

SHEETS CONTENT

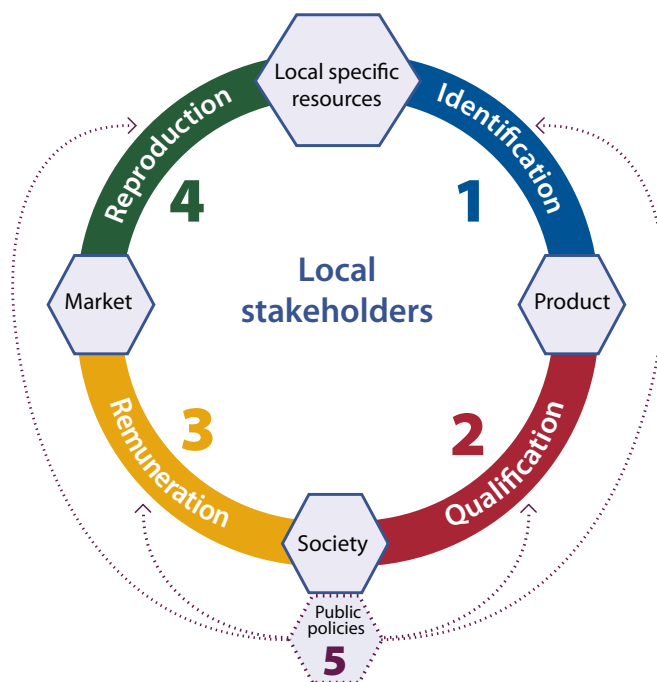
TRAINING ON ORIGIN-LINKED PRODUCTS

TOOLS FOR A PARTICIPATORY APPROACH



Certain food and agricultural products have a specific quality linked to their production origin that can make them famous as a result of characteristics linked to their local natural and human environment. This specific quality provides a product with the potential to play a role in a sustainable development process, inasmuch as local stakeholders can turn latent local resources into active assets, preserving and enhancing them, so that they receive society's recognition and are better remunerated in markets.

The origin-linked quality virtuous circle



Origin-linked products are products that are differentiated (or can be differentiated) on the basis of their local identity or typicity. Their promotion through a geographical indication (GI) is therefore justified by their local environment that confers to them, from the consumer point of view, a particularity, a specific quality or reputation. The fact that these products are linked to their place of production can give birth to an origin-linked quality circle, inasmuch as the promotion of their specific quality generates positive effects (economical, social and environmental). These effects can be reinforced over time thanks to the sustainable reproduction of local resources. This virtuous circle represents a four-step process of value creation and preservation, starting with the local stakeholders' awareness about their product's potential and their decision to develop a collective process to protect and promote it. The economic valorization comes from consumers' recognition of the product on the market, and can be reinforced by official recognition and legal protection of the GI intellectual property rights. The sustainability of the origin-linked process depends on both the market remuneration and the reproduction of local resources. Local stakeholders are at the center of such a process. Economic actors and "external" ones (from public institutions, NGOs, research and development centers) play a crucial role. The institutional framework (i.e. policies and regulation) also constitute an important element in the promotion and preservation of quality linked to geographical origin.

1. Identification

This first stage is absolutely essential, inasmuch as it involves identification of the potential for developing an origin-linked strategy. Such potential concerns:

- the product: Does it have an origin-linked quality? A market and a strategy to optimize it?
- the area : What are the local resources brought into play?
- the stakeholders: Are they aware of their product potential? Are the stakeholders ready for participatory, collective action in view of the collective nature of the resources?

Without these elements, the origin-linked strategy is compromised.

2. Qualification

The qualification represents the process by which the society (consumers, citizens, public authorities, other value-chain actors...) will be able to recognize the specific value of the product. This stage entails the establishment of local rules for the recognition of the origin-linked product on the basis of its definition as agreed among the producers. In other words, it is the formulation of the specifications (or code of practice, CoP) and the associated control plan, with which the GI name may possibly be registered and protected. The collective mobilization process that should start during the identification phase, will have to be consolidated during the qualification phase in order to take democratic decisions for the definition of the rules.

3. Remuneration

This stage consists of paying for the value of the GI system through the market (promotion and marketing) or other non-market systems (payment for environmental services, for example). In this stage, coordination between the value chain stakeholders is essential in order to formulate and implement the marketing strategy. The definition of the roles and creation of the producers' organization is a key element, as such organization plays a vital role in internal coordination among the producers and within the value chain, and also in representation vis-à-vis society.

4. Reproduction of local resources

Reproduction of the system means that the resources are preserved, renewed and even improved along the cycle in order to ensure sustainability of the system. This stage corresponds to a regular evaluation to be carried out to ensure the sustainability, by verifying the effects of the process in economic, social and environmental terms, so that the necessary adjustments and modifications can be designed. The reproduction of local resources is valid for the whole area and hence for all the stakeholders and activities found there. The search for an increasingly sustainable process leads toward the development of an extended territorial strategy, which consists of extending the benefits of the reputation to all activities and creating synergies, for example through local tourism with its effects in terms of direct sales.

Role of public policies along the circle

Throughout this cycle, public policies (national and local) provide a legal and institutional framework capable of creating conditions favourable for taking into account the key factors of the origin-linked strategy process. From one hand, they provide the conditions for recognition, regulation and protection of property rights associated to GI, from the other, they can foster the positive impact on local development and boost environmental or social sustainability.

Certain agricultural and food products can be distinguished by characteristics linked to the territory or zone where they are produced, providing them with a certain reputation, linked to their origin. Their specific quality, perceived by consumers, is based on the typicity of the product, meaning that the quality of the product is not only specific, but also unique, resulting from the unique combination of human and natural production factors linked to the territory or zone. These products can therefore not be produced elsewhere.

Typicity is a measure of the amount of specific qualities and the anchorage in local resources. Consumers' perception is linked to the reputation of the origin-linked product and its recognition by the market.

Objectives

Recognizing the links between local actors, their territories or zones, agricultural products and foodstuffs is an important step towards sustainable rural development. These relations are based on local capacities to create value in a global market, while remaining rooted in a given zone. Local products have specific quality attributes inseparable from the places where they are produced and these ultimately build a reputation associated with a geographical indication (GI), which identifies the products. These differentiated products can thus respond to a specific demand.

Key concepts

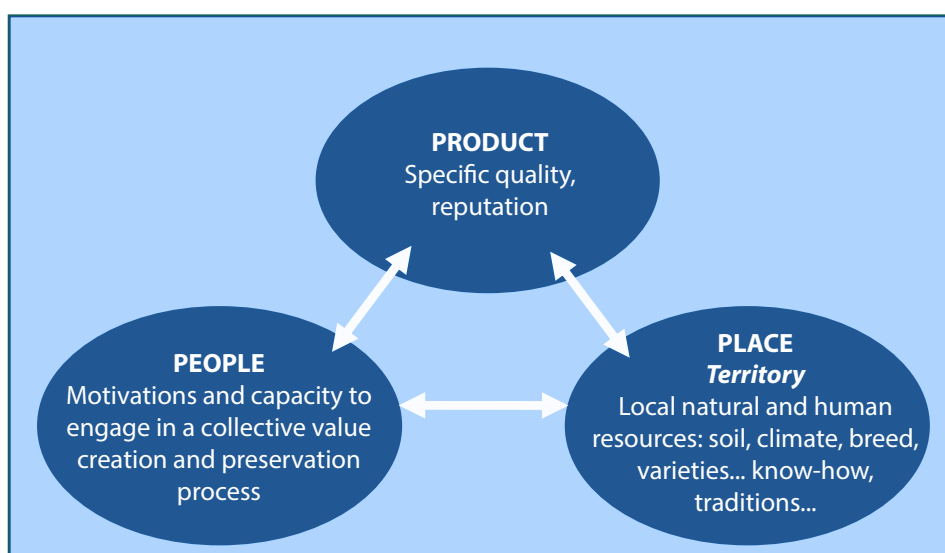
The **place** represents the geographical area that bears both the natural resources (physical and biological environment, including biological resources) and human or cultural resources linked to generations of inhabitants and producers. This territory is delimited in space.

A **terroir** is a delimited geographical area where, over the course of history, a human community has developed a collective production method and know-how based on a system of interactions between the physical and biological environment and a set of human factors that convey an originality, confer typicity and engender a reputation for a product.

The concept of terroir can be represented graphically through the figure below.

A **terroir product** (with quality linked to its origin) has a specific quality mainly attributable to its terroir (the interaction between the natural environment and human factors).

Interaction between people, product and place



Source: Linking People, Place and Products

Process

A collective approach is required to engage in the quality virtuous circle in order to promote and preserve the origin-linked product and local resources. The potential for engaging in the value creation process depends on the will, motivation and capacity of the local community, and especially of those involved in the local production system, to coordinate their actions and promote the product collectively. Many stakeholders are involved in the production and value creation process of a product of origin-linked specific quality and may influence the development of the product in different ways, conveying their own vision of the product and their own interests. This is why an efficient coordination and the search for a shared vision are necessary.

The first step in activating the quality virtuous circle is the precise identification of the local product and the local resources needed for production. For this, it is important that local producers realize the potential associated with specific local resources, as this constitutes the basis for collective action to promote the value of the product.

The possibility of activating the origin-linked quality virtuous circle depends on the presence of three main prerequisites:

- the product: it presents some specific characteristics linked to geographical origin that give it a special quality and reputation in the market, resulting in specific consumer demand;
- the place: the special quality characteristics are the result of the natural and human resources of the local area in which it is produced;
- the people: the local producers, having inherited traditions and know-how, together with other local stakeholders, must be motivated to engage in a value creation and preservation process.

Summary

Establishing the nature and intensity of the link between a product and its origin must be the basis for any activation of the origin-linked quality virtuous circle. The process is the responsibility of the producers and must be relayed by the competent public authorities.

