

EU rules could destroy horticulture

The protocol on Good Agricultural Practices will have a profound impact on both large and small-scale farmers, although the biggest impact will be on the latter

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One of the most stringent and far-reaching regulatory protocols on horticultural exports — fruits and vegetables — to the European Union will come into force in January next year. The European Retailers Protocol on Good Agricultural Practices (Eurepgap) will have a profound impact on both large and small-scale horticultural farmers, although the biggest impact will be on the latter.

While Kenya's agriculture is dominated by smallholders, nowhere is this more pronounced than in the horticultural sector.

Export volumes of fresh horticultural products grew from 57,363 tonnes valued at Sh2.5 billion in 1992 to 121,100 tonnes valued at Sh26.7 billion in 2002. About 60 per cent of these exports are produced by small-scale farmers. Unless there is a concerted effort between now and January next year, these figures might decline drastically.

"Small-scale participation in the horticultural sector has been declining steadily in this country as a result of various regulatory protocols such as Maximum Residual Levels (MRLs) and traceability. Without a concerted effort to make them Eurepgap certified, this could easily be the last nail in the coffin of the small-scale horticultural producers in Kenya," says Dr Bernard Lohr, an entomologist at the International Centre of Insect Physiology and Ecology (Icipe).

In an interview with the *Nation*, Dr Lohr said many players in the small-scale horticultural sector in the country fear that unless urgent and concerted measures were taken between now and January next year, most small-scale horticultural farmers would be shut out of the lucrative European Union market which is the major importer of Kenyan horticultural products.

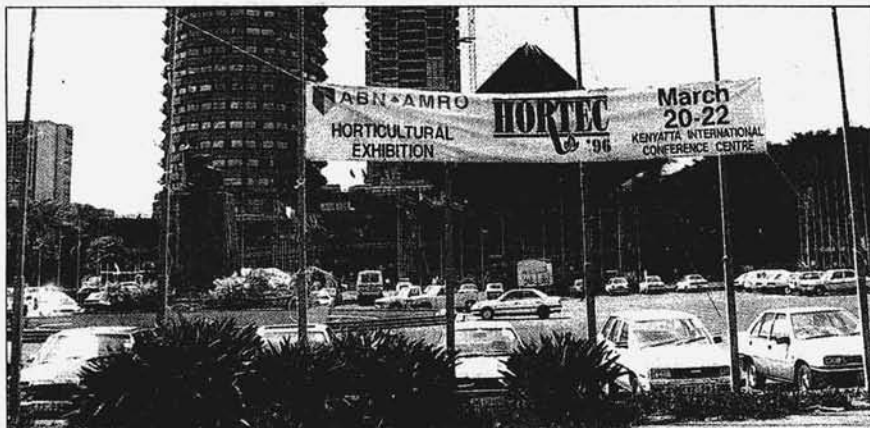
Nation talked to major stakeholders in the industry. Among these are Dr Lohr, the director of the USAid-funded

Horticulture Development Centre (HDC), Dr Stephen New, and the managing Director of Afri Cert, the only certification company for Eurepgap and organic farming in the country, also based at Icipe, Ms Ruth Nyaga, and the deputy director of Agriculture, Horticulture Division, Mr Andrew Mugambi.

According to Dr New, Eurepgap is a code of practice put together by European supermarkets which every supplier from any country must meet to supply fresh produce to these outlets. "The code has its origins in the European supermarket chains and was mainly driven by UK and German supermarkets," says Dr New.

Dr Lohr clarifies that it is a reaction by EU retailers to the food scandals that have rocked Europe in the last few years and has no political basis. "Among these scares are salmonella in chicken and eggs, mad cow disease, dioxin in chicken and hormones in calves. Because of heightened consumer awareness in the EU and new legislation that affects food safety, supermarkets have to defend themselves against rising litigation from consumers by insisting on due diligence in the production of the crops that they sell as fresh produce," says Dr Lohr.

"When Eurepgap was initially mooted, it was targeting European producers but it now affects all fresh produce entering the EU market which then had



Photos/File

A horticultural exhibition in the heart of Nairobi and, below, visitors receive information about Kenyan food products at the country's stand during a fair held in Europe. Small-scale farmers stand to lose heavily following new rules imposed by the EU.

390 million consumers," says Dr Lohr. It is expected that this market will rise to 455 million consumers with the latest entry of an additional 10 countries into the Union.

But Dr New says that while other countries will also be subjected to Eurepgap, Kenya stands to suffer more because of the unique nature of its horticultural industry.

"Unlike countries such as Israel and South Africa, smallholders account for more than 50 per cent of Kenya's fresh horticultural produce. There are about 50,000 of them and less than five per cent of them are Eurepgap certified," says Dr New.

He gives the example of avocados, where small holders produce 95 per cent of the export crop.

