

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



ACTION FOR ENTERPRISE

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

# Food safety standards and market access for producers and processors:

**HACCP**

**ISO 9001**

**ISO 22000**

**Eurepgap / Globalgap**

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# 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

# What is HACCP?

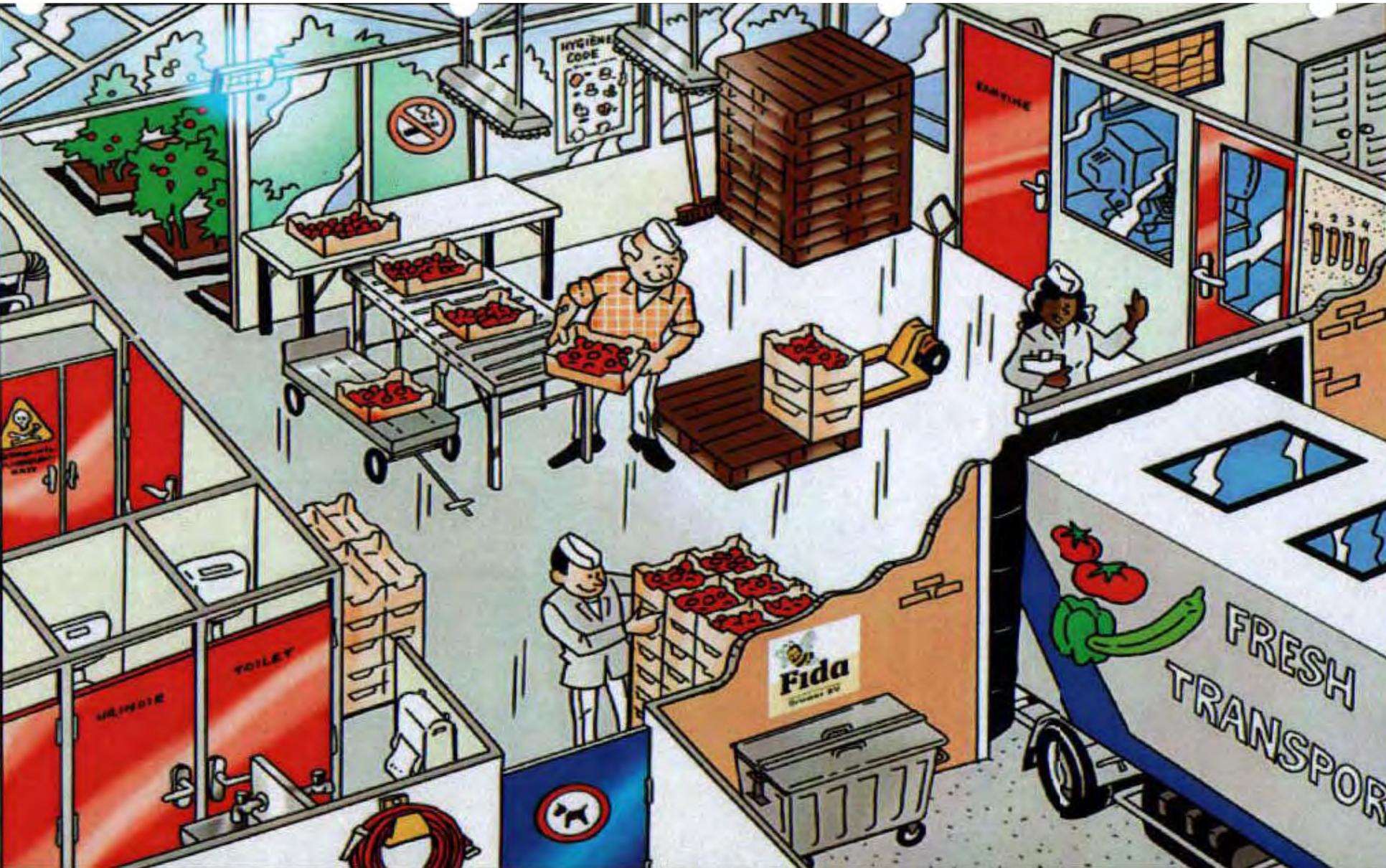
**“The E.U. introduced new food hygiene regulations on 1-January-2006 that requires all food businesses within the EU, except primary producers, to operate food safety management procedures based on HACCP principles.”**