The justification for specific protection of a geographical (or traditional) name depends on the existence of a link to the terroir and/or a reputation established by the product. The identification phase is therefore fundamental not only to establish these links (or their absence), but also to identify the potential at the supply chain level (stakeholder motivation and market potential) for development of a valorization process (see the web-tool “GI product identification”).

COLLECTIVE PROCESS AND TERROIR PRODUCTS IN A SUSTAINABLE PERSPECTIVE

C2.2

Adding value to a product of origin-linked quality while preserving its characteristics allows for remuneration and the reproduction of specific local resources, not only benefiting the production system, but also rural development dynamics, local society and natural resources (which are often fragile).

Objectives

Promotion of an origin-linked product has the potential to maintain and promote non-standardized food products in new and existing markets, preserve the associated socio-ecological system and maintain economic activity in rural areas. In this regard, origin-linked products are important tools for a global territorial approach to sustainable development, in particular for marginalized regions. For this, synergies must be created between economic activities and the two other pillars of sustainable development: the environmental and social pillars.

Key concepts

The economic pillar: adding value and benefits from organization

Origin-linked products have the potential to create added value through market recognition, provide access to new niche markets for differentiated products and prevent products from disappearing because of competition. This can help to ensure a decent income for local producers if the higher added value is fairly redistributed among producers.

Value creation is also a driving force in ensuring consumer confidence in the origin of products and maintaining generic quality requirements, through the use of quality insurance schemes and traceability systems throughout the process. Accessibility to and maintenance of profitable marketing channels is of key importance in order to maintain local resources. Through the effective marketing of these products, rural activities can be maintained and even diversified, thus promoting related industries such as tourism and also preventing outward migration. Indeed, specific local resources involved in the production system – unique plant varieties or animal breeds, traditional landscapes, food traditions and culture – are also valuable for tourism and gastronomy.

The environmental pillar: sustainable use of resources and biodiversity

The promotion of origin-linked products can generate two kinds of positive impact:

- Sustainable use of natural resources. Identification of the link between the product and the terroir raises awareness of the importance of a sustainable use of local resources. Moreover, origin-linked products are often connected to traditional production systems and extensive practices with lower environmental impacts compared to modern techniques and inputs.
- Biodiversity. Origin-linked products often use traditional, endemic or specific locally-adapted species, varieties, breeds and micro-organisms. The promotion of such products can help counter pressure towards increased specialization and standardization, thus preventing the disappearance of habitat, typical landscapes and genetic resources.

The social pillar

Since origin-linked products have generally been produced for a long period in the same social and cultural environment, they incorporate strong empirical and locally validated experience and know-how by producers regarding the management of a sound production process and the achievement of high specific quality within a particular local environment. Moreover, the link between product, people and place often makes the GI product a cultural marker.

Process

From this perspective, people on the production side can contribute to an integrated territorial approach to sustainable development in particularly fragile areas. The modalities of the local process will determine the real

contribution to sustainable rural development. Positive effects in economic, environmental and social fields are not automatic. As with any tool, it is important to use it correctly to obtain the expected results. In any case, the process and its effects have to be assessed by stakeholders in order to improve an origin-linked product over time and allow the reproduction of resources.

This will be addressed with key questions and factors for the evaluation of effects in module 5 (Reproduction).

Summary

Origin-linked products can be powerful levers for sustainable rural development. Indeed, activation of the quality virtuous circle will affect the three dimensions of sustainable development: in economic terms, the consumer, paying for quality, will contribute to creating value localized in rural zones; in environmental terms, local products are often derived from extensive use of natural resources and make use of rare and endemic breeds or varieties; and in social terms, origin-linked products preserve traditional know-how and local cultural elements.

Names and representations referring to a place are very often used by local actors and consumers to identify the origin and particular quality of origin-linked products. These geographical indications (GIs) therefore play an important role in the value creation process by differentiating origin-linked products from others of the same category. This collective reputation can be subject to misuse inside and outside the territory or zone.

Objectives

The use of GIs requires a localized definition of common rules in order to improve coherence between local producers and avoid unfair practices and the misleading of consumers. The recognition by society and/or public authorities of the collective rights of local producers to use of a GI and its associated rules can be a fundamental step in engaging in the qualification of the product.

Key concepts

A GI is the name of a place (or occasionally a country) that identifies a product to which quality, reputation or other characteristics are attributable. A GI signals to consumers that the goods have special characteristics as a result of their geographical origin. A GI is therefore more than an Indication of source or provenance; it is a reference to a quality, unlike a “Made in” label, which does not refer to a specific quality. In certain cases, a traditional name can be accepted as a geographical indication, even though it does not contain a geographical reference.

There are many types of identifier that may constitute a GI:

- a geographical name alone can become the name of the item, or the origin of the product can be combined with its common name;
- a name, symbol or words referring to a place and its local people, although they are not names of geographical places;
- additional associated characteristics that should also be considered as geographical identifiers; for example, images of famous places like mountains, monuments, flags, specific objects or folklore symbols;
- the specific traditional shape and appearance of the product, such as unique packaging or a common element on the label.

Process

A set of common rules defined at the local level by the producers and processors in the supply chain is required in order to prevent misuse or expropriation of GIs and allow them to play their role as signs of a specific quality linked to geographical origin for producers, consumers and local and global stakeholders. These rules must:

- clearly identify the product and its name, and define its production and processing practices shared by stakeholders using the GI;
- avoid unfair production and trade practices, preventing abuse or damage to the GI reputation through the making and selling of products with different and/or lower quality characteristics while benefiting from the reputation of the quality sign;
- guarantee the quality of the product and its geographical origin, fostering consumer confidence;
- guide the behaviour of local producers and support coordination and cohesion to create, preserve or improve the GI product's reputation and name value.

In order to enforce these local rules, local stakeholders can explore ways of ensuring conformity with the rules established and protecting their rights to use the GI under a protection and guarantee system. A precise assessment

of the situation is necessary in order to establish linkages between the legal issues to be addressed based on the available normative framework, market realities and producer strategies.

The regulation of GIs is based first and foremost on a system of self-enforcement by producers. GIs can also be enforced through informal mechanisms, such as mutually agreed social controls and unwritten rules of practice and standards. Self-regulation and self-enforcement alone can apply locally in very specific contexts. When relationships among producers are not strong and/or marketing abuses (imitation of the product and GI usurpation) are common either nationally or internationally, legal protection of the GI may be considered by local stakeholders as a tool for effective regulation (see sheet 6.1). Even when no problems of imitation or divergence in local production practices emerge, the establishment of formally recognized rights over the GI could be important, inasmuch as a formal recognition of the GI, whether legal or not, could prevent registration of the GI by other actors.

Summary

- Geographical indications (GIs) are names with a geographical component, qualifying origin-linked products.
- They identify product from a specific place, a territory, bringing identity and value in the market place.
- To preserve the specific qualities and their associated reputation, as well as consumer trust, it is important to define production and usage rules for the GI (codes of practice or specifications).
- The legal protection of these geographical identifiers may be crucial for producers, so that they can then initiate promotional efforts without fear that these will benefit imitators.

GEOGRAPHICAL INDICATIONS AMONGST NORMS AND LABELS

There are numerous possibilities to differentiate an agricultural and food product to stimulate a buying preference. In particular, through labels, i.e. a specific mention (sign or words) on the package, that may communicate certain specific values of the product to the consumers (we speak in this case of B2C or Business to Consumer norms). These mentions should usually be certified. Amongst labels, we can identify:

- Those that communicate on the agricultural and processing practices that are respectful of the environment, in particular the labels of organic agriculture, or labels developed for specific types productions on the protection of biodiversity (for example Rainforest Alliance, Forest Stewardship Council, Marine Stewardship Council, etc.)
- Those who communicate on fair trading practices, associated with the respect for social norms for the producers (working conditions, minimum income, ...)
- Those that communicate on "superior" or traditional quality, amongst which you find GIs.

It may be noted here that there are also private management norms, covering aspects such as food safety, the reasoned use of pesticides and fertilisers and workers rights (for example : HACCP, GlobalGap, BRC). Large buyers and distributors (in particular in Europe and North America) increasingly require from their suppliers certification of conformity with these norms. But these norms are not communicated to the final consumer through labels. In this case we speak of B2B or Business to Business norms

Geographic Indications have a number of specificities when compared to other B2C norms:

- All GIs have their own specific Code of Practice, which allows adaptation to the local context,
- This Code of Practice is usually developed and proposed for official recognition by the up-stream supply actors, so we can say it is a bottom-up approach,
- The GI is associated to an intellectual property linked to a territory and must benefit all the stakeholders based in the territory.

However, a GI cannot be developed for all products and in all contexts. It is essential to know the potential of a product and the demands of the markets aimed at to be able to choose the most appropriate form of differentiation.

Collective action is necessary all along the quality circle and should be considered from the onset of the identification phase. Indeed, setting up a value creation process for a GI product requires the active involvement of the local stakeholders who have the right to define the common rules for using the GI.

Inside and outside the production area, a GI product by definition involves many different stakeholders: producers, processors, traders and consumers share know-how about good practices regarding production, processing, preservation, trading and even use or consumption of the product.

Objectives

A participatory approach is required in order to develop a common vision and strategy for the product, identify its links with its geographical origin and establish a collective protection system. Moreover, local producers should be able to build and manage active and stable external relationships emanating from various perspectives – economic, political, social and scientific. It is therefore important to consider territorial links and external networks.

This participatory approach may need an external facilitator to initiate and coordinate activities, especially during the mobilization phase and before the creation of a legitimate, representative organization. This facilitator may, for example, come from a state support agency (extension services, universities etc.) or an NGO (active in the field of rural development, environment, consumers or food).

