

African producers find standards hard to meet

Exports of products from small scale producers in developing countries are likely to decline, despite efforts to help them reach industry standards.



Some exporters have been consolidating their small scale exporters for the purposes of the EurepGAP audit.

By Henry Wainwright

Mention the EurepGAP standard to a grower in Europe, and though there may be a sign of frustration, there is general acceptance that this standard and others are a necessity within the industry. However, if you are a small-holder producing fine beans in The Gambia or Kenya, meeting the standard is also a requirement. Some have suggested that EurepGAP might have overlooked the small-holder producer when being designed and that dispensation should be given to this group of producers because of the difficulty in them making the standard. However in practice if such a global standard is to mean anything it must be applied with the same rigour across the board. Therefore the challenge over the next few years is how to maintain the small-holders involvement in the production of fresh export fruit and vegetables and getting them to reach the standard.

Regulations v Standards

A problem which small-holders and many less well informed advisors encounter is their inability to understand the difference between a regulation and a code of practice (or standard). The latter, such as EurepGAP, is only required if their customers require this standard but it is not a legal requirement. Nevertheless the introduction of such standards is causing changes. Interestingly the exporters who have for many years taken produce from the small-scale producer have responded to the EurepGAP issue in a range of different ways:

Increasing own farm production. Some exporters are expanding the production of fruit and vegetables on farms, which they either own or lease and manage themselves as a company policy. This strategy is being adopted to improve the management of pesticide use to facilitate EurepGAP compliance.

Increase the proportion of large-scale outgrowers. Some exporters who recognise that expanding their own farms requires capital and extra management have increased the supply from large-scale outgrowers. These suppliers can establish a EurepGAP compliant



Bringing farms up to standard requires regular training as well as providing special facilities for storage of chemicals and fertilisers.

production unit but without the exporter having the initial cost of investing in their own production unit. Consolidating small-scale groups as farmer groups. There have been a few exporters who have attempted to consolidate their small-scale exporters into Farmer Groups (EurepGAP Option 2) for the purposes of EurepGAP audit. This has required considerable time and effort on the part of the exporters technical staff, and investment in facilities (toilets, pesticide stores, training) by the small-holder and/or exporter.

What cost?

The cost of bringing many small-holders up to the standard required by EurepGAP does require a significant investment, both in capital and ongoing expenses. These include items like soil and water quality testing, regular training of staff, storing and the appropriate application of pesticides and fertilisers, and ensuring that facilities are available like toilets and washing facilities.

Finally there is the cost of the pre-audit and then audit, which often requires bringing in the auditor from overseas.

Recently the Kenya Horticultural Development Project (KHDP), funded by USAID and managed by Fintrac Inc, calculated that the cost of EurepGAP certification for a small-holder group of, on average, 45 members will cost at least US\$ 20,000. For the Kenyan industry, which has around 50,000 small-scale export growers, this means at least US\$ 20 million. Although this sounds a lot, exports of four vegetables types alone in 2002 was US\$ 130 million therefore this might be an investment required to maintain or increase market share for a country like Kenya. The cost of reaching the standard has been recognised by numerous donors and selective assistance is being given from USAID (US), DFID (UK), PIP (Pesticide Initiative Programme of the EU) and numerous NGOs (e.g. Care Kenya, Reach the Children, Action Aid).

Prospects

Despite the numerous efforts of many, there is belief by some exporters that supplies from the small-scale producer will decline as a proportion of the export volume. Small-scale growers and supplies from middle men who do not provide any traceability might be retained for markets that do not require such standards, however these are likely to decline as EurepGAP or other standards become global standards. However, though few will admit, the position of the small-scale grower and his broker in the future are likely to continue to fulfil a "useful" role in the industry when supplies are short (and exporters fail to meet customers' orders) and/or the customer does not require traceability and EurepGAP compliant produce. ■



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