



RURAL INFRASTRUCTURE AND
AGRO-INDUSTRIES DIVISION

Improving the livelihood of mountain people

Marketing high quality mountain
products and Small enterprises
development

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Outline

1. High quality mountain products:
 - What are they?
 - How to qualify and label them?
2. How to support small enterprise development in mountain area?
 - Small enterprises challenges
 - Marketing, linking farmers to market
 - Access to microfinance
3. Conclusion : sustainability, role of policy and collective action

Agenda of the day

8.30-9.00	Introduction	Presentation of participants Agenda - Specific questions
9.00-10.30	High quality mountain products: what is it? How to qualify and market them?	Activity – logical diagram PPT Presentation
Break		
11.00-13.00	How to support small enterprise development in mountain area?	Round questions PPT presentation Discussion
Lunch break		
14.30-16.00	Work in groups	Presentation of the work Work in group
Short Break		
16.00-17.00	Work restitution and discussion	
17.00-17.30	Conclusion	



I- High Quality Mountain Products

1. Specific quality, standard and labeling
2. Importance of differentiation strategies for mountain products
3. Examples of relevant labels
4. How to develop them (collective scheme)?
Identification, qualification, remuneration, reproduction



Activity:

Placing words - logical diagram ...



Quality ? Qualities ...

SAFETY

**Hygienic and
toxicological
quality**

Pathogenic flora,
chemical residues,
additives, foreign
bodies, toxins

MEANING

**Sensory quality and
psycho-sensory**

Smell, Taste,
Touch ...
Image, product
history, values,
brands ...

HEALTH

**nutritional
quality**

Qualitative and
quantitative
aspects,
components,
balance

Preservation,
aspect, storage,
Info-Consumer,
Quality / Price

**SERVICE
economic
quality**



Increasing social expectations and consumer demand for high or specific quality

→ Specific quality labels



GENERIC QUALITY

minimum requirements for accessing the markets (normative, non negotiable)

SPECIFIC QUALITY

voluntary approach for differentiating a product that presents specific characteristics

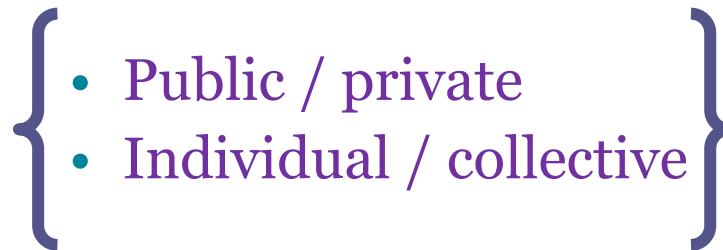


Strategies to differentiate a product (all voluntary approaches)

- Individual branding: private strategy
- Voluntary standard : used by a number of actors
 - Private standard (“collective branding”)
 - Public standard (official quality sign)
- Regulated valorization mention and claims



- Capacity
- Common asset or interest
- ...



- Public / private
- Individual / collective

- Consumer awareness
- Enforcement mechanisms
- Flexibility, etc.





Definition - standard

Annex 1 of the TBT Agreement defines a standard as a:

“Document approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for products or related processes and production methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.”





Voluntary standard

- Voluntary :
 - User's choice (company, chain, association) = economic strategy
- Objectives:
 - **B2C**: *Differentiation* (= “specific quality”), signal for consumers (**label**) → premium price
 - **B2B** : *Risk management* : provide assurance that products and processes comply with minimum requirements (= “basic or generic quality”, food safety and other market requirements...)
- Attributes: combination of issues among:
 - Food safety
 - Environment, animal welfare,
 - Working conditions, social, ethics
 - Traditions and origin
 -

=> Relate to public goods...
- Specification (or standard or code of practice):
 - rules for the production/process/commercialization
 - => Conformity assessment
- Guarantee system... first, second, third part