Process

Mobilization of the local actors concerned by the impact of the origin-linked quality circle on the territory or zone (value chain stakeholders and the local community) is a fundamental step.

This mobilization entails three important activities:

- organization of the local context, for example through producer meetings, studies and exchange visits with similar production systems in order to share views on the product and on what determines its characteristics;
- empowerment of disadvantaged stakeholders, who are often the real trustees of the “original product”, in order to allow for their participation in the process; the empowerment of local actors is a key issue in terms of social sustainability for the value creation process; local government, NGOs and other local associations should support these activities;
- mediation: each stakeholder has a specific vision of the product and its evolution, depending on his or her specific interests in the product; it is therefore important to consider the motivations of the actors involved, since they are potential sources of conflict when engaging in qualification.

Producers should not remain isolated in their efforts to identify and qualify origin-linked products, as such action often involves specific knowledge and capacities. The various stakeholders who should be mobilized to support the producers' efforts are:

- food operators, traders, sellers, restaurant owners and other actors in the supply chain: even if not involved directly in the qualification process, they can play an important role in enhancing the economic vibrancy of the GI product by supporting marketing and promotion activities and helping to create new marketing opportunities;
- consumers and consumer associations: consumer preferences and purchases allow for the reproduction and improvement of the resources used in the GI production process; consumers may also be a vehicle for transmitting information and spreading the popularity of the GI product; in particular, travelling consumers, emigrants or tourists can enhance the reputation of a local product;
- other local stakeholders: within the territory or zone, other private-sector actors outside the production chain can build very useful alliances with GI systems

Local government and other local authorities, together with NGOs, can act at many levels to support a GI product's development: research support, extension work, the provision of technical assistance or information and the organization of marketing campaigns focusing on consumers and traders. Public intervention may be justified, inasmuch as GI products create employment and generate a positive image of the region. This can be useful for tourism and boost the general attractiveness of the region.

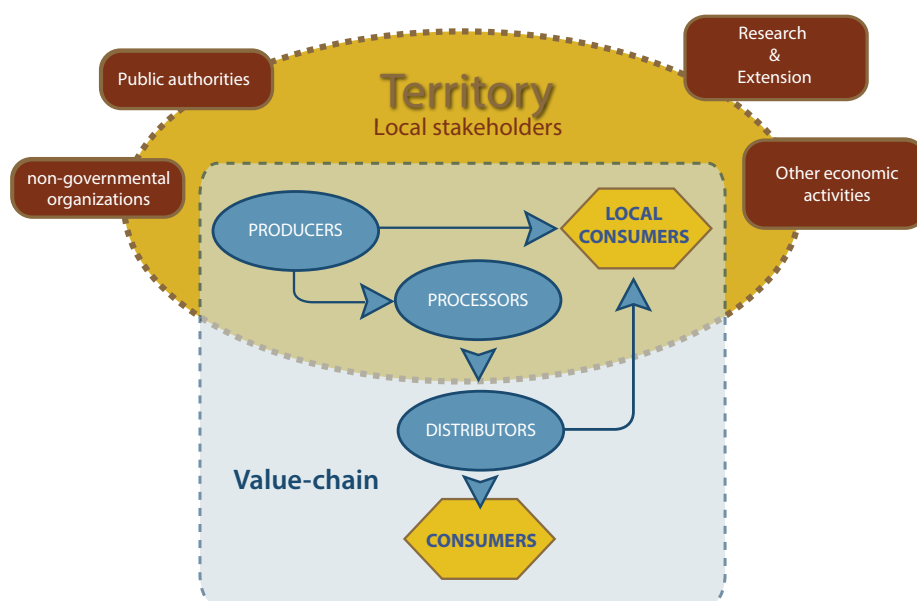
Public support can also come from national or international institutions. The role of public actors and policies are analysed in more detail in sheet 6.2 in the context of sustainable development and the need for balanced private-public coordination.

Scientific support may be useful during the process of rule-setting (for example by providing studies and research analysis on economic and social sustainability), in order to demonstrate the link between the product quality and its geographical origin and even to support the group of producers in marketing and promotion activities and collective organization management.

Summary

The stakeholders in the supply chain of the origin-linked product will benefit from developing a shared vision of the development of their product, projected into the medium- and long-term future. If this vision is shared with partners, it can garner significant support from local and external actors for the success of the process of activating the quality virtuous circle.

Different stakeholders who can be involved in the value creation process



Source: Linking People, Place and Products

THE CODE OF PRACTICE: DEFINITION OF THE SPECIFIC QUALITY

C3.1
C3.2

The elaboration of the code of practice is the core of the GI process. It requires a participatory approach, with the active involvement of all the stakeholders in the supply chain. Elaborating a code of practice is a process of collective negotiations entailing mediation to obtain consensus on certain criteria, as each rule entails a risk of exclusion (for example, some producers may be excluded through geographical limits or technical requirements).

Objectives

The aim of the code of practice is to provide rules for applying the specific quality to the GI producers located in a delimited area. It must therefore describe the specific characteristics of the GI product that are attributable to its geographical origin, justifying the link between the product and the territory (the same product cannot be elaborated in other zones). It must explain how a given quality (the specific attributes that make the product different from others of the same category), a reputation (history of the product, past reputation, current reputation) or other characteristics (for instance know-how) are linked to the origin.

MAIN CONTENT OF THE CODE OF PRACTICE

- The **name** of the product to be protected
- **Description of the product**: main characteristics, ingredients and raw material
- **Definition of the process**: how to obtain the product in all the phases of the production process (up to the final packaging)
- **Demonstration of the specific quality linked to geographical origin**: the link between the specific quality and the resources in the geographical area (natural and human)
- **Definition of the production area**
- **Name(s) of the product and labelling rules**
- **Control plan**

Key concepts

The code of practice is:

- a document defining the specific quality of the product and the rules for the use of a GI;
- a document providing the voluntary but unanimous “standard” or specifications with which local producers who want to use the GI have to comply;
- a tool for internal coordination (collective rules) and external trust;
- a contract between public authorities and supply chain stakeholders.

Process

First step: an inventory of resources (including the stakeholders) and practices

- Which ones? Characteristics of the main types and varieties of GI product, including precise technical data as well as quantitative data (for example, the percentage of total production that corresponds to a specific subtype).
- With whom? Various types of stakeholder belonging to the various stages in the supply chain (industrial vs. artisanal, large vs. small etc.).
- How? Through interviews with the stakeholders in the supply chain, research in published material, interviews with other inhabitants and some traditions specialists, and the performance of physical-chemical analysis and organoleptic testing.

Second step: definition of the rules (negotiation)

Step 1 usually reveals a wide variety in the characteristics of the final product. This variety may correspond to conflicting differences, such as traditional vs. technical progress, local biological resources vs. external breeds or varieties, or small-scale producers vs. industrial producers.

The definition of the rules (the code of practice) must consider this variety, while guaranteeing that the rules conform to a GI product. With this in mind, these rules must be:

- **measurable**, i.e. contain controllable and measurable characteristics (for example chemical composition, taste and colour) that can be traced;
- **adequate and accessible**, i.e. contain objective links between the product and its territory, elements that may not be identifiable in the final product but that contribute to the specific quality and image of the product, such as biological resources (races, varieties, plants etc.);
- **scalable or progressive**, i.e. permit a certain amount of progressiveness and flexibility, to include, for example, a spectrum of criteria (several biological resources or methods of production) or the definition of subcategories within the same GI.

Mediation can play a central role in reaching a compromise. The mediation must consider every type or variety of product and method, the importance of every stakeholder in the supply chain, the cost of all the requirements in the code of practice etc. It may be carried out by a collective organization of producers themselves. However it usually requires the intervention of facilitators in the negotiations. If the GI product is to be officially registered and protected, public authorities must play a role in providing some guidelines for the mediation (internal consistency of general GI policies) and for the formalization of a final agreement.

DESCRIPTION OF THE PRODUCT

Definition of the characteristics of the product and of the production process, giving the product its specific quality, its typicity. These characteristics may concern:

Specific and objective characteristics

- raw materials;
- physical characteristics (shape, appearance etc.) and types of presentation (fresh, preserved etc.);
- chemical aspects (additives etc.);
- microbiological aspects (use of fermenting agents, presence of germs etc.);
- organoleptic aspects (flavour, texture, colour, sensory profile, aroma, taste etc.).

Processing methods (for processed products)

- production processes, techniques and technical criteria;
- for animal products: species, breeding practices, age at slaughter etc.;
- for plant products: varieties, harvesting, storage etc.

Summary

The code of practice is always “made to measure” and is the result of a new social construct for each (unlike certifications such as organic, fair trade or GAPs, which are applied to a group of products).

The code of practice is the result of a shared vision of producers as to what their product is and how it is produced; it is essential to take enough time to build this shared vision.

The code of practice must include two types of obligation:

- regarding means (linked to the process): these are the most important, as the objective of a GI is not to standardize the various locally obtained products, but to preserve their specific richness linked to the territory and culture;
- regarding results (linked to the final product): these are necessary only to ensure that all the products correspond to a general expectation on assessable characteristics.

The delimitation of the production area depends on the link between the product and its origin and is therefore a fundamental step in the process of establishing a GI. It will determine who, in terms of location, will be allowed to use the GI and must therefore be the object of in-depth studies of the various criteria regarding the link of the product to its origin. This delineation is also linked to the attribution of the name of the place to the product as identifying it as a singular product of quality.

Objectives

The main objective is to delimit the production area on the basis of the causal link between the geographical area and the product's quality. This thus allows the establishment of the territorial basis governing the right to use the GI. The process provides local stakeholders with a clear picture of the relevant criteria of the relationship between the specific quality of the product and its production territory or zone.

