

Seminar 'EurepGAP Certification & Smallholders'

Nairobi, 22 November, 2006

Minutes of the Seminar



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1. Introduction

1.1 Background to the seminar

Over the past two decades Kenya as well as other countries in East and Southern Africa (e.g. Tanzania, Uganda, Zambia) have experienced comparatively rapid growth in their exports of fresh fruits, vegetables and flowers with Europe being the most important market. More recently also Ethiopia has come up as an exporter of flowers and other fresh produce. The export-oriented production and trade has been stimulated by growing consumer demand in Europe for a variety of fresh products throughout the year. Improvements in post-harvest care and cold chain logistics have facilitated this trade as have improvements in market access to European and other industrial country markets. The African exporting countries' competitive edge regarding fresh horticultural produce stems from a combination of agroclimatic and cost-of-labour advantages. Entrepreneurs and policy makers in Africa are looking at maintaining and further advancing their position as main suppliers of fresh horticultural produce. In terms of economic growth, employment generation and poverty reduction the export-oriented horticultural sector is very important to the Kenyan economy. To a lesser extent this also applies to other countries in the region.

EurepGAP is the Euro-Retailer Produce Working Group programme to develop the certification of Good Agricultural Practices (GAP). It has a major influence on horticultural and other agri-food supply chains with 275 companies as members (among which 30 major retailers in 12 European countries) and over 35000 growers registered in 62 countries, including 12 in Africa. EurepGAP protocols for fresh fruit, vegetables and flowers encompass crop, soil, water, waste and site management, post-harvest treatment, worker health and safety, environmental protection and traceability. Pesticide compliance criteria mainly cover pesticide selection, handling, recordkeeping, storage, and disposal.

Rising food safety and quality standards at the European market has posed a serious challenge to the export-oriented horticultural sector in East and Southern Africa to maintain their market position during the last decade. Particularly the proliferation and increased stringency of safety and quality standards of the European retailers is a source of concern and confusion in many exporting countries in Africa. In 2003 / 2004 many public and private actors in the export-oriented horticultural sectors have predicted that their growers – and in particularly the small-scale growers – would be unable to continue participating in export markets.

The National Daily Nation in Kenya of Friday 7th May 2004 contained an article describing the difficulties that particularly smallholders would face in complying with quality standards such as EurepGAP under the title "EU rules could destroy

horticulture". The article was indicative for the confusion and pessimistic mood at the time over the effects of regulatory protocols of a group of European retailers. The EurepGAP standards were to become compulsory for all their suppliers by January 2005 and the general perception was that it would lead to a decline in the export of horticultural produce from Africa to Europe and would particularly exclude small scale producers from the export trade. However, through the efforts of the horticultural producers and their organisations and the assistance of a number of national and international support agencies, the effects of the introduction of quality assurance systems such as EurepGAP seem to have been less detrimental than originally envisaged. The volume and value of horticultural exports to the European market have maintained more or less at the same level and in Kenya and elsewhere in Africa there is no real evidence that smallholders are denied access to export markets. In a number of cases groups of smallholders have been able to comply with standards such as EurepGAP and have been awarded the official certificate.

It is therefore important to assess which approaches and strategies towards introducing and institutionalising quality systems such as EurepGAP have worked best and under which conditions. It is also relevant to assess the effects of EurepGAP in terms of costs, benefits, market access, sector growth, etc. These issues formed the main backdrop for a one-day seminar on EurepGAP certification and smallholders held in Nairobi, Kenya on the 22 November 2006. The seminar was sponsored by the Dutch Ministry of Agriculture, Nature and Food Quality and organised by the Wageningen University & Research Centre in the Netherlands in collaboration with the Agricultural Office of the Netherlands Embassy in Nairobi and assistance from the Netherlands Embassies in Ethiopia, Uganda, Tanzania and Zambia.