Differentiation = food safety to be ensured first

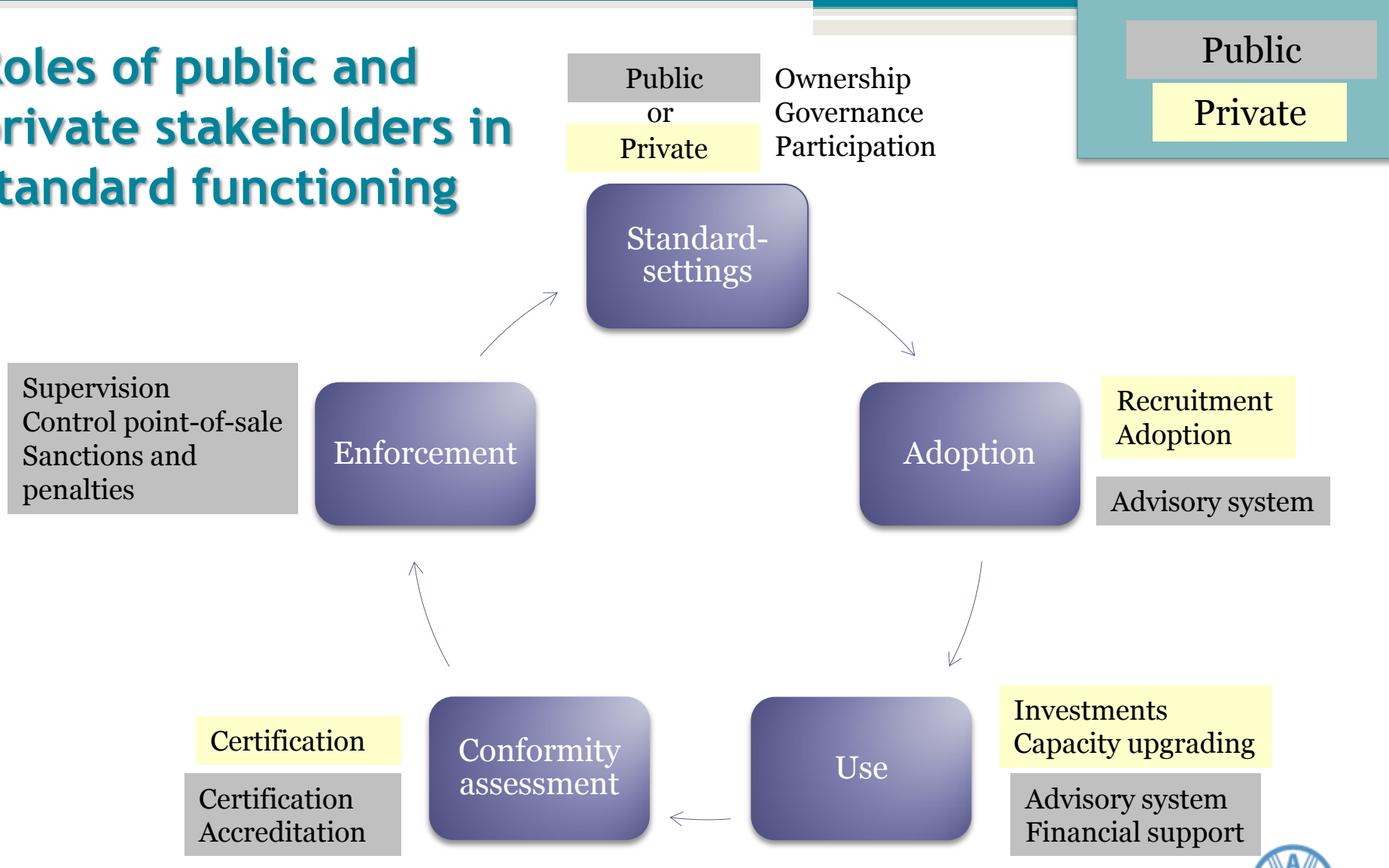


Certification for mountain products ?

- **A first-party verification** consists of guarantees provided **by producers themselves**, based on auto controls (by individual producers) or internal controls. Without other external controls, this self verification system means the producers take responsibility for the reliability of quality attributes. They can sign a formal document (the self-attestation) either individually or through their association. **Social sanctions and trust relationships** based on cultural and geographical proximity contribute to making sure that the rules are respected. Self verification works when the production system is mainly composed of small-scale agricultural and artisan producers directly selling on local markets.
- **A second-party verification** system involves **a trade agent who verifies that suppliers** comply with the requirements. Many retailers are using second-party verification systems. The degree of effectiveness of this system depends largely on the **agent's reputation**.
- **A participatory guarantee system (PGS)** is based on the active participation of **stakeholders, both internal and external** to the value chain (even consumers) and is built on a foundation of **trust, social networks and knowledge exchange**. Such an alternative is entirely realistic in the context of the small-scale farms and local direct markets. This can be managed by a local association of stakeholders (including producers, local authorities and buyers) which carries out supply chain control.
- **A third-party certification system** involves an **independent and external body** (private, public or joint public-private) without direct interest in the economic relationship between the supplier and the buyer and which provides assurance that the relevant requirements have been followed. Standards for certified products are now recognized worldwide (independent third party certification - ISO/IEC 65). All countries participating in international trade are establishing, or have established, a national framework for guarantee systems which complies with these international standards (official **accreditation** service, certification bodies, etc.) for products to be exported.



Roles of public and private stakeholders in standard functioning



Adapted from: Henson and Humphrey, 2008





Standards and labels...

Criteria of qualitative differentiation	Private standard B2B	Private label (private standard B2C)	State-guaranteed label
Respectful of the environment and natural resources			
Respectful of animal well-being			
Fair trade			
Local trade			
Superior quality			
Respect for religious/ethical standards			
Geographical origin			
Others			
Safety in terms of hygiene			



To go or not to go for VS and label...

Advantages

- Market access
- Premium price, signal for consumers
- Guarantees and traceability system
- Official guarantees when public seal

Costs

- Setting up
- Compliance
- Conformity assessment

Increasing number of standards in the agri-food trade...



Contribution to food security?

- Adding value and market access,
- Preservation of resources related to specifications (social, environmental, cultural)
- Consumer's choice and food diversity



What are the bottlenecks?
**How to enhance positive impact on local
resources management**
How to mitigate risks?



