Promoting food safety and quality standards for agricultural processors and exporters: case study from Bosnia

February 2008
Objectives of presentation:

Present the AFE experience in promoting HACCP and ISO certification in the non-timber forest product sector (NTFP) of Bosnia and

Show how to implement a program that results in the sustainable provision of services needed to ensure quality standards in agricultural value chains

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Food safety standards and market access for producers and processors:

- HACCP
- ISO 9001
- ISO 22000
- Eurepgap / Globalgap
What is HACCP?

- “Hazard Analysis of Critical Control Points” in food processing

- Preventative system developed by NASA, adopted as a food safety measure by Pillsbury™

- Has become food safety law for all processors of food within the EU and their processor-suppliers from around the globe

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What is HACCP?

“The E.U. introduced new food hygiene regulations on 1-January-2006 that requires all food businesses within the EU, except primary producers, to operate food safety management procedures based on HACCP principles.”

- From Wikipedia
from this...
...to this
What is ISO 9001?

• Certification for quality management systems

• Strong indicator of competitiveness and professionalism: proves a company is applying high management standards, transparency and traceability in production processes and documentation

• Not a food safety or product quality system!
What is ISO 9001?

• Often linked with HACCP

• ISO 22000:2005 is a combination of ISO 9001 and HACCP

• In strong demand by global importers, especially in the EU
Using a market development approach to promote standards certification in the Bosnian non-timber forest products (NTFP) sector:
Project background:

AFE worked in Bosnia (BiH) from 2006-2007
As a subcontractor for a USDA-funded project, AFE developed a value chain development program based on facilitating the provision of sustainable solutions to target groups by market-based actors
Focused on the NTFP value chain
Conducted VC analysis (Feb-Mar/2006):

- Held interviews and focus group discussion (FGD) with market actors
- Identified relations among VC actors
- Identified constraints and opportunities in the NTFP value chain
- Designed program interventions based on the challenges to the provision and use of market-based solutions
Consolidator/Bulk traders

Local market

Herbal shops and pharmacies

Supermarkets

Wholesale distributors

Integrated processors/cultivators of NTFP products \(n=6\)

Exports of NTFP from neighbouring countries

Processing

Primary processors/exporters of herbs and mushrooms \(n=30\)

Processors/exporters of essential oils and distillates \(n=4\)

Collectors of wild NTFP \(n+=200,000\)

Small contract cultivators \(n+=100\)

International seed companies

Bulking

Local retail

Local wholesale/distribution

Collection/Cultivation

Input supply
Standards certification and the value chain lens:

- End Markets
- Vertical Linkages
- Horizontal Linkages
- Supporting Products & Services
- Business Enabling Environment

**Diagram:**
- **International Enabling Environment**
  - Global Markets

- **National Enabling Environment**
  - Supporting Products/Services (training, certification etc.)
  - Export
  - Wholesale
  - Processing
  - Production
  - Input Supply
  - National Markets
The causal model:

Improved competitiveness of processors and exporters $\rightarrow$ increased income for target groups
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

VC CONSTRAINT/ OPPORTUNITY:

*Natural forest product exporters lack certification that would enable them to sell to EU markets*

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AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

- EU-based buyers increasingly requesting HACCP and ISO certification from BiH suppliers
- many competitors in other neighboring countries (Serbia, Croatia) are already certified
- BiH has a similar law on the books which will be eventually enforced

...which results in less market access, lower competitiveness for BiH exporters and reduced income at all levels of VC below export
NTFP collectors/farmers are adversely affected by the lower competitiveness and market access of the exporter/processors to whom they sell.
Provision of training and certification to exporters and processors in the natural forest products sector.
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

Provider of market-based solution:

► Private consulting firms and certification agencies

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AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

Internationally recognized certification agencies active in the region:

- TÜV (Germany)
- SGS (Société Générale de Surveillance, Geneva)
- INCEBO (Macedonia and Holland)
- etc.

These certification agencies coordinate with numerous local consultancy houses to certify businesses
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

**CHALLENGES TO PROVISION AND USE OF MARKET-BASED SOLUTION:**

- Certification agencies and consultancy houses unfamiliar with the natural forest products sector / lack of linkages with BiH-based exporters in the industry

- Natural forest product companies are unaware of where to get their certification and how to get it

AFE’s interventions are being structured around these constraints
Some companies were unaware of the necessity to achieving certification and unfamiliar with food safety concepts.

Companies facing financial constraints to make necessary infrastructure changes and pay for certification documents.

AFE’s interventions are being structured around these constraints.
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

Parameters for Sustainable Interventions:

► AFE’s role purely facilitative

► Interventions need to bring VC actors together and include an educational/awareness raising element for both providers and users of solution

AFE’s interventions are being structured around these constraints
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

**Parameters for Sustainable Interventions:**

- **Try to use locally-based service providers (i.e. agencies and consultancy houses) wherever possible**
- **To further ensure sustainability, partnerships formed with certification agencies, consultancy houses and natural forest product exporters need to be on a cost-share basis**

AFE’s interventions are being structured around these constraints
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

**AFE Interventions**

Sign MOUs with consultancy houses and certification agencies to:

- Raise awareness among MAP firms to the necessity and availability of HACCP certification
- Build contacts between companies and local service providers
- Help local service providers become familiar with the specific industry
AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

**AFE Interventions**

Develop introductory and sector-specific seminars conducted by local service providers

- Include company visits for familiarization of service providers with industry specifics
- Seminars should also explain next steps in certification procedure
Seminar series on HACCP (August, 2007) Conducted by Consultancy House TQ-Net

Workshop format for company representatives

Site visit to “pilot” company for participants

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AFE approach to promote sustainable certification services and improved standards in the BiH NTFP sector:

**AFE Interventions**

Offer cost-share to companies willing and capable to pursue certification:

- Cost share helped pay for part of consultancy fees
- Encouraged companies to contact and solicit offers from different companies to promote competition
- Do not pay the certifiers or consultancy houses during this step!
- Companies will pay full price for subsequent consultancies / certifications
Additional suggestions for project design:

- Check references of your service providers/consultancy houses
  - Do they have a certification house behind them?
  - What do former clients say?

- Ensure consultancy houses do not try to “push” an ISO certification on SME clients of 10 or less employees

- Do not overly subsidize the NTFP processor/exporters, or they may not take the responsibility seriously over the long run!
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