**- 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:



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# Project background:

**AFE worked in Bosnia (BiH) from 2006-2007**

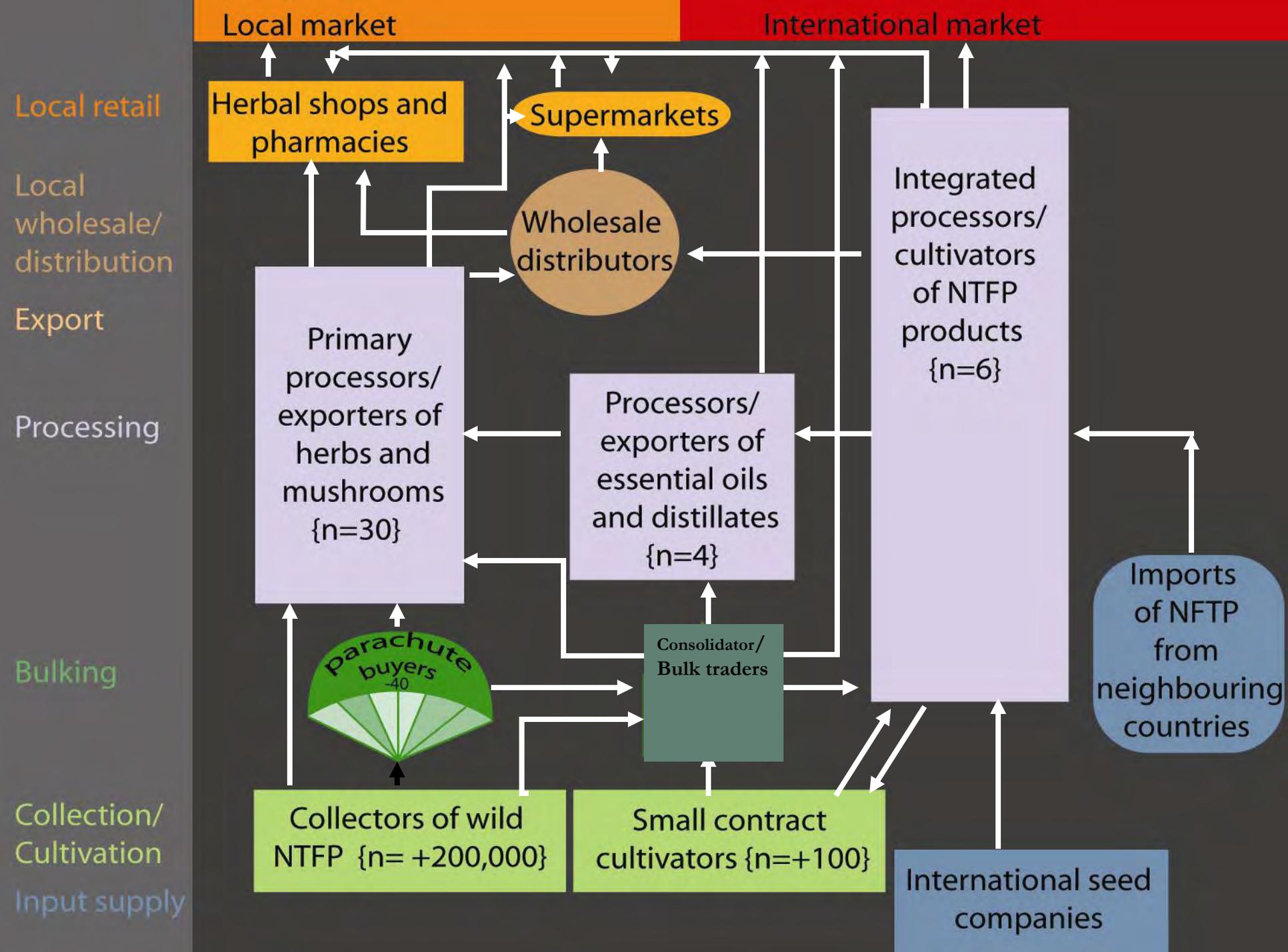
**As a subcontractor for a USDA-funded project, AFE developed a value chain development program based on facilitating the provision of sustainable solutions to target groups by market-based actors**