I- High Quality Mountain Products

2. Importance of the differentiation strategies for mountain products



Why ?

- **Why is it important to develop differentiation strategies for mountain products?**
- What are mountain challenges in terms of production and marketing?
- What are the way to turn out constraints into assets?



Mountain marketing challenges

- long distance to markets
- harsh mountain climate
- limited available agricultural land area in the mountain setting;
- small farmer landholdings;
- dispersed production sites;
- low mechanization levels;
- limited agricultural expansion because of regulations protecting natural resources.

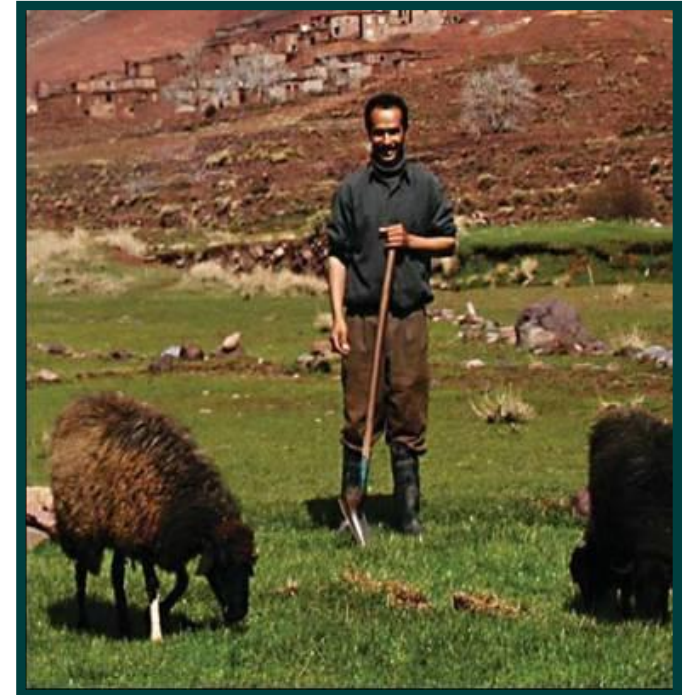


- ➔ unfavourable to high agricultural yields and market access
- ➔ no cost competitive (high production and transport costs)
- ➔ rural migration:
 - low quantity of labor force;
 - risk of biodiversity loss, disappearance of traditional production system and way of life



Potentials

- storehouse for biodiversity
- natural, pure image
- traditional way of production and processing (material and know how)
- specific characteristics of food (taste, texture, form...)
- tourism: temperate environment; landscape, traditions...
- etc..



- ➔ Turn out constraints into assets :
- based on the specific characteristics linked to the mountainous conditions (objective and subjective)
- ➔ differentiation on niche market



I- High Quality Mountain Products

3. Examples of relevant labels: organic, fair trade, GI, regional labelling, mountain product



Geographical indications - international definition

- TRIPS Agreement (1994)

- Geographical Indications **identify** a good as originated in the territory of a Member, where a given **quality, reputation or other characteristic** of the good is **essentially attributable to its geographical origin**
- 153 WTO member states

- Lisbon Agreement (1958)

- Appellation of Origin is the geographical name of a country, region, or locality, which serves to **designate** a product originating therein, **the quality and characteristics** of which **are due exclusively or essentially to the geographical environment**, including natural and human factors.
- WIPO (158 member states), 27 Contracting Parties

- EU regulation

- Protected Geographical Indication (PGI)
- Protected Designation of Origin (PDO)

GI are considered to be **intellectual property rights**, and members countries have to provide legal tools to protect these rights.

“AO” defined by Lisbon can be considered as a category of “GI” defined by TRIPS

for member countries and third countries to be protected in EU territory



EU example



PDO

Quality or characteristics emanate mainly from geographical origin



The product should be:
produced and processed and prepared
Within the delimited area

Proof of link with territory, combination of human and natural factors (study the influence of geographical heritage on product, characteristics - landscape)



PGI

Quality, reputation characteristics or specificity attributable to the geographical area



The product should be:
produced or processed or prepared
Within the delimited area

Inventory of particularities of product and attribution to the delimited area



Delimitation in the area and localization of actors in the value chain are compulsory

Difference between PDO et PGI in the European system



Chivito Criollo del Norte Neuquino, Argentina

local specific breed in arid mountainous region (altitude ranging from 600 to 2400 m)



Specific quality, reputation on the market

- **characterization of the local race**
- **Elaboration of the code of practice**
- **Protection of the GI and marketing**

Local natural and human resources: soil, climate, breed, varieties, know-how...