Key concepts

The geographical area of a GI corresponds to the territory or zone where the GI product is elaborated (or can be elaborated) according to the stages defining the product (raw material, processing etc.). In fact, the delimited area of production of a GI product is defined according to the localization of the terroir, as the interaction of natural and human resources over time.

This delimitation must consider four main criteria:

- physical criteria, such as soil, climate, topography, exposure and water resources;
- local practices, such as cultivation conditions, varieties, and harvesting and processing practices;
- local history and reputation of the GI;
- localization of the GI producers (actual and potential).

Process

Each delimitation process requires a collective conceptualization and a specific solution that will allow an effective balance between the various criteria.

Comparison of the various criteria and search for a consensual decision

The delimitation of the geographical zone must take into account a comparison of the possible geographical areas and include a debate in order to reach a consensus. It may be interesting to work on maps with all the concerned actors. The "delimitation report" constitutes the basis for discussion of a delimitation proposal. It should be produced through the collaboration of all the stakeholders involved and include the following elements:

The associated name

- The name can cover a larger zone than the effective area of production (for example, Coffee of Colombia refers to the name of the country and corresponds to various production zones (terroirs) within the national territory.

METHOD AND CONTENTS OF A GI DELIMITATION REPORT

1. Presentation of the area with descriptions of physical and administrative organization etc.
2. Economic data: a study detailing production data, farming systems, farm structures etc.
3. History and reputation: the product's history, popularity, level of recognition etc.
4. Markets and consumption: data on marketing, sales, exports, consumption etc.
5. Production methods: processing techniques and production systems (production units, processing methods etc.), characterization of the future GI product etc.
6. Production uses: data regarding production per region, district or village, number of production units, importance of GI production in relation to local economy etc.
7. Geographical situation: landscape and vegetation, climate, geology and main soils.
8. Evidence of the link with the geographical origin: evidence of the links between local natural and human factors, production practices and the product, needed in order to justify the delimitation.
9. In-field applications, first draft of the delimitation proposal: simulations through maps.

It can also, on the contrary, represent only a small part inside the larger delimited area (such as the name of a town or village, as in the case of Gruyère cheese).

- The product can be identified by geographical names and symbols that incorporate geographical areas (for example Champagne, Parmigiano-Reggiano, Queso Chontaleño and Coffee of Colombia) or other words and symbols that are not geographical names but that unmistakably refer to geographical places and their inhabitants (Feta, Café Pico Duarte etc.).
- Reputation refers to the popularity acquired by the GI product in the market and in society. When choosing the name of a GI, it is recommended that the name carrying the widest reputation should be considered.

Criteria for delimitation

It is therefore necessary to combine the various criteria and methods of delimitation as described in the following table:

Criteria for delimitation

Criterion	What	Example of methods
1. Ecological setting	The agronomic and physical conditions needed to elaborate the product's anticipated quality	Ecological mapping, soil analysis and landscape study
2. Know-how, specific practices and traditions	The technical know-how that differentiates the quality	Inventory of know-how by interviewing producers
3. History of production	The maximum and minimum levels for extending the historical area of production	Investigative work: interviews and collection of documentation (related to the GI in cookbooks, novels, treaties, etc.).
4. Production stages and economic situation	Potential of the main production and processing areas for extension	Discussions and interviews throughout the chain. Cross check of maps of the area drawn up by different actors
5. Social network	The need for a consistent GI group that includes all legitimate producers and has sufficient capacity to take and enforce collective decisions	Participatory meeting
6. Existing zoning	The zoning existing at the start and referring to a place, such as geographical or administrative limits, can be considered at the end for a definitive description of the area, although it should not influence the delimitation process based on terroir	List of local administrative units, communities, natural limits or other boundaries with a name, to describe the resources within the area

Summary

- Delimitation of the production territory or zone is not an exact science. It must consider the objective characteristics (soil, climate, water resources etc.), local history, the reputation of the product, local practices and economic factors.
- The delimitation of a GI territory is the result of a triangulation of criteria, methods and possible areas. Like the development of the code of practice as a whole, it involves negotiation between all stakeholders in the supply chain and the use of external expertise (scientists, historians, mediators etc.).
- When defining a production area, there are inevitably conflicts of interest and risks. If the production area is too large, the potential benefits may be watered down, whereas if it is too small, active producers may be excluded. The exclusion of out-of-area producers is inevitable, but can be managed on the basis of objective criteria, with the identification of scientific criteria defining the limits of the zone within which the specific quality of the product can be guaranteed.

ESTABLISHMENT OF THE LOCAL GUARANTEE SYSTEM

C3.4

Consumers are increasingly careful about the quality of food products and expect guarantees with regard to the origin, method of elaboration and specific quality of products. The reputation of a GI product is based on its specific quality. If this quality is not maintained in the long term, purchasers and consumers will cease buying the product. It is therefore fundamental to assure that the rules set up by the profession in the code of practice are respected.

Objectives

A guarantee system is needed in order to ensure that all the stakeholders using the GI respect the requirements of the code of practice and thereby assure the public and consumers that the product is in conformity with the code. It should ensure that consumers are not deceived and honest producers do not suffer from unfair competition.

Key concepts

The main factors involved in verification of a product's conformity are:

- the raw material used and the processes as specified in the code of practice;
- traceability, to ensure that the product originates from the delimited GI area;
- the final product, as presented to consumers (labelling, aspect, taste etc.).

It should be noted that all certification systems are based primarily on self-regulation: producers must be able to demonstrate that they respect the requirements of the code of practice.

The various product conformity certification systems:

- **Certification by the supply chain** consists of guarantees provided by producers themselves, based on self-regulation (by individual producers) or internal controls (by the GI producers' organization). Within the supply chain, customers or buyers may themselves play the role of controller. The efficiency of this system relies largely on the quality of the work of the person carrying out the controls.
- **A participatory guarantee system** is based on the active participation of stakeholders, both internal and external to the GI value chain (including consumers).

These two systems are applicable in contexts in which the cultural and geographical proximity between producers and consumers (local markets for example) allows the creation of trust relationships and a close-knit social network. The risk of social exclusion works as a guarantee of respect of the rules.

- **A third-party certification** system involves an external body (private, public or mixed) without any direct interest in the economic relationship between the supplier and the buyer, which provides assurance that the relevant requirements have been followed. This system is the most widely used and is required on international markets.

These three systems are often combined to involve all the stakeholders and reduce the costs linked to certification.

Process

Setting up the control plan and sanctions according to the code of practice.

The control plan specifies how the rules defined in the code of practice are to be checked. It is comprised of:

- the critical point(s) to be controlled for each requirement (what);
- the method used (visual, document analysis etc.) (how);
- the moment of control (when);
- the related sanctions, depending on the seriousness of the non-compliance, either economic (fine, banning use of the GI, downgrading of the product) or social (exclusion from the group);
- the frequency of controls and the coverage (all producers, sampling).

The nature of the guarantee system depends on the particular features of the market and the economic, cultural and social context. Its implementation should not create excessive costs, making the certification too expensive and thus making it impossible for smaller producers to respect and use the GI criteria. In each situation, the certification must be defined by combining various levels:

- Self-regulation by each producer. This is the basis of all guarantee systems. Each producer must be able to verify that he or she is respecting the rules of the code of practice and must fill out the necessary traceability registration.
- Controls by the organization managing the GI, which may delegate some of the controls to local producer groups.
- External certification (independent) by public agents or private certification agencies. These may decide to delegate part of the controls to the supply chain, but must check on the quality of these controls. This is often the case for example with organoleptic tests carried out by qualified members of the supply chain.

Various types of control must be applied in order to obtain a credible guarantee system. The choice of the controls is made during development of the control plan and may be modified at any time. The guarantee system is based on the control of three main elements:

- evaluation of the production conditions (source of the raw material, production process) and the quality system (including respect of health norms) in all enterprises;
- traceability of the product from the start of the production process through to the final product, using traceability markers;
- quality of the final product through chemical and/or organoleptic analysis.

Managing the costs

Efficient coordination is essential with a view to reducing the costs, both direct (technical, administrative, information-related etc.) and indirect (time invested), that all verification systems create. Such coordination can be carried out for example through:

- collective certification, which reduces inspection and administrative costs;
- coordination of controls when multiple standards have to be certified (for example, organic and quality assurance), allowing a single inspection for the various specifications;
- sharing of costs among the various stakeholders in the supply chain, or provision of a mutual fund for smaller producers;
- use of existing databases managed by government institutions and working with these organizations.

Summary

- The only good rules are those that can effectively be controlled and enforced.
- The only good controls are those that can result in sanctions or rewards.
- Controls must be neutral, impartial and independent.
- Each requirement listed in the code of practice must have a corresponding control point, which means that the code should include only elements that are essential to the specific quality of the product, taking into account the feasibility and costs of control activities.
- When designing the control system for a GI product, it is important to consider existing control schemes (public or private) for the product and seek possible synergies, especially any that can reduce costs.

TAKING INTO ACCOUNT ENVIRONMENTAL AND SOCIAL ISSUES IN THE CODE OF PRACTICE

C3.5

Society, culture, traditions, natural environment and local resources have direct consequences on the quality and the image of GI products and their preservation affects the possibility to produce with the same specific quality over time.

Objectives

The definition of the rules in the code of practice (CoP), with reference to natural and human resources, can play an important role in their preservation and have a positive impact on rural and sustainable development.

Key concepts

Including rules related to the protection of environmental and human resources in the Code of Practice is necessary to guarantee their reproduction and improvement for the sustainability of the GI system. This is particularly true when these resources form the basis of specificity of the GI product.

