

*The impact of superfruit development on the
socio-economic welfare of smallholder producers*

**SUPERFRUITS SYMPOSIUM:
MYTH OR TRUTH?**
Ho Chi Minh City, Viet Nam

*Agnes Cishek
Vice Minister of Agricultural Planning
Ministry of Agriculture of Dominican Republic*



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República Dominicana
República Dominicana



The impact of superfruit development on the socio-economic welfare of smallholder producers





The trend for consumption of superfruit products has been growing steadily in the last years.

Nutritional value of native products only known in small local markets is now appreciated by a growing segment of health conscious international consumers.

FAO figures show that international trade of tropical fruit grew from USD43.7 billion in 2008 to 50.8 billion in 2010, an increase of 16%.

Most tropical fruit orchards are cultivated by small farmers with limited resources for enhancing production capacity and even less knowledge and capabilities to access international markets.





Open a sense of awareness and growing taste for tropical superfruits by the international consumer.

Unique opportunity for emerging economies not only to increase international market participation, but to accelerate the pace towards economic sustainability.

Governments must review their plans and establish the drivers needed for supporting and inducing economic and social development to small agro-producers.

The goal must be to address the identified constraints of smallholders producers of superfruits by providing the necessary tools for accessing international markets with an economic integration approach.





How is the growing demand of superfruits impacting smallholders producers?

Are developing countries taking the right steps to support smallholders in accessing international markets?

Can superfruits become a path for economic sustainability for small growers?





Currently the term superfruit is used as a generic for tropical fruits not known by the international consumer until recent times and as an ethnic ingredient of a “superfruit product”. This sets two different markets for small producers: Industrial food producers and end consumer.

1. Under this scenario how is the growing demand of superfruits impacting smallholder producers?

Constraints of market knowledge and financial resources, along with a production.

It is very difficult to maintain a consistent supply and even less a competitive production.





Superfruits and superfruit products are defined by two factors: A well directed marketing strategy and proper information on the health enhancer properties of the product.

In more than one country, global food producers are taking over superfruits production or small producers have become “employees” of these companies, without improvements in their economic standing.

Integration and clustering have had a positive impact on the small producers as well as their communities.





Success stories worth mentioning are:

The **Chilean fruit producers** have introduced innovation and variety in their production process.

Belize Toledo Cacao Growers Association. The cooperative is responsible for social projects and technical training that are improving cultivation techniques and standards of living for its members and the community.

Adobanano in Dominican Republic is an on going success story. The banana National Adaptation Strategy (NAS) was drafted in 2008 as a result of an inclusive dialogue between the private and the public sector.





The Multiannual Support Strategy 2013-2016 and the formulation of the BAM programme were also drawn under the same conditions.

The integration of the banana sector allowed DR to become the most important Fair Trade exporter of fruits in 2011.





2. Are developing countries taking the right steps to support smallholders in accessing international markets?

Several cooperatives and associations that produce and market superfruits have developed an effective strategy and have benefited significantly from this development.

Governments need to implement strategies and models to integrate smallholders in the value chain through policies, programs and support institutions.

Governments must work closely with smallholder producers in establishing attainable goals and measure results through economic growth and market diversification.





- The Mexican government currently has various programs in place to certify food exports oriented towards preventing contamination in production, processing, warehousing and transportation. These are run by the department of agriculture's Servicio Nacional de Sanidad Inocuidad y Calidad Agroalimentaria (SENASICA).
- Lizeth Quintero Posadas, director general of MCS in Mexico City states that the entity "... was formed by the principal associations of our country for the purpose of collaborating with the federal government on actions promoting certification and branding of Mexican food products."
- The program has four principal components: training, technical assistance, certification and promotion.





Aside from the formation of legal commercial entities, such as cooperatives, to empower smallholders public sector must address other factors such as:

- Sound institutional building to support production and trade.
- Improved transparency through regular dissemination of market information;
- Development of quality standards and grading to meet super fruits requirements, if necessary;
- Development and adoption of appropriate technology to improve productivity and quality to better meet market requirements;
- The necessary structures to meet sanitary and phytosanitary (SPS) and technical barriers to trade (TBT) requirements of import markets; and





Can superfruits become a path for economic sustainability for small growers?

Since 2007 superfruits have been introduced in the international market as single products or as ingredients for functional foods, confectioneries and cosmetics. Current industry development includes applications for creating novel consumer products, such as energy drinks, dietary supplements, and flavors with nutrient qualities, e.g. fortified water.

Market participation by smallholder producers is tied up to their willingness and capacity to come together as a economic unit to become a competitive force.





The focus should be on market sectors where they possess a sustainable competitive advantage with value-creating potential not easily duplicated by other countries.

Joint ventures with global companies can improve trade capacity and ease up entrance to international markets.

Small holders must identify the uniqueness of the superfruits and, with support from public sector or global companies, establish the market niches that can make up a critical mass in creating a demand.





The role of government is crucial for the sustainable development of smallholder producers. Support must include:

Promote policies that identify the linkages between different stakeholders in the production process.

Planning and implementing long term strategies for export promotion, such as branding campaigns, incentives on productivity increases, enforcement of quality standards, etc.

Private sector can also be a contributor of economic development. Corporate social responsibility is starting to change the business approach of companies serving industrialized markets.





Along with government support and corporate social responsibility small holders must unify either by clustering and vertical integration to attain the business capabilities to:

- Overcome the disadvantages of small size, achieve greater economies of scale and production
- Economic and production sustainability,
- Create the conditions to attract foreign direct investment,
- Leverage regional public goods such as transport infrastructure, environmental standards, research and development activities, and production technologies.





Acerola is conquering new markets: A case study

Richard Charity is one of the founders of the Biodynamic Institute (IBD) in Brazil, which is an organic certifier. He has long championed the development of organic practices in tropical agriculture.

One of the success stories of IDB is Nutriorganica, an organic farm that is having a boom in demand for acerola worldwide. The growing acerola demand has motivated Mr. Charity to promote organic farming throughout the region. Nutriorganica acts like an agricultural extension service, aiding small family farmers and supporting their move toward organic agriculture.





Acerola is conquering new markets: A case study

Centroflora Group, a manufacturer of botanical and fruit extracts, represents another success story. Hans Jorg Blaich and Raquel Silveira Capaz, who are team members of the Botanical and Sustainability Department at Centroflora Group, describe the concept of partnering with growers.

“The goal of our department is to develop a quality and reliable supply network while promoting sustainable agricultural and harvesting practices, improving incomes and social and economic well-being, as well as providing a model for vertical integration and transparency for our customers.”





These two companies as well as DaFruta are good examples of the benefits of working with and promoting smallholder producers.

The average yields for acerola in the Brazilian northeast are 40 or more tons per hectare compared to 25 tons in other regions of Brazil and the world. This is partly due to the environment and climate of the northeast, but is also a result of clustering and organic farming. Along with higher yields these producers also receive a 30-40% premium on their fruit. Average returns are between 25-40%, a significant figure for smallholder producers.



thank you

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