Place, Terroir



Product



GI

People

Motivations and capacity to engage a collective process

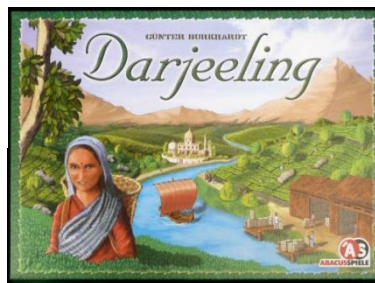
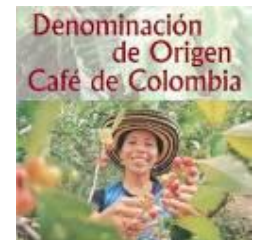
“we want the young to stay”





Geographical indications

- Public (GI specific regulation) or “private” (trademark)
- High potential in mountain areas as a result of:
 - Presence of local varieties, races
 - Specific local production/process conditions and know how
 - Reputation (mountain names) and usurpation
- Bottlenecks:
 - Long distance between producers can make difficult the coordination for GI management





Organic standard

- Public standard in many countries or private standard when no regulation
- Requirements vary from country to country, and generally involve a set of production standards for **growing, storage, processing, packaging and shipping** that include:
 - **avoidance of synthetic chemical** inputs and Prohibited Substances (e.g. fertilizer, pesticides, antibiotics, food additives, etc.), **genetically modified organisms, irradiation, and the use of sewage sludge**;
 - use of farmland that has been free from prohibited synthetic chemicals for a number of years (often, three or more);
 - keeping detailed written production and sales records (**audit trail**);
 - maintaining strict physical separation of organic products from non-certified products;
 - undergoing periodic on-site inspections.
- In remote areas such as mountain, production is often “organic-like”:
 - low or no use of chemicals but local resources => potential to go for organic label
- IFOAM – International Federation of Organic Agriculture Movements is the worldwide umbrella organisation for the organic agriculture movement
 - 750 member organisations in 100 countries. There is no single worldwide organic label, but IFOAM operates a Basic Standard and accredits most non-governmental organic certifying organisations)





Fair-trade standards

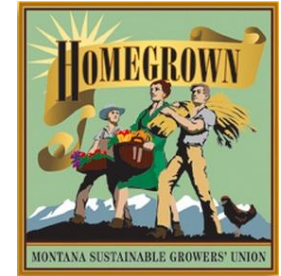
- Essentially private label
- Objectives:
 - Sustainable development with a **social-economic emphasis**.
 - Fair access to markets with a focus on sustainable production and **improved living conditions** for small scale producers/farmers (long term contract, minimum price).
 - **Professionalization** of processes in order to improve quality and the value of the product.
- Requirements:
 - **Traceability** flow of goods and **transparency** in financial flows.
 - To comply with national **labour laws** and the Conventions of the International Labour Organization
 - To comply with basic **environmental standards**,
- FLO – Fair Trade Labeling Organisations International is the umbrella organisation for fairtrade labeling organisations
 - in 17 countries. It has established standards for a range of developing country export products, and the associated label guarantees fair trading relations and fair production conditions





Regional / local / National Park / fresh...

- Private labels and standards in relation with:
 - Fresh, locally grown/processed and sold (direct selling)
 - Localized production (regional, national Park...)
- Set up by local authorities, or producers groups, etc...
 - “private voluntary standard”
 - own rules to be defined : flexibility but local awareness
- For local consumers and tourists (local markets)





Mountain product

- EU recent legislation (Regulation 1151/2014 and 665/2014, enforced 26 June 2014)
- Defined as an “**optional quality term**”, a valorization mention, on labeling, not a standard as such (no certification) and no logo;
- For products:
 - both the raw materials and the feedstuffs for farm animals come essentially from mountain areas;
 - in the case of processed products, the processing also takes place in mountain areas.
- Definition areas: “Mountain areas shall be those characterised by a considerable limitation of the possibilities for using the land and an appreciable increase in the cost of working it, due :
 - to the existence, because of altitude, of very difficult climatic conditions, the effect of which is substantially to shorten the growing season, at a lower altitude, to the presence over the greater part of the area in question of slopes too steep for the use of machinery or requiring the use of very expensive special equipment, or
 - to a combination of these two factors, where the handicap resulting from each taken separately is less acute but the combination of the two gives rise to an equivalent handicap”
- Also for third countries
- Success in France (national regulation from 2000): *Examples: honey (82 % of autorisations), dairy products (9%), fruits and vegetables (2%)*



I - High Quality Mountain Products

4. How to develop them (collective scheme):
identification, qualification, remuneration,
reproduction





1. **Identification:** local awareness and assessment of potentials
2. Product **qualification:** setting up of the rules and institutionalisation
3. Product **remuneration:** managing the system marketing the products
4. Local resources **reproduction:** assessment for ensuring system sustainability

Public policies

Source: linking People, Place and Products, FAO, 2009
www.fao.org/food-quality-origin/guidance



For a sustainable virtuous circle development





1- Identification



1. To identify the appropriate standard/label
 - Identify the **local potentialities**: product and production/process characteristics
 - Identify the **market request / consumer demands**
 - **Measure costs and benefits** according to the standards requirements (certification against adding value - premium price and income)
2. To identify the stakeholders and group leader
3. To identify the external resources and support



2- Qualification

“Institutionalization”



1. Setting up the specification (public/private system,
2. Adoption by the users
3. Guarantee system
 - Certification system
 - Control plan
 - Sanctions



3- Remuneration

- Marketing and organization – *see second part*





4- Reproduction

= Regular sustainability assessment of the standard impacts -
Taking into account the sustainability from the beginning

Economic:

Increase of the sales?