1.2 Objectives

The main aim of the seminar was to share experiences with the introduction and institutionalisation of quality systems such as EurepGAP between stakeholders in the export-oriented horticultural sectors of Kenya, Tanzania, Ethiopia, Zambia, and Uganda. The seminar was held in Kenya because the export-oriented horticultural sector in Kenya has gained most experience with EurepGAP and other quality systems. By sharing the various lessons learnt it is envisaged that the effectiveness and efficiency of EurepGAP introduction and certification approaches in the smallholder sector will be enhanced.

In terms of more specific objectives it was envisaged that by the end of the workshop the participants would be able to:

- Assess which approaches towards introducing small scale horticultural producers to EurepGAP standards are most effective and efficient

- Explain the most appropriate role for national and international support organisations (NGO, govt. agencies, donor)
- Determine the practical implications of adopting the prevailing EurepGAP standards for smallholders
- List the advantages and disadvantages of adopting EurepGAP standards and certification systems in terms of economics and sustainability at industry and at smallholder level.

1.3 Participants

Participants were invited from the export-oriented horticultural sector in Kenya, Tanzania, Ethiopia, Zambia, and Uganda. In total 34 stakeholders from these countries participated, comprising:

- representatives of (horticultural) producer associations
- national and international business service providers
- certifiers
- growers and export traders
- public sector involved in horticultural production and trade facilitation (policy makers, phytosanitary services, etc.)
- researchers.

In addition the Agricultural Office of the Royal Netherlands Embassy in Nairobi was represented. Resource persons of Wageningen University & Research Centre were responsible for the organisation and facilitation of the seminar. Two experts of NAK Agro in Emmeloord (the Netherlands) participated during the seminar in their capacity of technical advisors and certifiers of a Dutch-funded project aimed at EurepGAP certification of smallholder groups in Kenya and Senegal.

Annex A contains a full list of participants at the seminar.

2. Programme ¹

2.1 Workshop introduction

The seminar was opened with a word of welcome and a short presentation outlining the background, objectives and main issues for discussion (see annex C for details). This was followed by a short questionnaire where all the participants were asked to indicate whether they agreed or disagreed with a number of statements related to six main issues for discussion.

The statements participants were asked to comment upon were as follows:

- Adoptability of standards:
 - GAP standards as defined by the Eurep group of retailers are easy to adopt by smallholders in Africa
- Approach to certification:
 - Option 1 (certification of a single company) provides the best opportunities for smaller growers to become EurepGAP certified
- Role of extension and other support services:
 - Support to smallholder producers should focus on technical services rather than group formation
- Economic effects:
 - Investing in broad adoption and institutionalisation of quality systems such as EurepGAP provides comparative advantage and resilience in the longer term
- Sector development:
 - The image of an export-oriented sector as reliable and safe producers and exporters is more important than 100% certification of horticultural export products and production
- Division of roles between public and private sector:
 - EurepGAP introduction has resulted in effective and efficient technical training and extension functions for smallholders being taken over by private sector partners

The questionnaire was used for highlighting and provoking some of the main issues to be covered during the seminar. Furthermore the outcome of the questionnaire was used to start the discussion session in the afternoon (see 2.3 and chapter 3).

¹ An overview of the seminar programme can be found in annex B.

2.2 Presentations

During the morning session four introductions were given by various speakers on different aspects related to EurepGAP certification and smallholders.

The first presentation touched upon the different approaches towards EurepGAP certification in the smallholder sector and focused in particular on an ongoing pilot programme in which groups of several hundred smallholders in Kenya are certified on the basis of 'option 1'. Under this option the combined smallholder plots (of around 0.5 acre each) are treated as a single farming organisation. The practical approach towards setting up the compliance system and the EurepGAP certification system were clarified by the presenters, Mr Tom Kuipers and Mr. Leen Klaaassen of NAK Agro. The presentation (see annex D) included also data and information on the implications in terms of costs, practical arrangements. The day prior to the seminar the participants from Tanzania, Uganda, Ethiopia and Zambia had visited one of the pilot sites in the Naivasha region where NAK Agro in close cooperation with the horticultural exporter VegPro and a local consultant are implementing one of their pilot programmes. This field visit enabled the participants from outside Kenya to understand the context of the pilot programme and observe the practical solutions found towards some of the challenging aspects of EurepGAP certification in the smallholder sector (e.g. pesticide storage and utilisation, managing administrative obligations, organising the required infrastructure, etc.).

