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CREATION OF AN ALTERNATIVE DEVELOPMENT “SEAL” AS MARKETING TOOL TO PROMOTE LEGAL PRODUCTS FROM DRUG CROP AREAS

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BACKGROUND

The idea behind product certification is that **ensures that producers, who are disproportionately living in poverty in developing countries, get their fair share of their products' market price.** It allows them to feed their families, send their children to school, survive the fluctuations of the market, reinvest in their businesses and diminish dependency on aid.

- The most popular certification system that finances food safety is the organic standard. This requires that farmers do not use any agricultural chemicals at all. But there are also standards based on Good Agricultural Practices, which allow the use of agricultural chemicals, provided they are used in a safe way (in which the most dangerous are banned, and others must be used in prescribed limits).



- By contrast, the other standards have smaller market appeal. consumer surplus for environmental conservation finances several certification systems, including the [Forest Stewardship Council](#) standard. This standard requires that forests which are used to produce wood and other forest products are managed in environmentally responsible ways. This kind of standard is becoming increasingly popular with major consumers of wood: firms like Ikea and Home Depot only use wood from certified forests.
- The third very popular kind of food certification corresponds to the consumer surplus for social justice, and the most popular of these is the standard set by [Fair Trade International](#) (FLO). Their standard has many requirements that rule out exploitative trade and employment practices. The FLO standard sets minimum prices, requires that marketing is done through a farmers group, and also requires that at sale a small portion of the sale price is distributed directly to the farmers' group.





Product certification has undoubtedly had a tremendous impact in transforming the economics of poor farmers livelihoods while also achieving other social objectives. But a final issue regarding certification is whether it is really suitable for the very most poor, or if it is only suitable to those who are moderately poor. Certification requires an inspection process, traceability of the product back to the producing farm, and of course market access, and all of these requirements may rule out any kind of food certification for the very poor and those in the remotest regions.



Certification, when implemented as a component of a rural/alternative development project can be very useful.

The process of distributing revenues derived from the additional price paid to a certified product, implies in all cases the existence of entrepreneurial organizations. This is a key factor to promote community organizations and collaborative work, which are fundamental issues when promoting sustainable and effective income generation models or rural/alternative development.

Certification also calls the attention to farmers and small producer to improve their living conditions, and their productive systems. It usually contributes to increase productivity and produce quality.



In the Andean case, one of the main obstacles to rural producers is access to market, and certification has proved effective at contributing product differentiation.

But, some certifications generate additional costs, that are not in all cases, covered by the income they generate. Farm investments, increased labor costs, and the need to establish processing, packing, marketing and managing infrastructure, represent additional costs. If not adequately planned, they can lead to debts and financial crisis.



A majority of Alternative Development producers are smallholders often located in remote areas with long travel times from one place to another.

Furthermore, the overall revenue from their production is usually far too small to allow a viable farm inspection for each farmer, by some external inspection body.



Who is eligible for Alternative Development products certification? And which products can be certified?



Bolivia has very strong 'association of associations' for commercializing farmers' produce



ABAPI

Association of 53 banana and pineapple associations, 1500 farmers, selling \$2.4m of produce in domestic and export markets



El Ceibo

Association of 38 Cacao associations, with \$2m annual revenues & \$1.6m processing equipment producing chocolate and cacao products for domestic & export markets



PROASPA

Association of 28 palm heart associations, 750 farmers, processing and selling palm hearts to markets in US, Europe and Israel



Bana Beni

Company owned by 10 associations, with 443 members, producing and selling organic bananas for domestic and export markets



Peru has well developed agri-businesses and businesses serving export markets



Oro Verde

Association of 22 coffee grower associations, 450 farmers, producing top quality organic and fair trade coffee for buyers in US and Europe



Semperu

Privately-owned business opened by philanthropists, sourcing 1,500 tonnes of maize per year from local farmers and drying using extensive processing facilities



Mayo

Farmer-owned company producing and marketing luxury chocolate for domestic market with cacao sourced from 120 farmers



Copaso

Association of 10 cotton farmer associations, sourcing cotton from 1,100 farmers, processing and selling in domestic markets



Acopagro

Association of 70 cocoa-growing associations producing organic cocoa and finished produce for export market, with \$800,000 annual revenues



Olamsa

Farmer-owned company sourcing processing oil palm from 500 farmers and processing in \$2m plant, with annual profits of \$4.8m



Colombia has highly innovative models for commercializing and organizing community-based businesses



FCC

Organization helping 700 coffee farmers to produce organic and speciality coffee to levels required by Colombian national marketing system



Red Ecolsierra

Organization of 19 producers' groups created to provide technical support and marketing for cocoa, honey and coffee farmers, with strong technical support from private sector



Fruitimacizo

Company jointly owned by government and farmers, producing and selling tree tomatoes for major market centres in Southern Colombia





IMPACT OF (DEVELOPMENT-ORIENTED) RURAL ENTERPRISE

	Licit crop without enterprise	Licit crop with enterprise
Income	<ul style="list-style-type: none">• Low due to low quality, productivity, lack of value-adding, distribution problems	<ul style="list-style-type: none">• Higher due to improvements in quality and productivity, and sharing benefits of value-adding
Demand	<ul style="list-style-type: none">• Quality usually too low to access national or international demand	<ul style="list-style-type: none">• Enterprise helps farmers to get quality high enough to access national and international markets
Distribution	<ul style="list-style-type: none">• Intrinsically poor distribution characteristics for many crops• Intermediate industry poorly organized and capitalized	<ul style="list-style-type: none">• Investments in post-harvest process and processing improve distribution
Inputs	<ul style="list-style-type: none">• Varieties suited to modern trade market require high inputs• Many farmers have no access to inputs	<ul style="list-style-type: none">• Enterprise will provide needed inputs
Risk	<ul style="list-style-type: none">• High market risk	<ul style="list-style-type: none">• Enterprise will reduce risk by providing guaranteed market



Creation of an Alternative Development “seal” as marketing tool to promote legal products from drug crop areas

- Initiative from the Executive Secretary of CICAD
- OAS-CICAD at the beginning will be the manager of the Alternative Development “seal”.



To get the Alternative Development “seal”, produce must come from zones that have suffered from the problem of illicit drug-crop cultivation, or are at risk of suffering from this problem.

There would be a set of formal criteria that must be satisfied before the product can be given the seal.

These could be:

Legal Criteria: The zones must be verified and monitored by both the Government and CICAD.

Economic Criteria: There is a minimum, permanent production level, and production must be subject to quality assurance and in compliance with relevant health & safety regulations. There must be a workable process for producing, processing, and handling the product, and a competitive market price. These criteria ensure that the produce being given the “seal” is already reasonably commercial- very poorly commercialized produce would have the potential to damage the “seal” by making its produce seem to be of poor quality or reliability.

Social Criteria: The products must be the result of collaborative community work and the community must be part of a Community-Based Organization such as a Cooperative or Farmers’ Association.

Environmental Criteria: The production process must respect the environment and conserve the ecosystems in the production zones.

Institutional Criteria: The production must be supported by a government agency, Cooperative, or foreign embassies.

Once compliance with these criteria is verified, the organization will be granted the right to use the logo of the “Alternative Development Seal”.



So....

where do we go from here?