Improvement of the income?

Impact on the local economy?



Social:

Exclusion?

Fair redistribution of the added-value?

Equality gender issues?

Improvement of the self-esteem of the producers?

Recognition and preservation of traditions and know-how, Improved local networks and collaboration?

Environmental:

Sustainable management of natural resources?

Impact of the GI on biodiversity?

Risk of overexploitation ?





II- Small enterprise development

1. Small enterprise and development
2. Marketing – *linking farmers to market*
3. Micro Finance



Questions to participants

1. What are the small enterprises – in mountain areas? Characteristics (advantages and constraints)?
2. What are the main problems for mountain small enterprise in accessing markets? How to develop market linkages ?
3. What is Microcredit? Microfinance? How to enhance microfinance?

	Words for definition	Words for action
1	What are the small enterprises	Advantages and constraints
2	What are the main problems in accessing markets	How to develop market linkages
3	What is Microcredit and microfinance?	How to develop market linkages



II- Small enterprise development

1. Small enterprise and development



Small and medium enterprise - definitions...

- **Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs)** are companies whose personnel numbers fall below certain limits
 - In European Union, a firm with (1) 50 to 250 employees, (2) annual turnover of Euro 7 to 40 million, (3) total assets less than Euro 27 million, and (4) not more than 25 percent ownership by a large corporation, may be classified as a SME.
 - The International Chamber Of Commerce (ICC) defines a SME as having 100 to 2000 employees.
- **Small and medium agro-processing enterprises (SMAEs)**
 - In areas where markets are relatively underdeveloped and weakly linked, the private sector mainly comprises semi-commercial farmers as well as producer organizations, local traders, micro and small agro-enterprises.
- **Smallholders** are small-scale farmers, pastoralists, forest keepers, fishers who manage
 - areas varying from less than one hectare to 10 hectares. Smallholders are characterized by family-focused motives such as favouring the stability of the farm household system, using mainly family labour for production and using part of the produce for family consumption.





Small and medium agro-processing enterprises (SMAEs)

- Many enterprises have **been initiated in the family and extended family environments**, and base product portfolios on traditional dishes because of their strong roots in local communities.
- As the enterprises mature in size and market volumes increase, they develop innovative services and procurement programmes for raw material supply, financial mechanisms and gain an understanding of market demands and buying motives.
- **Advantages:**
 - SMAEs are responsible for **generating a large share of products and services** in the agricultural sector, with an especially strong role in agro-processing, particularly in developing countries,
 - They play a critical role in **increasing demand for raw material supply by smaller and medium scale farmers and creating rural income and employment opportunities**, especially for **women** - who often have prominent roles in SMAEs at both management and employment levels
- **Major constraints to development :**
 - Smaller companies – particularly those in the growth stage of their development, **do not have the resources to invest in equipment and packaging and storage facilities** and are often at the **mercy of fluctuating and intermittent raw material supplies**
 - Business and operational management practices, technologies and logistics often are **not at a level to be competitive with larger firms and international corporations;**
 - There is often weak policy and institutional support, including technological support, because they **fall between the primary mandates of agriculture and commerce ministries;**
 - Their interests often are represented by private sector federations and organizations, **which tend to be dominated by larger firms.**





Inclusive business model approach (IBM)

- Inclusive business models :
 - those which do not leave behind small-scale farmers and in which the voices and needs of those in rural areas in developing countries are recognised
 - Business model: is the way by which a business creates and captures value within a market network of producers, suppliers and consumers, or, in short, "*what a company does and how it makes money from doing it*"
 - Inclusive is not only about the number of actors included in a business model, but also the type of actors, the condition of their inclusion and how this contributes to empowerment, support transition out of poverty and improve food security
- = Improving linkages between small producers' organizations and buyers
 - piloted in 16 countries across Africa, the Caribbean and the Pacific regions (EU support) helping to identify context and commodity specific solutions to local market obstacles.
 - Focuses on the weakest link - between :
 - the smallholder and their organizations
 - and the buyer which could be a trader, a processor or a retailer –



Inclusive business - Lessons learnt

- For SMAEs
 - SMAEs play an important role in providing smallholder-based organizations with **reliable nearby market outlets but without the high standards demanded** by more commercial buyers.
 - But: More risks of doing business with smallholders which range from **inconsistent quality and quantity of supply** to side-selling and reputational risk based on public perception of smallholder exploitation.
 - They **struggle to provide the technical and financial assistance** it takes to bring smallholders' produce up to a standard which satisfies the market.
- Public policy can go further by:
 - introducing reforms that **abolish over-bureaucratic** rules governing the institutional, legal and administrative frameworks of both small businesses and membership based organizations,
 - contributing to a general easing of doing business at the local level,
 - such reforms will also play a important part in **reducing many of the costs and risks faced by SMAEs** when doing business with small farmer-based organizations



II - Small enterprise development

2. Marketing – *linking farmers to market*



Marketing and value chain

- **Definition value chain:**
 - the series of transactions necessary to bring a product from inputs to the final market, involving a process of adding value at every stage.
- New “value chains” are emerging:
 - to meet **evolving consumer demands** towards more **quality and safety**, while demographic and income trends are leading to increased demand for **convenience foods**, together with **assurances of product safety**.
 - Traditional marketing channels with sales are being replaced by **coordinated links between farmers, processors, retailers and others**, particularly for **the export sector** and for supplies to **local processors and supermarkets**.
- “Linking Farmers to Markets”
 - approach the development of long-term business relationships rather than support for sales



Marketing

Marketing = all the tasks needed to sell...