The second presentation (see annex E) was prepared by Mr Timothy Mwangi of the USAID-funded Kenyan Horticultural Development Programme (KHDP) and focussed on the technical support requirements for smallholders involved in quality assurance systems for export markets. It was explained that according to KHDP data there are currently nearly 2100 EurepGAP certified growers in Kenya of which around 1900 are smallholders organised in 53 groups. Support requirements related to farmer group development (leadership and governance, financial management, contract growing, etc.) as well as crop production and crop diversification were outlined. Special attention was also given to integrated pest management techniques, maximum residue levels of pesticides on products and soil and water management issues.

The third presentation gave the background to the development and standards of KenyaGAP. Mr Cosmas Kyengo of FPEAK² explained that the proliferation of quality systems in Europe implied that the Kenyan exporters have to deal with a range of standards determined by the end-markets. In addition to EurepGAP also other standards such as BRC, Tesco's Nature Choice, and Field to Fork (M&S) are commonly required. The development of KenyaGAP combines the various standards

² Fresh Produce Exporters Association in Kenya

and provides implementation guidelines which are more tailored to the Kenyan conditions (see also annex F for additional details). The process of benchmarking KenyaGAP to EurepGAP and other standards is nearly completed.

The fourth presentation covered several aspects of public and private responsibilities towards complying with prevailing national and international safety and quality systems. Dr Chagema Kedera in his capacity of Managing Director of KEPHIS³ and chairman of the National Horticultural Taskforce stressed also the importance of public and private responsibility in jointly raising standards thereby improving the image and competitiveness of the sector.

The participants from Ethiopia, Tanzania, Uganda and Zambia had prepared summary overviews of the current status quo on EurepGAP certification in the smallholder sector. These were presented in the form of posters. An overview of the poster presentations is included in annex G.

2.3 Discussion session

The one-day seminar was concluded with a general discussion based on the aforementioned six statements. The discussion was facilitated by Dr C. Kedera and Mr Frank Joosten. It started with a summary overview of the range in views and opinions on each of the different statements. The subsequent discussion commenced with the statements where the widest range of opinions were recorded.

Where needed and possible the statements were modified or newly formulated to reach a high degree of consensus. In this manner the final set of statements reflected the general conclusions of the participants at the seminar.

³ Kenya Plant Health Inspectorate Service

3. Discussion & conclusions

3.1 Consensus and differing experiences, views and opinions

The outcome of the questionnaire showed that there was not much consensus among the participants related to the first three statements. Agreement was much higher with the other three statements.

Statement A refers to the feeling among a large proportion of professionals and farmers in the horticultural sector that EurepGAP standards are difficult to implement by small holder farmers in Africa. This feeling is also reflected in the views of the participants at the start of the discussion, where a majority of 70% indicated that they did (fully) disagree with the statement that EurepGAP is easy to adopt by smallholders (Table 1).

Statement B was used to stimulate discussion about the way a group of farmers can be organized to facilitate EurepGAP certification. Under Option 1, a centralized management of the certified crop(s) and products is followed that implies full compliance with EurepGAP and individual group members are in fact considered as employees that execute this centralized management. Under Option 2, individual farmers are responsible for the compliance of their own management of crop(s) and product(s) and an Internal Control System (ICS) has to be in place to check the level of compliance of each individual group member. The presentation of Leen Klaassen (NAK-Agro, annex D) discusses the two options in more detail. Before the discussion, there was a large difference in level of agreement with statement B that Option 1 is the best for smallholder farmers, with about 38% of the group (fully) agreeing and the remainder (fully) disagreeing (Table 1). The views of some participants may have been affected by the visit to a group of smallholder horticultural farmers which were certified under Option 1 which took place the day before the workshop meeting.