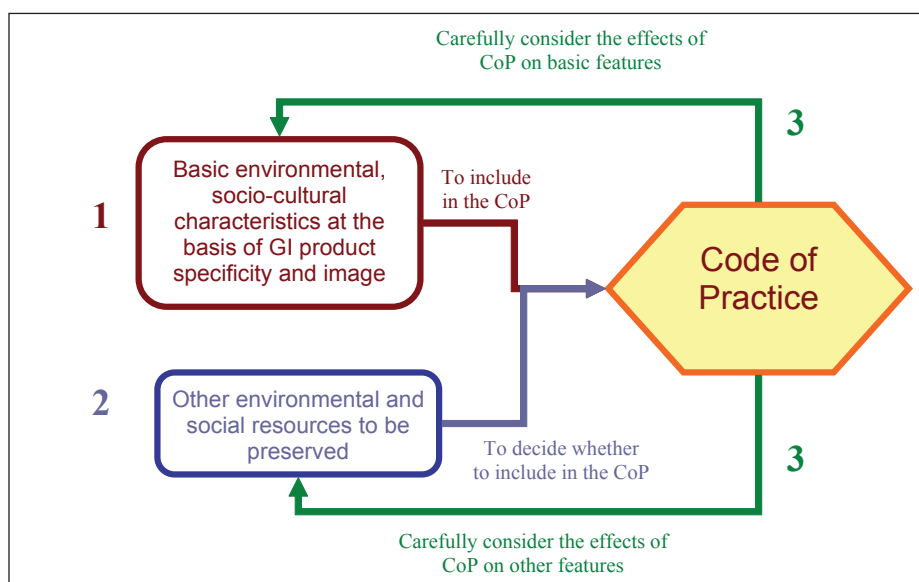
Process

The following aspects should therefore be taken into consideration when setting up the CoP:

- Biodiversity preservation
- Preventing overexploitation of natural resources
- Preservation of culture and traditions
- Socioeconomic and territorial effects

Local actors may consider other environmental and social resources to be worth protecting, by means of appropriate norms in the CoP or more informally through coordination among their organization, as this will contribute to the image of the product and its territory. Careful consideration should be given to the effects that the norms written in the CoP may have on the environmental and social resources that should be preserved (see figure below and table next page).

Taking into account environment and social aspects in the CoP



Source: Linking People, Place and Products

Environmental and social components	Inclusion in the CoP?	Contribution or risks
Biological resources at the basis of the specific quality (plant variety, breed, feeding,...)	Mention of the specific biological resources	Use and management of this resources within the GI system; contribution to their maintenance and reproduction
	If no mention	Risk of using only modern biological resources and lose the genetic patrimony of the native ones.
Diversity (heterogeneity) of genetic resources	If only one resource is mentioned	Risk of specialization and loss of diversity
Traditional practice and know-how	If mentioned	Conservation and transmission of traditions and know how
	If not included	Too modern techniques may dilute the image of product authenticity. More modern and competitive firms may push the more traditional ones out of the market
First stage of production (farming)	If included and mandatory in the delimited area	Primary producers (farmers...) could be part of the GI value chain (distribution of adding value, bargaining power)
	If not included	Risk of disappearance
Specific (handicraft) methods for small-scale producers	If mentioned and/or mandatory	If only mentioned the industrial-produced methods can crowd-out the artisanal one; if mandatory risk of blocking the evolution of the GI product, rules too costly to comply with.
	If not mentioned	Social exclusion of small-scale producers

Summary

Rules defined in the CoP have an important impact on rural development and the sustainability of the GI system and it is important to analyze these positive or negative impacts and make necessary adjustments (see module 5).

In addition to the local resources influencing directly on the final specific quality, other resources may have indirect influence or influence on the image of the production system for consumers (for example through the landscape). In this case it may be interesting to consider some rules for them too, either formally in the CoP or informally outside the CoP.

POTENTIAL PROBLEMS IN SETTING THE RULES AND HOW TO SOLVE THEM

C3.6

As many problems and conflicts may arise in the process, setting up the “right” level of rules is a complex task.

Objectives

Taking into consideration the heterogeneity of the actors, their vision, objectives interests, practices, know-how and resources is essential to find the optimum consensus.

A participatory approach with the support of a mediator can balance the different points of views inherent in the process and is therefore strongly recommended.

Key concepts

Conflicts often arise during the establishment of the CoP regarding the key stages of production determining the specific quality and distinctiveness of the product. For example, the interest of farmers who produce the raw material tend to agree with the interests of processors and traders when promoting the quality of the product, but can compete when dealing with redistribution of benefits from the value creation. Differences in terms of different visions about the product, its relevant characteristics, its production process and even the geographical boundaries are very common. For example, if the delimitation of the geographic area is too large, this may weaken the potential benefits, whilst a too small area may exclude producers. It is very important to consider both advantages and constraints of each criteria, so as to find the best possible consensus and shared vision.

Process

Two modalities should be considered to manage or prevent possible conflicts when setting up GI rules:

- Representatives of the GI system and organization (following a balanced composition) are charged with the elaboration of the CoP, and they empower and give responsibilities to the farmers and processors concerned to achieve it.
- Democratic internal rules for decision-making within the collective GI organization are defined (transparency of information, secret votes with majority rule, etc.)

The table next page provides an overview of the most frequent points of disagreement, the risks associated and potential solutions.

Summary

The way the rules are designed have many implications in terms of balancing the roles of different stakeholders and influencing the distribution of the benefits from the value creation process.

To resolve conflict situations and reach common defined rules, it is important that GI facilitators (extension workers, researchers, chambers of commerce, etc.) encourage a multi-stakeholder vision to enhance bargaining capacity inside the GI production system, and support the establishment of fair rules of deliberation.

Example of problems and solutions

PROBLEM	RISKS	POSSIBLE SOLUTIONS
Too many rules in the Code of Practice	<ul style="list-style-type: none"> - Rules not applicable - Rules not controllable - Dilute the identity of GI into a lot of irrelevant characteristics 	<ul style="list-style-type: none"> - Focus on a limited number of enforceable rules which are key to the identity of the GI product
Rules defined only by a limited number of actors	<ul style="list-style-type: none"> - Rules not well adapted - Rules not accepted/applied - High level of exclusion 	<ul style="list-style-type: none"> - Establish the rules through a widespread consultation and deliberation process among producers and processors - Give responsibility to local stakeholders (Ex. GI group) - Define formal deliberation and decision-taking rules within the GI group
Rules that are too strict	<ul style="list-style-type: none"> - Lack of flexibility and of adaptation - Lack of capacity to face challenges (global warming, evolution of demand, etc.) - High level of exclusion - High costs of compliance 	<ul style="list-style-type: none"> - Establish a mechanism to discuss and decide on adaptations of rules and on geographical delimitation
Confusion between generic rules and specific rules	<ul style="list-style-type: none"> - Rules that are too generic included in the Code of Practice 	<ul style="list-style-type: none"> - Focus GI rules on aspects that are voluntary and additional to mandatory requirements - Focus GI rules on operations that are key to the identity of the GI product
Difficulty for some traditional GI products to comply with certain generic rules (food safety requirements)	<ul style="list-style-type: none"> - GI products may be jeopardized by generic rules if enacted regardless of traditional processes 	<ul style="list-style-type: none"> - Well defined processes for exemptions should be included in the regulations to allow for preservation of traditional processes
Difficulty to explain the link between the product characteristics and the geographical and human environment	<ul style="list-style-type: none"> - Over-valuation of analytical measurements - Checking only what is measurable - Difficulty to define and measure criteria 	<ul style="list-style-type: none"> - Reach the right balance between technical, cultural, historical and organoleptic criteria - Combine several types of assessment methods: some measurements and documentary evidence, visual assessments
Internal heterogeneity	<ul style="list-style-type: none"> - Risk eliminating some variants of the product when codifying the practices 	<ul style="list-style-type: none"> - Choose one or several variants of the product (the most frequent? the most controllable? the most authentic according to local actors?) - Let the producers decide - Expertise reports can be added
Unbalanced power distribution along the value chain	<ul style="list-style-type: none"> - Risk that strategic decisions are taken only by preminent actor 	<ul style="list-style-type: none"> - Take into account the power relations in the production area - Include more than one trader in the GI group - Adopt democratic decision rules inside GI group (secret votes, majority decision, etc.)
Exclusion of local operators	<ul style="list-style-type: none"> - A rule can be interpreted as favoring some players and excluding others 	<ul style="list-style-type: none"> - Avoid excessively strict rules - Ensure democratic decision-making about the GI rules definition and enforcement - Lower the costs of control

BUILDING AN ORGANIZATION TO MANAGE THE GEOGRAPHICAL INDICATION SYSTEM

C4.1

All members of the GI production system share a common asset: the reputation of the GI. This common asset justifies a specific coordination structure, representative of all the members of the GI production system. It is essential to communicate the importance of such a structure right from the beginning of the GI undertaking, so that it can be part of discussions during the qualification phase, and then be operational in the remuneration phase for management of the GI.

Objectives

The GI organization (which goes under various names depending on context, such as GI association, consortium, interprofessional body, or protection and management body) may enable local producers to reach agreement on questions relating to production systems and marketing strategies. The GI organization manages the control system (directly or indirectly) that guarantees the quality level of the GI product for producers and consumers on the basis of the code of practice. It may also manage collective market promotion of the product.

Key concepts

Composition and representation

The organization should represent all the stakeholders in the GI production system and certainly all those bound by the code of practice. A formal definition of the structure of the organization is necessary (association, consortium, cooperative, interprofessional organization etc.). The organization must include stakeholders active at the various levels of the GI supply chain: raw material producers, primary processors, secondary processors and, when relevant to the GI system, middlemen or distributors.