- It is described in the marketing plan
 - How to reach consumers according to the market opportunities, value chain constraints and product characteristics
-
- The **strategic marketing** is the road map, that addresses the questions:
 - What to sell (products, services)?
 - Who to sell to (markets, segments, and customers)?
 - **Marketing mix** is the operational marketing, how to implement the plan and addresses the following :
 - How to sell?
 - When to sell
 - How much to sell (turnover, quantity, market share, penetration of points of sale, etc.)?



Strategic Marketing

Marketing steps:

- 1) **Knowing the market** : consumers demand, market requirements- market analysis
- 2) **Market segmentation**: dividing market into consumer categories (e.g urban, nostalgic, connoisseurs...)
- 3) **Targeting**: prioritizing, focusing on a (or more) segment(s)
- 3) **Positioning** : getting consumers understand the product

Success factors :

- Taking into account the market and its requirements in the **identification** phase
- **involving all the value chain actors** in strategy
- consider strategic marketing at individual and marketing levels
- **Reducing the costs** thanks to the collective action (association, producers group...)



Marketing mix : 4 Ps

- **Product:**
 - attributes, brand, packaging and labelling

- **Price**
 - Pricing = cover cost, ensure income but considering competition and consumer willingness to pay

- **Place :**
 - Traditional distribution and local direct selling;
 - Large scale distribution,
 - Innovative (on line, fair trade purchasing group, agritourism etc...)

- **Promotion**
 - Who is communicating?
 - Towards whom?
 - What is communicated?
 - How should the communication be achieved?



Extended territorial strategy

- Promoting local products \Leftrightarrow promoting the territory
- “basket of goods and services”
 - **Conditions:**
 - Check local identity of the products (role of catalyst)
 - Territory is attractive: identify the local resources for local tourism
 - Local resources are specific (meaningful for tourist-consumers)
 - Social cohesion, capacity for coordination among different economic sectors and public-private
 - **Involving local stakeholders**
 - Define the appropriate leading actors
 - Define the role of each stakeholders
 - **Define the strategy to be implemented**
 - Define the “marketing strategy”
 - What products and services (road of products...),
 - Target, positioning
 - 4Ps, including channels (local tourism, tours...)
 - Define the rules to be part of the territorial network (standard quality) for each product/service



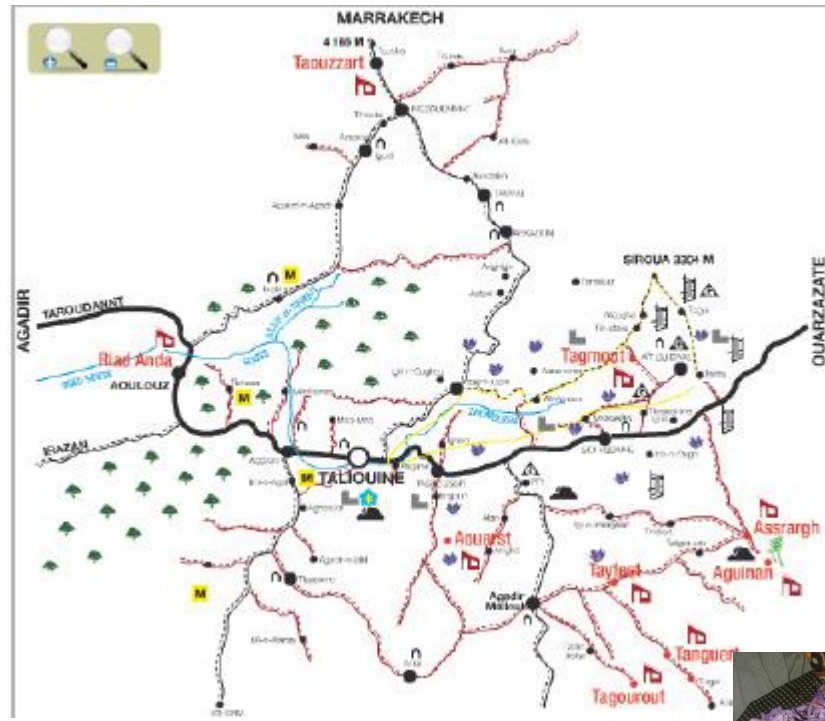


Example safran of Taliouine, Morocco, Anti Atlas

<http://www.tourisme-atlas.com/>



Tourisme solidaire Atlas Maroc



Bienvenue sur l'ensemble des sites du programme **Tourisme solidaire atlas Maroc**. Ce programme s'articule autour de 4 sites web :