Statement C deals with the importance of technical services versus services geared towards group formation for EurepGAP certification of smallholder farmers. As with statement B, there were conflicting views within the group, with 38% (fully) agreeing that technical services are the most important and the remainder (fully) disagreeing (Table 1).

Statement D looks at the sector level effects of EurepGAP certification, and a strong majority of about 90% of participants (fully) agreed with the statement that large scale adoption of quality systems such as EurepGAP has positive effects on the competitiveness and resilience of the horticultural sector as a whole (Table 1).

Also statement E deals with sector level effects of certification EurepGAP, but emphasizes that having an image of being a reliable exporter of safe products is more important to gain or maintain market access than achieving 100% certification. Here only about 20% (fully) disagreed (Table 1).

Statement F goes into the distribution of tasks between the public and private sectors in relation, suggesting that the role of the public sector in the technical training and extension to smallholders has been taken over by the private sector partners. This rather strong phrasing still had only 27% of participants (fully) disagreeing (Table 1).

Table 1: Feedback of participants (total 37) on different statements

| | Statement | Fully Agree | Agree | Dis-agree | Fully Disagree | Neutral |
|---|---|-------------|-------|-----------|----------------|---------|
| A | GAP standards as defined by the Eurep group of retailers are easy to adopt by smallholders in Africa | 0 | 12 | 18 | 6 | 1 |
| B | Option 1 (certification of a single company) provides the best opportunities for smaller growers to become EurepGAP certified | 5 | 9 | 14 | 9 | 0 |
| C | Support to smallholder producers should focus on technical services rather than group formation | 5 | 9 | 16 | 6 | 1 |
| D | Investing in broad adoption and institutionalization of quality systems such as EurepGAP provides comparative advantage and resilience in the longer term | 12 | 21 | 4 | 0 | 0 |
| E | The image of an export-oriented sector as reliable and safe producers and exporters is more important than 100% certification of horticultural export products and production | 8 | 20 | 6 | 2 | 1 |
| F | EurepGAP introduction has resulted in technical training and extension functions for smallholders being taken over by private sector partners | 8 | 18 | 9 | 1 | 1 |

3.2 Discussion and adaptation of Statements

Statement C

In the discussion on Statement C, a strong consensus was found in the realization that support in technical services works generally well with farmers that are already organized, while unorganized farmers first have to be motivated, stimulated and/or assisted in group building. A distribution of tasks between public and private sector in support services may be related to the fact that exporters that provide technical support generally work with already established groups of farmers, while unorganized farmers are mainly reached by the public sector, development agencies and NGO's. The found consensus is reflected in the generally accepted reformulation of Statement C into two complementary statements:

- ⇒ **Support to smallholder producers should focus on technical services where groups exist**
- ⇒ **Support to smallholder producers should focus on group formation followed by technical services where groups do not yet exist**

Statement B

Option 1 may provide a cheaper alternative for EurepGAP certification of smallholders than Option 2, because of the lower costs for measuring residue levels of pesticides, but it may not always be possible or desirable to apply this form of certification. Farmers within a group may face different production circumstances, including different sources of water for cleaning products and groups may differ in their market access, e.g. strong and exclusive ties with one exporter or able to export through a variety of exporters. In addition, the effects of group formation may not only be on improving market access but also include goals regarding empowerment of farmers. In many cases, Option 2 could be a preferred mode of certification, although also this option not always leads to desired results regarding achieving a strong level of empowerment of farmers. Whether the decision on which option to choose should be taken by farmers or by other partners will depend strongly on the level of awareness and knowledge about implications among the farmers. Such awareness and knowledge are often lacking. The suggestion to create a set of guidelines for sector partners to facilitate the choice of option received strong backing. Such a set of guidelines could be based upon the set of conditions required for allowing use of Option 1 as described by NAK Agro (annex D).