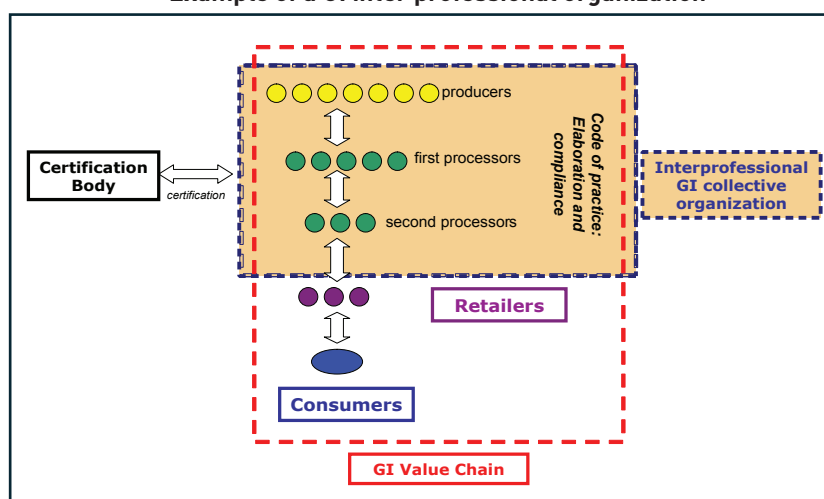
The following key principles should be taken into account for a good organization:

- representation on the management board of all categories of stakeholder involved in the GI value chain and all types of actor within each category;
- transparency and democracy in decision-making processes;
- equitable financial contribution of each member to the GI organization;
- promotion of communications and networking;
- definition of clear internal rules;
- participation of the local public administration in the GI organization may allow greater coordination with public policies.

Collective and individual action

Producers belonging to the GI value chain delegate certain responsibilities to the collective representative organization, depending on their objectives. Collective actions complement individual entrepreneurial actions and do not replace them. All members maintain their financial autonomy, remain owners of their assets and trade with partners of their choosing.

Example of a GI inter professional organization



Source: Linking People, Places and Products

Roles of the organization

The agreement between the members will define which responsibilities and activities are delegated to the collective organization on the basis of their objectives and needs. The minimum elements to be delegated to the organization are the representation of the GI to consumers, public authorities, partners, operators and usurpers, and the implementation of common decisions on the management of the GI and its promotion. The organization may also coordinate individual initiatives, provide a forum for shared decisions and facilitate conflict resolution. Some organizations may play a role in supporting production (jointly owned machinery or other equipment, technical assistance, product research and development etc.) and trade (commercial strategies, support in negotiations etc.).

Process

When creating a management organization for the GI system, it is important to start by mobilizing all the local stakeholders (both inside and outside the supply chain) so as to support the emergence of a group of actors directly concerned by the qualification of the GI product. The following questions may facilitate the creation of the collective organization:

- Who are the stakeholders in the supply chain of the GI product?
- What are their objectives? Do they agree on these objectives? Which issues are controversial?
- Who leads the chain? Who holds the power in the chain? Are there any bottlenecks in the chain or dominant positions among the stakeholders?
- Does the supply chain include producers, processors and traders? Will they all be represented in the organization? If not, why?

Once the GI organization has been created, it should, like all organizations, establish internal mechanisms and statutes covering good practices, models and national legal requirements. As it will group different types of supply chain stakeholder (producers, processors etc.), it is important that the structure reflect the reality of the supply chain so that everybody feels represented.

The members of the organization must then agree on the roles to be delegated to the organization, including which responsibilities can be mutualized and which must remain the responsibility of the members. The following questions may facilitate these decisions:

- What are the main tasks of the GI organization?
- What are the main responsibilities and are there associated obligations?
- What financial and human resources does the GI organization need in order to carry out these tasks?

Summary

A collective coordination structure is essential to represent and manage the GI system and its associated reputation. The success of a GI depends in large part on the capacity of its operators to coordinate, generate and benefit from collective actions: the organization is at the heart of the process.

Marketing encompasses all the tasks that are needed in order to sell a product and takes the written form of a marketing plan. The plan aims to reach consumers according to market opportunities, taking into account the potential and limitations of the GI product, the production organization and the individual producers involved. It is usually divided into two main parts, strategic and operational. The strategic part constitutes the “road map”, which gives direction to the marketing effort, while the operational part focuses on implementation of the strategy and is commonly referred to as the marketing mix (see sheet C4.3).

Objectives

The primary objective of strategic marketing is to define the main thrusts by addressing such questions as “Who to sell to?” and “Where to sell?”.

The strategic marketing plan helps define long- and short-term strategies. It defines market objectives on the basis of potential, limitations, market characteristics, competitors etc. It is important for a GI organization to have clear objectives shared by its members.

The strategic part of a marketing plan requires two main steps:

- Market analysis: the study of consumer motivations, attitudes, perceptions, willingness and ability to pay, competition, market opportunities, possible commercial partnerships etc.
- Segmentation, targeting and placement are “tools” developed through market analysis and used to design a marketing strategy.

Key concepts

Market analysis

Aims at identifying the business environment and the characteristics of the market in terms both of competitors (number, strategies, pricing, quality, distribution etc.) and of consumers (characteristics, quantities purchased, income level, food habits, gender, age etc.).

Market segmentation

Is derived from market analysis and is a process of dividing a particular market into different consumer categories. Each category (or segment) corresponds to a significant group of consumers with similar characteristics in terms of need and behaviour, associated with relevant criteria for the product in question.

Targeting

Entails evaluation of the various segments identified in the previous stage and selection of the most relevant on which to concentrate marketing efforts at any one time. Segments are typically evaluated on the basis of their:

- accessibility (Can the GI product access the segment without any major constraints and threats?);
- reachability (Does the GI product address the segment’s expectations, with a comparative advantage over other products?);
- profitability (Does the segment have the ability to pay and is it large enough to make it profitable to market the GI product to it?);
- and feasibility (Can effective marketing programmes be designed to attract and serve the segment and is the segment responsive?).

Market placement

Refers to the consumer perception of the product value in comparison with competing products. The role of placement consists of providing an image or “understanding” of what the GI product is all about, so that it can benefit from a privileged place in consumers’ minds. The placement strategy therefore depends on the characteristics and expectations of each target segment.

Process

The necessary market data and information can be collected using various tools: formal interviews with purchasers, formal surveys of consumers, media or website information. The GI organization can also commission a market research expert or specialized agency to carry out an in-depth market study.

Small-scale producers can also carry out consumer surveys with simple questionnaires and organize tasting panels where consumers are asked to sample the GI product and give their impressions.

To facilitate placement, a common logo referring to the specific quality of a certain GI, common to all products coming from the companies using the GI, gives consumers the ability to recognize and position the related values (terroir, origin etc.) of the products, and give them their preference. This shows the importance for a collective organization of developing a common logo for all its members.

Marketing planning is essential at both the collective level (GI organization) and that of the individual company. These two levels must achieve a balance and consistency, which will be determined by the concrete situation of the GI system.

Summary

The remuneration phase must assure the economic sustainability of the system, in particular through the selling of the product. It is essential to explore the commercial potential of the GI product right from the start of the process during the identification phase to help orient the strategy of the GI system. This entails market studies and identification of the advantages and constraints of certain markets, consumer demand etc.

During the remuneration phase, marketing must be well planned and managed at both the collective level (GI organization) and that of individual companies. The marketing plan, with its strategy (the “road map”) and operations (the marketing mix), will help to organize and implement marketing, depending on the market and how production is organized.

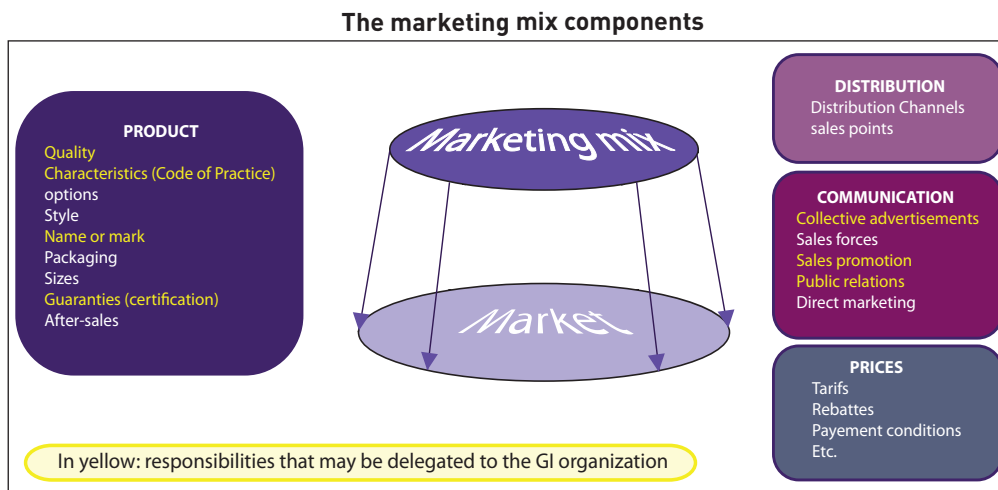
THE MARKETING MIX (operational marketing)

C4.3

Once the strategic marketing plan is defined, the enterprises and the GI organization must make it operational considering the characteristics of the GI product as defined in the Code of Practice. Marketing mix provides with tools to take decision in the implementation of the GI strategy.

Objectives

The marketing mix consists of establishing the means to achieve the operational objectives in each market selected by the GI organization and its members, by combining four operating factors: Product, Price, Place, and Promotion. Operational marketing activities are usually generated by individual actors. Indeed, GI organizations are often more dedicated to the definition of product characteristics and communication. But this is not a rule; the collective organization could also take decisions or give advice on product presentation, price and sale location and also be involved in other marketing aspects of the GI product.