**Focused on the NTFP value chain**

# Project background:

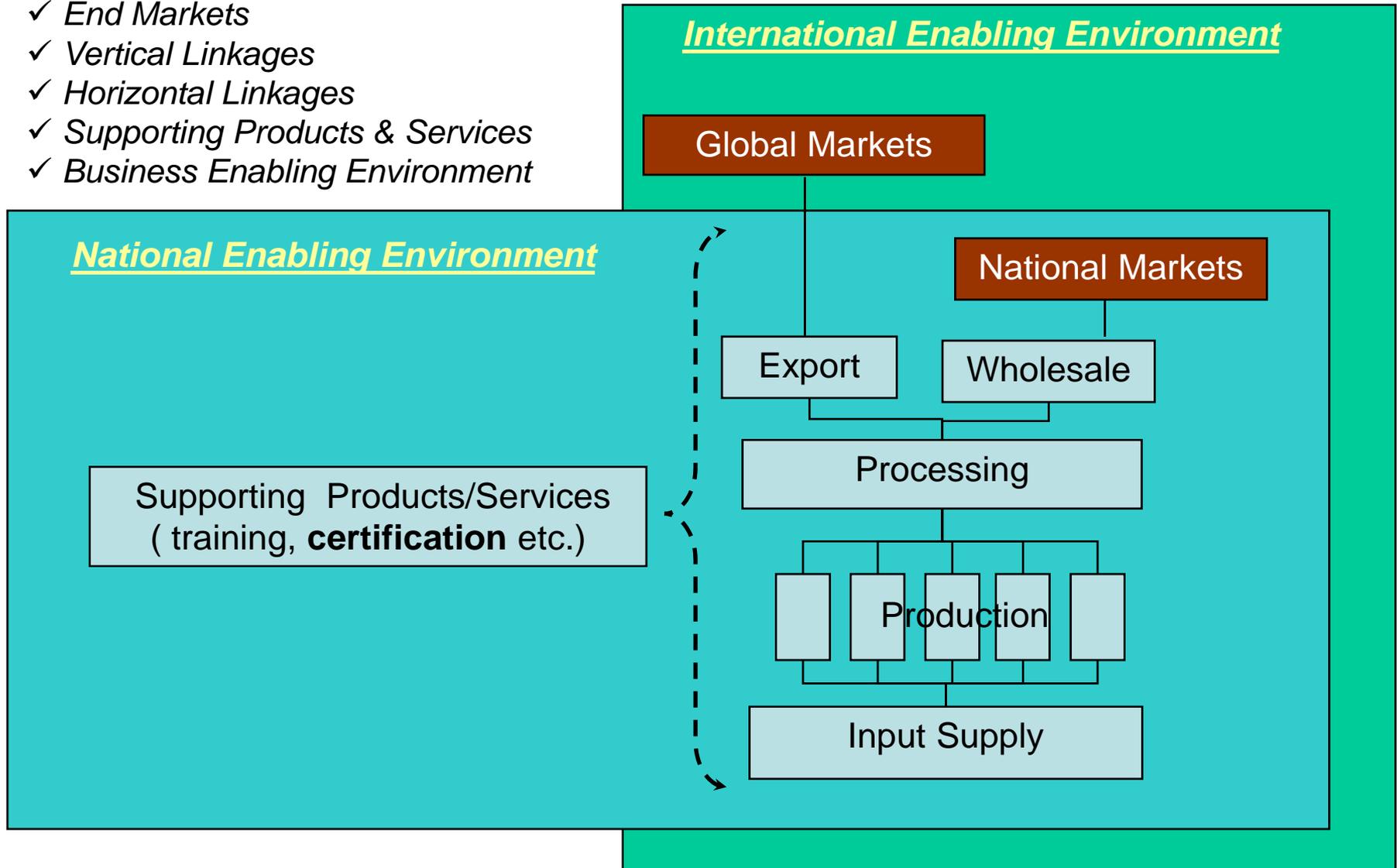
**Conducted VC analysis (Feb-Mar/2006):**