The realization of the choice to depend on conditions lead to the following reformulation of the statement:

- ⇒ **The best option for smaller growers to become EurepGAP certified is determined by production circumstances, required effects and market access**

Statement A

Farmers, especially unorganized small holders, face various challenges when trying to get certified. To some extent this is caused by the lack of a set of guidelines on how to implement certification. Apart from difficulties regarding the build up of required organization, also the costs for recording and infrastructure may form barriers. In general, (small holder) farmers may only be able to get certified when receiving support e.g. to buildup organization and capacity, (pre) financing for investments and provision of relevant information. Therefore the statement was changed into:

- ⇒ **EurepGAP standards can be adopted by smallholders in Africa with support.**

Statement D

There was no real discussion about the relation between implementation of quality systems and comparative advantage and resilience and the statement was therefore left unchanged:

- ⇒ **Investing in broad adoption and institutionalisation of quality systems such as EurepGAP provides comparative advantage and resilience in the longer term**

Statement E

Buyers do generally not expect full 100% compliance for the products they buy. However, a large proportion of certified producers may lead to the sector being valued as more reliable and less risky for buyers to obtain products from. This may be not only because of direct effects of certification, but also because of 'trickle down' effects of the GAP standards being (partially) implemented also by producers that are not certified. The statement was therefore left unchanged:

- ⇒ **The image of an export-oriented sector as reliable and safe producers and exporters is more important than 100% certification of horticultural export products and production**

Statement F

This statement led to a discussion on the focus of the services provided by private sector partners. It was generally felt that these were mostly strongly targeted towards export crops and exporting producers only. However, there is no 'take over' since public sector extension still functions, and reaches (also or mainly) non-

exporting farmers with a wider range of crops. There is some influence of the private sector services on the public sector, e.g. in the inclusion of new topics in public sector extension such as hygiene in treatment of products. The statement was adapted into:

- ⇒ **EurepGAP introduction has resulted in increasingly effective, efficient and targeted technical training and extension functions for export-oriented horticultural smallholders being provided by private sector partners**

Annex A: Participant list

| | Country | Name | Organisation | E-mail |
|----|----------|-------------------------|---|--|
| 1 | Kenya | Stephen New | Kenyan Horticultural Development Programme | snew@fintrac.com |
| 2 | Kenya | Timothy Mwangi | Kenyan Horticultural Development Programme | timothy@fintrac.com |
| 3 | Kenya | John Kanywithia Mutunga | Kenya National Federation of Agricultural Producers | mutunga@kengap.org |
| 4 | Kenya | Cosmas N. Kyengo | Fresh Produce Exporters Association of Kenya | info@fpeak.org cosmas.kyengo@fpeak.org |
| 5 | Kenya | Chagama J. Kedera | Kenya Plant Health Inspectorate Service (KEPHIS) | director@kephis.org |
| 6 | Kenya | Kevin Billing | BSMDP | kbilling@bsmdp.org |
| 7 | Kenya | Ruth Nyagah | AfriCert Ltd | rnyagah@swiftkenya.com |
| 8 | Kenya | Appolo Owuor | Kenya horticultural exporters | Apollo@khekenya.com |
| 9 | Kenya | Christian Benard | Indu Farm | |
| 10 | Kenya | Carolyne Soita | Horticultural Crops Development Authority | ? |
| 11 | Kenya | T.K. Mutiso | Woni Veg-Fru Exporters | woni@swiftkenya.com |
| 12 | Kenya | Dagmar Mithofer | ICIPE | dmithofer@icipe.org |
| 13 | Tanzania | Flora Mrindoko | Tanzania Horticultural Association | flomrindoko@yahoo.com |
| 14 | Tanzania | Rose Mohamed | Ministry of Agriculture | Roseane.mohamed@kilimo.go.tz |
| 15 | Tanzania | Adah Mwashwa | Ministry of Agriculture | admwashwa@yahoo.com |
| 16 | Tanzania | Joachim Weber | IMO Tanzania & Tanzania Organics | toltd@web.de |
| 17 | Tanzania | Doreen Chanje | FoodSec Consulting Ltd. | dchanje@cats-net.com |
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| 19 | Uganda | Robinah Ibale Sebugwawo | Uganda Flowers Exporters Association (UFEA) | ufeaa@afsat.com |
| 20 | Zambia | Isaac Nkhungulu | NRDC/ZEGA Training Trust - NZTT | inkhungulu@zamtel.zm |
| 21 | Zambia | Perry Ngoma | NRDC/ZEGA Training Trust - NZTT | perryngoma@yahoo.co.uk |
| 22 | Zambia | Mooya Nzila | Plant Quarantine and Phytosanitary Services (PQPS) | mooyanzila@yahoo.com |
| 23 | Ethiopia | Mulugeta Adugna | Ethioflora Plc | teppo@ethionet.et |
| 24 | Ethiopia | Feyissa Kebreab Abebe | TEPPO Agricultural & Trade P.L.C. | teppo@ethionet.et |
| 25 | Ethiopia | Ian Chesterman | USAID Agribusiness and Trade Support / FINTRAC | ichesterman@fintrac.com |
| 26 | Ethiopia | Solomon Tilahun | Ministry of Agriculture | stolug@yahoo.com |

