food Security Research Fund (CIFSRF) – joined forces to expand the scope of the Frutos de la tierra brand to a legally-approved collective mark. As a tool to improve market differentiation, the collective mark finally aims to contribute to additional income generation as a driver of food security and better livelihood conditions.

As a multi-product mark for organic smallholders, being owned and managed by a Peruvian national ecological farmers’ association and its regional chapters, Frutos de la tierra is a pioneering undertaking by itself. A pilot study of the initial implementation process in 4 regions of Peru is analysed.

Context and implementation

According to the World Intellectual Property Organization (1) collective marks are usually defined as “signs which distinguish the geographical origin, material, mode of manufacture, quality or other common characteristics of goods or services of different enterprises using the collective mark”. Only members of the owner institution can use the collective mark in accordance to the regulations they establish in the rules of use. In the case of Frutos de la tierra ANPE PERU is the owning association, but the management is decentralized to its regional chapters that are responsible for application procedures and quality control of the authorized farmer members as well as brand promotion in their region.
Family agriculture, biodiversity conservation and farmer associativity are the core values and common characteristics represented by the products that can be sold with the collective mark Frutos de la tierra.

A FAO literature review on the effect of voluntary standards on smallholders’ market participation (2) suggests that for the category of voluntary standards (including certification marks, fair-trade labels, etc.) results are mixed. For instance, only 11 of 18 examined fair-trade cases and 18 of 29 organic certification standards respectively, demonstrate a significant increase in calculated or perceived profit. Data on the development impacts of collective marks is very incipient, but cases from Mexico (3) and India (4) suggest positive socioeconomic and environmental impacts for a collective mark (Cheese “Queso Cotija Región de origen”) and a designation of origin (“Darjeeling Tea”) respectively. The development of a self-managed collective mark was preferred over other intellectual property tools like certification marks, geographical indications and designations of origin, because the latter are typically ruled by national authorities and under rigid legal frameworks that are less adaptable to peasant farmers’ reality and local conditions. As Poméon puts forward, the relations between farmers and public authorities required to take advantage of these tools take place in a context where “there exists a legal and institutional framework designed for a country that does not exist” (4). The main challenge remains to support and develop “business models that could foster both increased food security and better market access for small-scale producers”, as FAO indicates (5).

Therefore, the collective mark has been supported by the AGROECO project as a part of a larger commitment to analysing the development of local short-chain marketing channels, and how these innovative sales channels enhance conditions of food security. More specifically, action-research was based on the assumption that organic fairs and smallholder shops as well as directly supplying hotels and restaurant, would generate additional income for smallholder farmers to complete their household diet.

Furthermore, a national study on collective marks in Peru (6) shows that while between 2009 and 2012 eighty experiences with collective marks were launched, only 32 of them were finally registered, confirming the institutional challenges of registration and a recurrent focus merely on this administrative procedure. More than three quarters of the analyzed collective marks are owned by producer organizations; however, the study suggests that many of them were often created ad hoc by public or private support organizations to develop the collective mark. As such, Frutos de la tierra still remains an innovative experience in the sense that it is probably the first Latin-American collective mark to cover such a diverse range of smallholder products (instead of only one product line: “organic coffee”, “fair-trade cotton”, etc.), has actually been registered and launched officially, and the rules of use are being implemented although be it with certain challenges ahead.

The pilot implementation process between August 2012 and September 2013 included the following main steps: i) introduction to intellectual property (IP) tools, ii) elaboration of the rules of use, iii) capacity building with potential users and quality managers of the mark, iv) the use authorization applications process, v) product development, and finally; vi) the public launch campaign.
A first step was to raise awareness with potential users and farmer leaders within ANPE PERU on four of the widely recognised benefits of the use of collective marks: they foster a collective market approach, they imply cost reductions and economies of scale, they do not exclude the use of proper brands, and they provide smallholder farmers with support networks on technical, commercial and legal issues. Subsequently, four months of intense technical discussions to elaborate the rules-of-use manual resulted in its ratification by ANPE’s national board of directors in December 2012 and the official registration of the collective mark in August 2013 respectively. The collective mark was registered in the International Nice Classification’s product classes 29 to 33, covering all types of agrarian and livestock products and derivatives actually produced by ANPE’s members, ranging from primary crops to home processed products like native fruit jams and even liquors.

In January 2013, the process of capacity building with potential users to reinforce interest in using the collective mark and to extend the rules-of-use requirements was started in four pilot regions: Huánuco and Ancash led by ANPE PERU, and Cusco and Cajamarca by the AGROECO project. Complementary, several workshops were held with the directorates of the regional associations, involving the national board of ANPE as well, to establish minimal management structures and procedures to take on their responsibilities. Simultaneously to this phase, production planning efforts and PGS advocacy work constituted important synergies to eventually lead to a reliable and high quality offer to be promoted with the collective mark. For instance, in the project context in Cusco implementing plastic greenhouses and micro tunnel technologies with 40 women, contributed to the further development of organic vegetables production to be inserted in short-chain local supply chains to different sales channels (gourmet restaurants, organic fairs and a smallholders’ shop) where the collective mark can constitute a strategic and communicational asset.