- Le **portail** qui en décrit les objectifs et les acteurs.
- Le site du **Pays du Safran** (région de Taroudant)
- Le site du **Pays de la Rose** (région de Ouarzazate)
- Le site du **Pays de l'Argan** (région de Tiznit)

Le pays du Safran

Le pays de la Rose

Le pays de l'Argan





II - Small enterprise development

3. Micro Finance



Useful definitions

- **Agricultural finance:** A field of work in which people aim to improve the access of the agriculture industry, including farmers and all related enterprises, to efficient, sustainable financial services.
- **Rural finance:** A field of work in which people aim to improve the access of rural communities to efficient, sustainable financial services.
- **Microfinance:** Financial services for lower-income households and micro and small enterprises; a diverse range of financial institutions offers microfinance services, including specialized microfinance institutions (MFIs), commercial banks, and NGOs.
- **Financial institution:** An entity – regulated or not – that specializes in the provision of financial services
- **Financial intermediary:** A financial institution that collects, deposits, and lends these deposits.



Why rural microfinance is important?

- Food security and MDGs are a priority
- Finance is important for agricultural and economic growth
- Reduced government and donor support slowed rural investment and growth
- Financial linkages are growing in importance and recognition

70% of the Extreme Poverty is in Rural Areas



Microfinance: key principles

1. Poor people need a variety of financial services, not just loans.
2. Microfinance is a powerful tool to fight poverty.
3. Microfinance means building financial systems that serve the poor.
4. Microfinance must pay for itself to reach large numbers of poor people.
 - Recovery is the only way a financially sustainable institution can continue and expand services over the long term
5. Microfinance is about building permanent local financial institutions.
 - Domestic funding sources + strong local institutions = less reliance on donors and governments
6. Microcredit is not the best tool for everyone or every situation.
 - Use other tools when necessary (investment in public infrastructure, employment programs, community investments, non financial services)
7. Interest rate ceilings making it harder for poor people to get credit.
 - Micro lenders need to cover their high costs to reach large number of people, in the long term and independently from donors or governments ; people can afford higher rates because they reach comparatively higher economy of scales (higher growing than mature company) and because informal financial alternatives
8. The role of government is to enable financial services, not to provide them.
9. Donor funds should complement private capital, not compete with it.
 - Temporary support for building capacity, developing infrastructure, supporting experimentation
10. The key bottleneck is the shortage of strong institutions and managers.
11. Microfinance works best when it measures and discloses its performance.
 - Supporting transparency and reporting (financial and social information)

Source: CGAP *Building Financial Systems for the Poor* www.cgap.org and www.bol.gov.la/english/mf_cgapkeyeng.pdf



- 1 Poor people need a variety of financial services, not just loans.
Meeting the needs of the poor





2 Microfinance is a powerful tool to fight poverty Promise of microfinance





8

The role of government is to enable financial services, not to provide them.

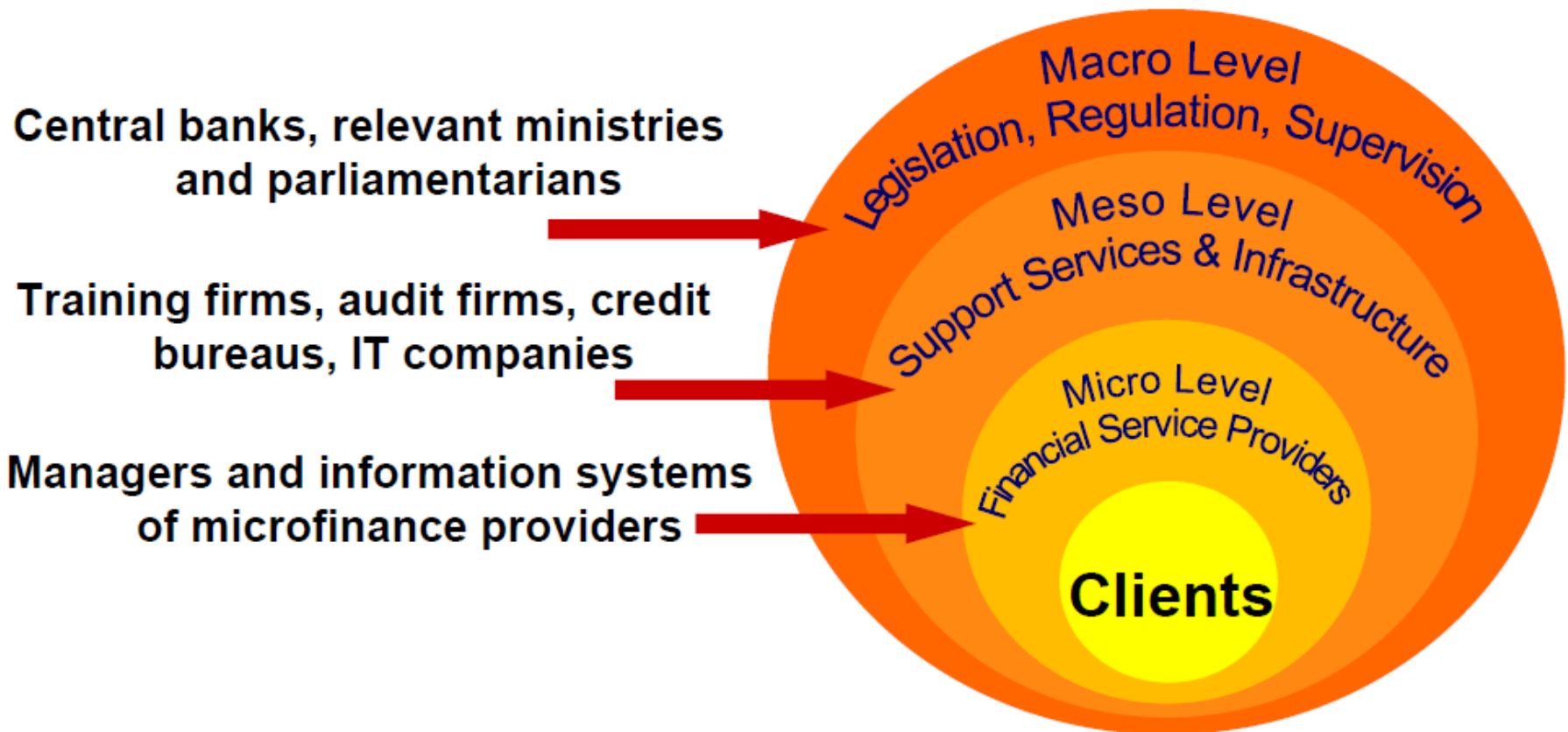
Setting sound policy and legal frameworks