| | | | | |
|----|------------------------|--------------------------|---|--|
| 27 | Ethiopia | Tibebu Koji Gangesso | Rift Vally Children and Women Development Association | rivziway@ethionet.et |
| 28 | Netherlands / Kenya | Phyllis Karanja | Royal Netherlands Embassy Nairobi, Agricultural office | |
| 29 | Netherlands | Tom Kuipers | NAK Agro Emmeloord | tkuipers@nak.nl |
| 30 | Netherlands | Frank Joosten | Wageningen International (WUR) | Frank.joosten@wur.nl |
| 31 | Netherlands | Don Jansen | Plant Research International (WUR) | Don.jansen@wur.nl |
| 32 | Netherlands | Leen Klaassen | NAK Agro Emmeloord | Lklaassen@nak.nl |
| 33 | Kenya | Jane Bunozo | Vegpro | jbunozo@vegpro-group.com |
| 34 | Kenya | Rolf Schmidt | Vegpro | info@vegpro-group.com |
| 35 | Kenya | Georgina Kokonya | Kenya Flower Council | kfc@wananchi.com |
| 36 | Kenya | Michael M. Muttini | Kenya National Federation of Agricultural Producers | Muttini2000@yahoo.com |
| 37 | Belgium | Wouter Verelst | Kenya Flower Council (Intern) | W_verelst@hotmail.com |
| 38 | Kenya | Benjamin M. Mwangangi | NAK-Agro Liaison in Nairobi | fptechnology@wananchi.com |

Annex B: Programme

Seminar: 'EurepGAP Certification & Smallholders'

**Wednesday 22 November
Hotel Intercontinental, Nairobi**

- 9.00 Welcome address and opening of the seminar – Phyllis Karanja (Royal Netherlands Embassy) & Frank Joosten (Wageningen University & Research)
- 9.30 Polling views and opinions of participants (questionnaire) on EurepGAP certification systems and strategies in the smallholder sector – Frank Joosten (Wageningen UR)
- 10.00 Presentations and introductions on:
- Practical implications of different options to smallholder certification – Tom Kuipers & Leen Klaassen (NAK Agro)
 - Technical support requirements for smallholders – Timothy Mwangi (KHDP)
 - Impact on Advantages and practical implications of a national quality system: the example of KenyaGAP – Cosmas N. Kyengo (FPEAK)
 - the sector's competitiveness of compliance to quality & safety systems – Dr Chagemu Kedera (KEPHIS)
- 12.00 Discussion on introductions
- 12.30 Lunch in the Pool Terrace Restaurant
- 13.30 Poster presentations on EurepGAP certification in the smallholder sector:
- Ethiopian participants
 - Tanzanian participants
 - Ugandan participants
 - Zambian participants
- 14.15 Debate among all participants on the basis of a series of statements – discussion leader Dr Chagemu Kedera
- 15.30 Conclusions
- 16.00 Closing, followed by drinks in the foyer of Le Chateau Room