Key concepts

The marketing mix is organized around the «4 Ps» :

Product

In addition to the specific characteristics described in the CoP, other product characteristics are:

- The attributes of the product. The attributes refer to the tangible and intangible characteristics intrinsic to the product (color, flavor, aroma, taste, etc.), or associated with the degree of processing, or presentation (for example coffee can be sold as beans or as powder; ham can be whole or in slices).
- The brands presented on the labels:
 - the collective logo associated with the GI, managed by the GI organization: it allows consumers to identify easily the GI product;
 - a firm brand: It allows consumers to recognize the specific firm producing the GI product. A brand is an important asset to build the reputation and image of the firm.
- Packaging and labelling. Packaging can increase the level of services provided with the product. In particular, it can preserve intrinsic qualities of the product, protect it while in transport, or be used as an appealing “advertisement” for consumers. Labeling provides important information about product characteristics (composition, nutritional facts, description of how to use the product), about specificity related to the GI and in terms of quality and origin. These can all facilitate usage by consumers and increase opportunities to buy and consume the product.

Price

Price is a direct determinant of profits (or losses) in relation to sales. Price also determines, to some degree, the type of customer and competition the organization will attract. An error in pricing the GI product may limit the benefits from GI activities. In order to attract consumers, the best relationship between price and quality level in comparison to other products of the same category should be proposed. Thus, it is important to clearly highlight the specific attributes of the GI product in order to provide a justification for higher consumer prices.

Place

The choice of the place is complex, and concerns the selection of the distribution channel(s), the geographical location to sell the product and through whom the GI product will be sold (for example a wholesaler, a retailer, an exporter, etc.). For the distribution of GI products, three main channels could be considered, depending on GI characteristics and target market desires:

- traditional distribution and local direct selling;
- large-scale distribution;
- innovative distribution (e-commerce, specialized fairs, food markets, buying groups for fair trade products, sales through community supported agriculture ...).

Promotion

Promotion is an important aspect of the marketing mix. It is crucial to keep in constant communication with both current and potential consumers and provide information about the specific quality and characteristics of the GI product in order to increase consumer willingness to purchase and pay. The following questions must be answered: Who communicates? To which public is the communication addressed? What to communicate? And how?



Process

It is necessary first to define the objectives and coherent activities of the marketing mix according to the « 4 Ps ». Once defined, responsibilities and necessary means for the implementation of each action must be defined. In the marketing mix, the members of the GI organization must define what is the responsibility of the GI organization and what should be left to each firm.



Summary

The marketing mix makes operational the marketing of GI products. Certain characteristics of the GI product are defined in the Code of Practice, whilst other are part of the marketing mix.

It is often beneficial to delegate to the common GI organization a large part of the communication (promotion). Indeed, the more the resources are collective, the more impact can be expected of the communication on the collective reputation of the GI. It is to be noted that in some countries public institutions may contribute financially to the communication on the GI products (see chapter 6.2).

The impact of GI products on the local economy, society, culture and environment varies widely depending on the characteristics of the production system and the modalities of the GI process. The intensity (how much?) and direction (positive vs. negative) of the impact strongly depend on the rules and actions that local and non-local stakeholders undertake on behalf of the GI product.

Objectives

In order to ensure the reproduction of local resources for a sustainable GI system, it is important to assess the impact of the rules (code of practice) and collective action.

It is therefore crucial that local stakeholders set up a monitoring and control system in order to evaluate the impact of their strategies and actions on local resources and sustainability, comparing individual and collective aims with outcomes over time.

Key Concepts

Reproduction encompasses social, economic and environmental sustainability:

- **Economic sustainability:** the value created by means of remuneration activities should be fairly distributed among stakeholders along the value chain according to their contribution to the value creation process.
- **Environmental sustainability:** reproduction means ensuring the preservation or even the improvement of natural resources.
- **Social and cultural sustainability:** this entails the promotion of traditions and the cultural heritage, reinforcing the sense of local identity.

Local stakeholders are the key element in determining whether the system is sustainable because of their role and level of empowerment, their motivations, their social capital and their awareness of issues such as social equity and environmental preservation.

There are many types of potential negative impact of a GI if the tool is used improperly. For example, the code of practice may exclude certain local producers because they cannot meet its requirements, external actors may undermine GI development, loosely formulated rules may lead to the replacement of specific local resources with non-specific ones, leading to a loss of biodiversity, or the intensification of production methods and product specialization may lead to the overexploitation of some specific resources.

Local stakeholders can consider this evaluation as a learning process conducted over time throughout the quality virtuous circle. Indeed, the results of the evaluation process permit an adjustment of the rules and the implementation of new initiatives that can guarantee long-term sustainability.

Process

Evaluation and debate must be a collective activity. This is anything but simple, considering the many stakeholders involved and interested in the GI product, each with different aims and expectations. When evaluating the effects, at least two different levels must be considered:

- The local production system viewpoint, which should be counted not simply as a sum of individual positions, but also in terms of collective issues.
- A wider “public good” viewpoint, inasmuch as the positive impact on the economic and social standing of local producers may hide some negative effects “outside” the local production system. Producers who have been excluded from the benefits of the GI reputation (being located outside the delimited production area or perhaps lacking sufficient technological, financial or information resources to use the GI) may threaten social cohesion at the local level. It is therefore important to analyse impacts beyond the group of GI producers.

Accountability for positive effects from the GI system is a very important issue. Local stakeholders should measure and trace the performance of the GI system with regard to collective values (social issues, environment, biodiversity preservation etc.) and be able to communicate these effects outside the local production system, both to consumers and to other relevant actors (public authorities, environmental associations etc.).

When assessing the various types of impact, a conceptual schema may be useful in order to undertake a global evaluation, taking into consideration both individual and collective actions, as well as the equilibrium of the three pillars of sustainability, i.e. economic, social and environmental issues.

Summary

The collective construction and management of the GI are the basis for positive effects. Networking activities between private and public actors, together with the strength and nature of the “common vision”, will certainly influence strategies regarding the GI product. These strategies can focus either on the efficiency of the supply chain or on broader territorial considerations (see sheet C5.3).

Collective and participatory action can support the fair distribution of the benefits by setting inclusive rules of representation and decision-making, as well as by assisting producers with conflict resolution (see sheet C4.1).

These rules can evolve in order to ensure better preservation of the local environment, cultural heritage and traditions (see sheet C5.2).

GI systems are not static, but should evolve to take developments in the market into account and ensure the sustainable reproduction of local resources in a changing context. That is why changes and updates to the code of practice should always be possible.

Objectives

The rules defining GI products may be called to change. When local stakeholders determine that changes are necessary, they can agree to modify the code of practice. These changes are only acceptable providing that the GI product's specific quality, its link to the territory or zone and the sustainability of the system are maintained. The rules in the code of practice are cornerstone criteria for maintaining the typicity and unique character of the product, and its image with consumers cannot be changed, while less important points in the code of practice may be modified after an in-depth technical evaluation and with the agreement of the community of producers.

Key concepts

What are the reasons for making changes to the rules? There are several factors and they can affect different components in the code of practice (definition of the product, raw materials, processes or delimitation of the area). The following examples are provided to illustrate some of the reasons why the rules may evolve. This list is not exhaustive.

- The rules agreed on in the code of practice no longer fit market demand:
 - if the initial rules are too strict, they may not allow for a sufficient quantity to be sold on markets;
 - if the initial rules are too loose, GI producers may decide to strengthen them in order to enhance product quality, or incorporate additional environmental and social aspects;
 - consumer preferences can change, which may create the need for some adaptations in the production process or in the presentation of the product.
- Some new information or technical innovation may facilitate a better description of local resources and their influence on product quality:
 - technical innovations, not originally foreseen but then widely adopted by producers and not impacting on the specific qualities of the final GI product, may need to be introduced into the code of practice.
- Stakeholders wish to enhance the sustainability of the system:
 - the sustainability assessment in the reproduction phase may lead producers to change or add some rules to take better account of environmental and social issues (see chapter 5.1).
- General changes in the global environment:
 - climate change may mean that schedules and even some technical activities have to be adjusted.

Process

The rule-setting mechanism should therefore allow for the evolution of rules over time. However, this possibility should not encourage any tendency to dispense with the necessary care in setting the rules in the first place. Changes should not be made hastily and must be subject to careful consideration. The process for changing the rules should follow the same procedures described in module 3 (qualification), allowing for local producer participation, discussions and democratic decisions only after evaluating the pros and cons of each change with the help of the external support network.

In the case of a protected GI, changes must be carried out in accordance with the laws regulating the registration and protection of GIs (see sheet 6.1). The complexity of procedures will depend on the country and time.



Summary

Modifying the code of practice may sometimes have major consequences, so that when changes are proposed, consideration must be given to issues raised in this chapter:

- Is it necessary to modify your code of practice? Why?
- Will the proposed modification of the code of practice change the characteristics of the GI product?
- Which problems could be solved by this modification? What problems could be created by this modification?
- Does this modification generate a dominant position or increase the bargaining power of certain GI stakeholders?
- Do all producers agree with the modification (be careful not to create non-justifiable exclusions)?
- Will consumers accept the modification?

EXTENDED TERRITORIAL STRATEGIES TO BOOST RURAL DEVELOPMENT

C5.3

Geographical indications can act as levers for extended territorial strategies. GI products, as a wealth anchored in the territory or zone, allow for the adoption of such strategies. This means that local stakeholders can use the GI product, the associated specific local resources (local gastronomy, traditions, landscapes etc.) and its reputation as tools to increase the competitiveness of the entire local social and economic system.

Objectives

The GI strategy can strengthen the area's capacity to attract consumers and tourists to the production territory or zone and can offer a differentiated basket of local products and services based on the use of local resources. As a result, other economic activities can be developed or strengthened both by GI producers and by other local companies.

Within an extended territorial strategy, the GI product can also benefit from the attraction capacity of the area. For example, major tourist locations (museums, archaeological sites, particular landscapes, ski resorts) may benefit the marketing of the GI product.

