Internal Structure and Equity of Collective Management Organizations for GIs in France

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Abstract **– In France, Geographical Indications (GIs) and other quality signs such as Label Rouge and Spécialité Traditionelle Garantie are collectively managed using organizations called *organismes de défense et de gestion* (ODGs), which are one form of a quality group (QG). The internal structures of ODGs can vary greatly –– some have only one class of members (farmers,) while others have several classes or colleges comprised of different types of operators in the value chain (downstream, upstream.) French statutes and regulations provide a basic platform and some common rules for ODGs, but a high degree of flexibility and deference is given to groups to structure their organization in a way that matches their needs. For this research, we studied the structure of 12 French ODGs in order to investigate the different ways that collective management organizations can be organized across different product types, volumes, farm and value chain characteristics. Our study pays special attention to the place of the farmer –– their equity within the value chain vis-à-vis other value chain operators (*pouvoir de décision.)* Using in-depth interviews and document analysis of groups' statutes, we analysed ODGs' democratic structure, as well as their delegation of management: which decisions are made by the general assembly (*Assemblée Générale,)* which by the board of directors *(Conseil d'Administration,)* which by paid managers, and which by the operators themselves. From the results, we developed a typology to apply to other ODGs and to collective management bodies for GIs elsewhere in the world, detailing the farmer voice and relative equity among the operators for each type. Here we present this typology and discuss the main factors that can lead to differences in structure.[1]**

Keywords **– quality groups, value chains, geographical indications**

Introduction

Collective management bodies used to develop and manage GIs and other quality signs are central to quality label efforts. GIs can be a bottom-up form of rural development (Owen et al., 2020), but ongoing research seeks to discover institutional supports that will help ensure equitable outcomes for farmers so that existing power inequities do not get repeated or amplified within a GI (Marie-Vivien et al., 2019). In this study, we investigate how farmers fit within the internal decision-making and management structure of QGs, and we identify the factors that can lead to differences in farmer's decision-making power. This knowledge may be of use to practitioners who provide advice to groups during the QG development process. Could guidance towards farmer-friendly structures lead to palpable results for agricultural development, sectoral and territorial?

Methods and analysis

This research followed a case study approach. France was selected as the site and context due to its strength of quality sign programming, legal platform, and government support provided to ODGs by regional agents. We worked to identify a variety of cases across a spectrum of different products and value chain characteristics, to better understand the breadth of possibilities for existing ODG structures.

Semi-structured interviews were conducted with ODG managers, value chain operators, farmers, and other key informants working with ODGs. Organizational documents (*statutes*) were collected. The interview data was analyzed qualitatively (coding, theming) and results combined with the legal analysis of the documents to create a typology of QGs.

Results and discussion

From our analysis of interviews and organizational documents with 12 diverse ODG, we identified several factors that affect the structure of QGs. We also found that farmer voice and equity within QG organizations is higher where farmers are able to express greater control over production processes, either through the artisanal nature of their production in some cases, or through shared ownership of downstream operators in others.

The factors that lead to variances in structure are a) product type, b) production mode, c) distribution mode, and d) ODG sectoral focus.

Product type:

- <u>Long production chain.</u> Products having more steps to get from raw product to sellable form. For examples, cheeses and meats.
- <u>Short production chain.</u> Products such as fruit and vegetables are sorted and packed, but do not require further processing.

Processing mode:

- <u>On-farm processing.</u> All further sorting, processing, and packaging steps are done by the farmer.
- <u>Off-farm processing.</u> The vast majority of raw farm products go through off-farm

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downstream operators for packing or further processing.
- Mostly off-farm processing but some on-farm. Further processing and packaging steps are performed by off-farm businesses, but a substantial number of farmers have their own equipment for further steps.

Distribution mode:
- Higher-volume, not specialized[2], national distribution. Supermarkets are the main marketing venue for these products.
- Lower-volume, specialized, national distribution. Products are distributed mostly to small shops focusing on cheese, meats, or fresh fruit and vegetables.
- Lower-volume, not specialized, local distribution. Products often sold directly to consumers on farm or at farmers' markets, or to local retailers.

ODG sectoral focus:
- One-sector focus. The QG manages quality signs for a particular group of farmers or sector, e.g. poultry products (chicken, eggs, capon, etc.) Most QGs are in this category.
- Multi-sector focus. The QG manages numerous quality signs across a variety of sectors and product types.

Note that while these factors identify the trends found within a QG, they are not always mutually exclusive. For example, some farmers in a QG focused on lower-volume, national distribution, and specialized grocery vendors might also sell directly to consumers.

Typology.

When we consider and apply the above factors to our cases, the following categories emerge:

1. Long production chain, off-farm processing, higher-volume, not specialized, national distribution. Downstream actors in this category can include large agribusiness firms and firms owned by retailers (e.g. large cheesemakers). The actors in these QGs produce meats and cheeses. Generally voting and management power is shared 50% upstream (farmer and cooperative side), 50% downstream (processor, ripener, slaughterer side).
2. Short production chain, off-farm processing, higher-volume, not specialized, national distribution. In the case we studied of this type, about 50% vote goes to farmers directly, 50% to packer/commercializers, but these packers are cooperatively owned by the farmers; and therefore, the QG is strongly producer-oriented overall. Our QG case focuses on fruit production, but we would also expect larger volume vegetable products to populate this category.
3. Longer production chain, mostly off-farm but some on-farm processing, lower-volume, specialized, national distribution. In our cases of this type, a very large majority of voting members are farmers, and about 2/3 of board seats are reserved for farmers. However, downstream actors do have a substantial presence in these QGs, which are involved in meat and cheese production.
4. Short production chain, mostly off-farm but some on-farm processing, lower-volume, specialized, national distribution. In the vegetable-producing group we studied, we saw 100% farmer power. Packers are involved but are not officially members.
5. Both long and short production chains, on-farm processing, lower-volume, not specialized, local distribution. 100% farmer power; no other actors involved. The main sales avenues are direct to consumer or direct to local retailers.
6. Both long and short production chains, off-farm processing, higher-volume, not specialized, national distribution, multi-sector focus. This category is composed of QGs working with multiple quality labels across a variety of product types and value chains. Generally, structures for these products are more downstream-oriented – farmers are involved in some labels, but in others, farm products are simply raw materials purchased at arms-length by processors (e.g. ham.)[3] These products are aimed at supermarket or other large retailer channels. The operators and value chains using the different quality signs managed by the QG are often unrelated to each other.

While the balance of power within a group might vary, we suggest that most QGs will fit in one of these types.[4]

Arguably, types 4 and 5 could be combined from a legal perspective, as their structure is exactly the same: one class of members (farmers), who elect a board or *conseil d'administration* from their own members. However, some of the production concerned in type 5 has a longer value chain, but also has strong differences in legal or group structure from type 3. This justifies our creation of a separate type, and we hypothesize that QGs focused on handicrafts will fit in this category.

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[2] "Specialized" refers to small, upscale vendors selling only particular products (cheeses, meats, or fruits and vegetables.)
[3] The farm products involved in production must still be controlled by the third-party certifier.
[4] Note that for this study, we follow the usual scholarly division between food QGs and wine and spirit QGs. Different laws and practices apply to the latter, though many of the same underlying principles will apply.