Rather than act as direct providers of credit services, governments need to:

- Set policies that stimulate financial services for poor people at the same time as protecting deposits
- Maintain macroeconomic stability
- Clamp down on corruption
- Improve the environment for micro-businesses, including access to markets and infrastructure
- Avoid interest rate caps
- Refrain from distorting markets with subsidized, high-default loan programs that cannot be sustained



- 10 The key bottleneck is the shortage of strong institutions and managers.
Building capacity at all levels





Micro finance

- When bank and other formal agencies don't reach remote and poor (mountain) people
- Not only credit but also financing services:
 - Money account, Life insurance, health insurance, etc...
- Not necessary agencies but local community institutions... extreme diversity of structures
 - Community leader
 - Financing cooperative
 - Self help group
- Existing informal institutions: not hurting them by putting a formal one in place



How to start?

1. Make inventory and assessment of existing financing local institutions
 - Formal, informal
 - Beneficiaries,
 - Services...
2. Identify the means to reinforce and complement the existing services and resources so to achieve project objectives
 - Improve access for higher number of people



Work in groups



Work in groups

Prepare a work plan indicating the following elements:

- What (output to reach)
- When (timeframe, stepping approach),
- How (types of activities: meeting, training, studies, survey, fair, etc...)
- by Who (person in charge, stakeholders involved)

1. **definition of a differentiation strategy:** develop a work plan to mobilize the local community in developing a collective strategy for promoting their local mountain products (*first define the local community*)
2. **definition of a marketing strategy :** develop a work plan for marketing the products based on a specific labelled product (*take a concrete example*)
3. **microfinance development support:** develop a work plan to create/ reinforce microfinance system in a mountain community (*first define the area, target, services and activities financed*)



Conclusion



Conclusion 1: high quality mountain product

- Quality: specific, different, higher
- Mountain: challenges but also opportunities for specific quality or high quality product - *terroir* => Economic strategy, differentiation to “survive” in the globalized market
- Standard and labeling : importance of local rules and national/international regulation
- Link with sustainability, depending on standard attributes
- Role of policy and regulation
- Importance of local stakeholders, collective action (when common objective/asset/interest) and because “unity is strength”



Conclusion 2: Small enterprise development

- SMAE role in creating rural income and employment opportunities
- Importance of linking small holders to market in the new value chains, based on more formalized coordination (role of standards)
- Inclusive business models as an approach to link small producers' organizations to buyers and ensure positive impact on mountain livelihood
- Importance of microfinance, taking care of fundamental principles, to up-scale without hurting existing informal practices
- Role of policy in enabling inclusive business models and microfinance
- Importance of collective and coordinated action





FAO Resources

- Quality linked to geographical origin, www.fao.org/food-quality-origin
- Small holder market integration, <http://www.fao.org/economic/est/issues/smallholders/en/#.U7vhPPmSyXU>
- Linking farmers to market, www.fao.org/ag/ags/agricultural-marketing-linkages/linking-farmers-to-markets/en/
- Inclusive value chain, <http://www.fao.org/ag/ags/ivc/en/>
- Inclusive business models, <http://www.fao.org/ag/ags/newsandevents/news/en/c/164687/>
- Course on agribusiness management for producers' associations, <http://www.fao.org/docrep/011/i0499e/i0499e00.htm>
- Comprehensive course on microfinance www.ruralfinance.org/



More information and contacts

FAO AGS

Market Linkages and Value Chains Group

(voluntary standard, inclusive business, marketing)

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THANK YOU

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