- ▶ **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**



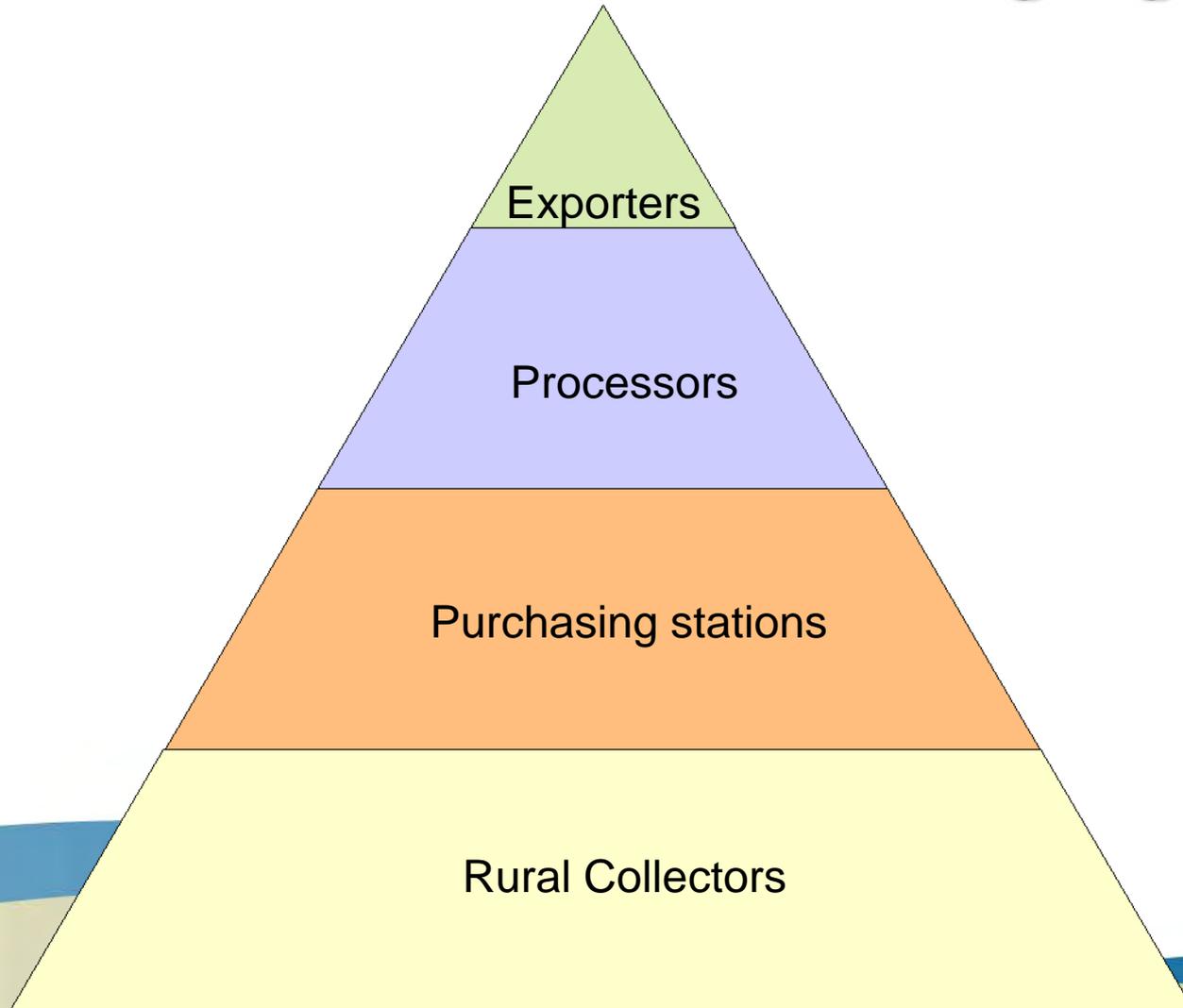
# Standards certification and the value chain lens:

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



## 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*

## **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

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

**MARKET BASED SOLUTION:**

*Provision of training and certification to exporters and processors in the natural forest products sector*

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**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*

# **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**

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

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

- ▶ **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**

## **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!

# For more information contact:

Action for Enterprise  
2009 N. 14th St., Suite 301  
Arlington, VA 22201 USA

Tel. +1-703-243-9172

[info@actionforenterprise.org](mailto:info@actionforenterprise.org)

[www.actionforenterprise.org](http://www.actionforenterprise.org)