Key concepts

Local tourism and GI products present clear synergies. This interaction is particularly evident in cultural events organized around products representing a region, inasmuch as they link traditions, culture and gastronomy (for example a cheese museum, a saffron festival or wine or olive-oil celebrations) and attract tourists to the region.

Actors in the tourism industry can play an important role in supporting the collective promotion of the GI product as an ambassador of the locality, by disseminating information and organizing itineraries for tourists in relation to the GI product.

The development and promotion of a GI product can serve as a starting point for the development and promotion of the entire geographical and cultural heritage, as well as for a number of other related products.

There are some necessary preconditions for activating an extended territorial strategy based on a GI:

- the GI product must represent an element of identity for all local stakeholders;
- in addition to the reputation of the GI product, the area should be attractive or have the potential to attract external consumers (tourists), who may enjoy buying typical products and services in the zone itself;
- social cohesion is also relevant in supporting consolidation of the identity based on the product and enhancing linkages between different economic sectors and common projects;
- the local resources (natural, cultural, historical etc.) should be very specific and easily recognizable by consumers.

Process

Such a strategy requires effective collective coordination and synergy between the various activities concerned in order to avoid competition for the same resources and conflicts between local companies. It is therefore necessary to consider how a global territorial strategy can be coordinated within sectors.

It is important to organize meetings within the local community in order to explain the process of developing and promoting the specific quality of the product and show that it is also an economic opportunity for the territory or zone as a whole through interactions with other economic and social networks.

There is therefore a need for the involvement of local public actors in order to facilitate an integrated development strategy involving the various sectors and social groups and providing for an enabling environment.

Public actors should make sure that their actions take into account not only economic and business issues, but important social, cultural and natural environmental issues as well.

This interaction between sectors, in particular agriculture and tourism, is relevant not only at the local level, but also on a national scale, for example in highlighting the culinary heritage.

Summary

GIs can represent a good opportunity to enhance local development, in partnership with other actors in the zone, in particular the tourism industry. If certain conditions are met (attractive region, strong identity of the GI product etc.), extended territorial strategies can have positive benefits for the whole community.

LEGAL PROTECTION OF GEOGRAPHICAL INDICATIONS

C6.1

Under the World Trade Organization (WTO) Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs), WTO members have a mandatory responsibility to recognize and protect GIs as intellectual property rights. This can be done in a variety of ways, and many countries have developed their own legal frameworks to enforce these rights, including through a registration process.

Objectives

The motivation of local stakeholders in GI legal tools often goes beyond protection from the misuse of geographical names in national and international markets. Local stakeholders are also interested in the other effects of the registration process, notably official recognition of the GI and shared definition of the product's characteristics linked to geographical origin. Recognition serves not only to provide consumers with a kind of guarantee but also to reinforce the local identity and pride in the product and the community, particularly in rural areas.

Sui generis, from the Latin meaning "of its own kind", is a term used to identify a legal classification that exists independently of other categorizations because of its uniqueness or as a result of the specific creation of an entitlement or obligation. *Sui generis* methods of intellectual property protection may provide legal protection for signs and characteristics associated with a product, such as a logo or a specific shape, by including them in the related product specifications.

Key concepts

Two main approaches can be distinguished at the national level:

- The public law approach: this is the case when public authorities enact legislation dedicated to the specific protection of GIs (a *sui generis* system); this approach generally consists of an official recognition of GIs by granting the status of a public seal of quality, often through a common official logo, where governments can protect the use of the GI *ex officio*.
- The private law approach: this entails the use of laws against unfair competition and usurpation, and trademark laws, where the protection is primarily based on private actions.

Registration is the most common legal tool to define the circle of legitimate users and ensure protection for GIs. This is anticipated both in specific GI legislation (*sui generis* systems) and in trademark law.

GIs may be protected through a registration under trademark law, in the form of a trademark, a certification mark or a collective mark, depending on the categories existing in the country. A trademark is a distinctive sign that is used by a company to identify itself and its products or services to consumers. It is a type of intellectual property involving a name, word, phrase, logo, symbol, design or image, or a combination of these elements. Trademarks do not refer to generic terms, nor do they refer exclusively to geographical terms. They do not protect against the use of terms such as "blend" and "type" in conjunction with a geographical origin. Two types of trademark may refer to a geographical name to indicate the specific qualities of goods: the certification mark and the collective mark.

Process

Each legal mechanism to protect a GI has its own constraints, costs and advantages, which may differ from one national context to another. GI producers should explore and use all the available means to obtain protection, considering the location of markets for their product. The protection of GIs must first be established within the domestic market before it can be obtained in international markets.

In order to contribute to local development, the recognition of GIs as an intellectual property right requires establishment of the "rules of the game" by the competent public authorities. These rules must ensure the participation of all relevant stakeholders in the development and management of a GI system so as to avoid the exclusion of concerned stakeholders and ensure that both social and economic issues are addressed. This requires the integration of a whole range of policy aspects at the local, national, regional and international levels to ensure that the system is transparent, enforceable and efficient.

- A transparent registration procedure must clearly define the conditions for application without making the procedure too complicated. Indeed, small-scale producers are likely to be discouraged from applying for GI protection if it involves highly technical, bureaucratic or complex registration procedures. In these circumstances, large producers who may have more resources to devote to the process are likely to gain an unfair advantage in the GI market.
- The national legal framework must contain efficient rules for the management and control of GIs, complementing the role played by local stakeholders in ensuring adequate self-regulation and internal controls, for example through the establishment of a participatory guarantee system.
- The legal framework should be accompanied by an adequate provision of information on the objectives and characteristics of the regulatory framework, as well as capacity-building measures, both for public institutions and production system stakeholders.

Summary

GI protection is linked to an international context and to national laws.

On the international level, the WTO Agreement on Intellectual Property Rights (TRIPs) defines geographical indications and provides a framework, but each member state of the WTO is responsible for implementing protection measures in its own territory.

Two approaches are recognized by these international agreements: a public approach with the registration of each GI by a separate procedure, and a private approach in which those interested must register the name of the product or its shape as a trademark.

The producers and the competent public authorities must analyse the advantages and disadvantages of these two alternatives so as to establish an optimal framework for each product concerned.

SUPPORTING A GI SYSTEM THROUGH PUBLIC POLICIES

C 6.2

Due to the potential of GI products to contribute to economic, social and environmental goals, public stakeholders in charge of rural and agricultural development may be keen to support the use of a GI as a tool for sustainable development. The involvement of public stakeholders is necessary to ensure the effective regulation of such tools, but also to support the process at the various levels and thus improve the likelihood of the success of GI systems.

Objectives

Public policies can provide an important contribution to the creation of favourable conditions for harnessing the potential of GI products. Public stakeholders at various levels have a range of policy tools at their disposal. Many of these tools are not specific to GI products but can be used and coordinated into a comprehensive, proactive “origin-linked quality” policy approach.

Key concepts

The concerned public stakeholders may be any institution involved in the administration and management of public goods in relation with local and sustainable development, heritage, education, research etc. at the local level (local communities, but also decentralized government services, such as those for agricultural extension and research), the national level (universities, public-interest NGOs etc.) and even the international level (international organizations, bilateral cooperation etc.).

The role of support for rural development, which can be played by many public stakeholders, must be clearly distinguished and separated from the role of evaluation of applications for recognition and thereafter protection, presented in the previous chapter, which must be endorsed by the state.

Possible roles for public actors along the origin-linked quality circle are the following:

- **identification:** information and awareness-raising for stakeholders on the nature of GI products and their potential for rural development; support for the identification of this potential; and the provision of legal tools and an institutional framework to protect the reputation of these products;
- **qualification:** support for conducting the necessary studies, establishing a participatory process and ensuring a sustainable approach in developing rules and codes of practice; and information on national procedures for the official recognition/protection of GIs;
- **remuneration:** enforcement of legal protection, nationally and worldwide; and information to consumers on the nature of GIs and support for communication tools (see chapter 5.1);
- **reproduction:** support for assessing the impact of GI systems and ensuring the sustainable evolution of rules.

Due to their proximity to the GI supply chain, local public stakeholders can play the main following roles:

- ensuring a balanced representation of the actors in the IG system and also ensuring that small producers can be heard;
- managing the process of defining the rules of the IG, managing potential conflicts in the light of the general objectives and, where appropriate, orienting collective choices;
- encouraging producers to take account of preservation of the environment and specific resources;
- supporting the operation of the GI system via skill-building measures to support development of the market for the GI product.

Process

It is also essential to ensure that there is an appropriate mix of public and private initiatives for the GI system to function efficiently, inasmuch as the economic promotion of the product must remain in the hands of the private

sector. In any case, when benefiting from public support, it is important that producers' organizations really represent the various categories and interests of the GI system and act within transparent and balanced rules that allow the participation of all interested parties in decisions.

In some cases, public stakeholders can intervene directly in the implementation of GIs by participating, for example, with producers and other private parties involved in the development of rules (the code of practice) and in the control of product compliance. The direct involvement of public actors should not include replacement of the functions specific to private economic actors. In other situations, an indirect intervention may be considered more effective, for example through support to producers' organizations for carrying out the activities necessary to the process.

Local policy instruments, based on identified needs and developed in consultation with local stakeholders, can provide specific ways of encouraging each stage in the development of the virtuous circle. It is therefore important for local stakeholders to identify the various instruments available by establishing the means of consultation and discussion with local authorities and studying all the modalities of implementation to meet needs.

Summary

Public policies can support private initiatives aiming at activating the quality virtuous circle. This support can be supplied in all the phases of the circle, either directly through financial support, or indirectly by boosting the capacity of the stakeholders or by establishing efficient rules.

The stakeholders who may benefit from such support should organize themselves in such a way that all potential beneficiaries will be included in this public support.