Subsequently, the regional associations started implementing the application process to hand out the first use authorizations, according to the procedures established in the rules of use. Application files were filled out with interested members, financial partaking was discussed and a partial subvention agreed upon (considering the prudence of early adopters in this pilot phase). Taking into account different smallholder realities in ANPE PERU’s 20 regional associations, three ways to access the collective mark were included in the rules of use: members that already count with an organic guarantee either through i) third-party certification or ii) by having obtained a PGS conformity certificate, can directly access; a third option exists for families that did not have the opportunity to take part in an organic guarantee scheme, allowing them to receive special inspection visits after applying individually or collectively. Finally, in a specific meeting the designated regional management committee approved or disapproved the first applications for the collective mark and handed out a use authorization act. Additionally, practical steps to improve product packaging and presentation were implemented, and in the case of artisanal transformed products their composition was analysed to improve the traceability of suppliers and obtain health registrations.

On the national level a considerable investment was made by ANPE PERU and the AGROECO project, working together with a professional advertising agency to develop the commercial branding of the collective mark, its communication strategy and the launch campaign. This led to the Frutos de la tierra official launch ceremony in the International Gastronomy Fair Mistura 2013 in September, with the enthusiast
participation of its farmer representatives, inspiring audio-visual support and advocacy of Latin America’s most renowned top chef and IFOAM’s president to back up the Frutos de la tierra messages and important linkages with the Peruvian gastronomic sector. The management of the collective mark was then official transferred to ANPE PERU and its regional chapters, limiting support for the remaining period of the project to the promotion of a second batch of Frutos de la tierra users in Cusco and Cajamarca and the collective mark’s continued advertising in their local marketing channels.

Discussion of results

While collective marks are an innovative tool for smallholder organic market integration, and part of a growing trend in national (6) and global markets (5), their implementation poses multiple challenges for farmer organizations to better position their members’ products, develop short-chain markets and assure customer trust. Figure 1 describes the main opportunities and challenges along the process of developing and implementing a collective mark for organic smallholder products in the Peruvian local and national context.

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Four of the challenges and opportunities as depicted in figure 1 need to be analysed into more detail. First, awareness raising with farmer groups on the importance of protecting the collective mark’s quality standards is a constant and gradual process. Comparing the cost and slow construction of customer trust and a favourable brand reputation against national credibility that can collapse in a couple of days because of locally detected misuse, might not be enough to avoid conceding to internal pressures to include more products or farmers. As a matter of fact, weeks before the public launch a preliminary list of farmers based on ad hoc selection criteria, was included to present a stronger and more diverse collective mark. Second, and adding to this, fragile institutional arrangements and organizational weakness tend to complicate the collective marks’ implementation and raise questions on its sustainability perspective.

Third, smallholder farmers need to gradually visualize the collective marks’ positive impact on market integration and sales before deciding to invest in this marketing tool. Therefore, the costs of implementation were initially subsidized for early adopters in this pilot phase, after which the collective mark should become a self-financed tool through the instalment of user fees as established in the rules of use. Finally, developing realistic rules of use implies balancing the practically feasible with what is ideally desirable to assure transparent communication and customer confidence. Thus, considering the rules of use as dynamic guidelines to orient the quality development and positioning of the collective mark, these regulations themselves must be subject to periodic revision and fine-tuning in order to assure their practical relevance and balanced implementation.

Conclusions

Quality products, steady supplies, strong farmers’ organizations and institutional arrangements to manage the rules of use as well as established farmer-to-market connections are key to the successful development and promotion of a collective mark as a tool for rural development. Considering chicken-and-egg discussions might rise, future research could look further into how these factors determine the sustainability of collective mark experiences, and how the positioning of the collective mark might act as a catalyst for organizational strengthening and value chain improvements. Also, a more quantitative data analysis is suggested on how organic product and supply chain development through the use of intellectual property tools, including but not restricted to collective marks, contributes to additional income generation and better conditions of food security for organic smallholder producers.
In conclusion, the collective mark is a locally-adapted endeavour with a high potential to: i) improve market differentiation, ii) constitute a powerful and cost-effective marketing instrument for smallholders, iii) raise the standards for cash crop production, and; iv) promote entrepreneurship and product development. Moreover, the inclusion of PGS or other organic guarantee mechanisms in the rules of use, allows for building on organizational progress and social capital in the field of ecological production and certification. Additionally, considering the rise of the gastronomic sector in Peru, it is an interesting instrument to capitalize on the farmer-cook alliance, Peru’s 2013 Year for Investments in Food Security and UN’s 2014 International Year of Family Farming.

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