"The situation for vegetables is not very different and smallholders account for 60 per cent of fresh vegetables for export," says the director.

Dr New says that Eurepgap has 14 major sections and 210 clauses, but only about 15 are contentious for small-scale farmers.

"Soils make up 22 per cent of the code, crop protection takes 30 per cent, workers' welfare 11 per cent, handling and food safety 14 per cent

while 23 per cent covers mainly documentation. However, the overriding concerns for Eurepgap are pesticide application and safety, residue levels and food hygiene," he says.

According to Dr Lohr, Eurepgap is already being implemented in many European countries, among them Spain, Italy, Germany, UK, the Netherlands. Denmark is coming on board soon. "Some fast food chains such as McDonalds have already adopted the protocol," he says.

Increased cost of production

According to Dr Lohr and Dr New, "Eurepgap will translate into increased cost of production with no immediate gains, increased cost of produce handling and need for investment in facilities, training staff, development and continuous updating of a system for record keeping."

Dr Lohr says the most economically viable option for the smallholders is to come together and form produce marketing organisations (PMOs) as has happened in South Africa.

"In South Africa, there are about 500 smallholder groups that have been



certified after coming together and forming PMOs. This means that they take advantage of economies of scale when it comes to being audited," says Dr Lohr. He adds that auditing of the PMOs must be done at least once a year and that an external audit can cost anything from \$4,000 to \$8,000 which smallholders cannot afford.

But Dr New adds that the smallholders in South Africa and Kenya are also very different. "In South Africa, the average smallholder will have 50 acres which by Kenyan standards is large scale," he says. He says that in order to ensure Eurepgap compliance by these smallholders, HDC has a target to train 50 smallholder associations and 5,000 growers and achieve certification for at least 10 groups by January next year.

"This will help to maintain production of at least 16,000 tonnes and incomes of \$5 million (about Sh400 million), currently threatened by the new market quality and traceability regulations," he says.

Dr Lohr therefore says that a more stable relationship between exporters

and their smallholder suppliers is the other option. This is so considering that in the first option, the history of the cooperative movement in this country is not very inspiring.

"The management of cooperative groups in this country has been marked by suspicion and corruption and this option will be difficult," says Dr Lohr.

Farmers have no choice

"However, the farmers have no choice but to come together and form the PMOs because for auditing to take place, the group has to be a legal entity which means that it has to be registered and be in existence for a minimum of three months. But with strong linkages and good leadership, these groups can go for independent certification as long as they meet the minimum requirements," says Dr Lohr.

He says that what is needed urgently is a strong industry association and they will work together towards the common good.

Mr Mugambi says that the Government is working hard to mitigate the

impact of Eurepgap on small-scale farmers." In February this year, we trained 40 internal auditors, most of them district agricultural officers and HCDA depot managers at a cost of one million shillings. These are supposed to be trainers of trainers and to guide farmers to go through the Eurepgap checklist," he says.

He adds that the Kenya Government's total budgetary commitment to the process is Sh18 million and that it is expected to rise to between Sh40 and 50 million by the end of the year.

"The Government has also produced 3,500 manuals on Eurepgap control points and compliance and a similar number of training manuals for export horticultural crops in addition to printing 6,000 copies of a notification on Eurepgap to be disseminated to horticultural farmers," says Mr Mugambi.

He adds that by December this year, 2,000 farmers groups will have been trained on Eurepgap and a major public awareness campaign is already in the pipeline, using both print and electronic media.

"We shall be holding a stakeholders' meeting in about two weeks to see how other players like the private sector can assist the Government's effort," says the deputy director.

"Last year, horticulture grew by 17.9 per cent while the rest of agriculture grew by a mere two per cent. It would be the height of betrayal if the Government were to sit by and see this industry go down because of Eurepgap," says Mr Mugambi who is confident that there will be about '95 per cent compliance come January, 2005."

Ms Nyaga says that on its part, Icipe has taken a lead by establishing Afri Cert Limited. "Afri Cert was registered in November 2003 and its aim is to provide certification services for Eurepgap and organic scopes at a local cost level," says the MD.

She says the benefits of Afri Cert is that it saves on travelling costs for external auditors, staff know the local production systems, and are permanently present. "It will cater mostly for the small-scale farmers and is expected to reduce the current certification costs by 50-75 per cent," she says.

"We are awaiting international accreditation and hope to get ISO 65 as soon as third party auditors finish assessing our system," says Ms Nyaga who is currently the only qualified auditor.

Icipe is doing a number of things to help small-scale farmers get certified. Among their key efforts is the training of farmers in Integrated Pest Management (IPM) so that they can reduce the amount of pesticides applied to their crops.

"We have developed a French Mean IPM system and adjusted it to MRL regulations. We have broadened it to include food hygiene and to cover Eurepgap," says Dr Lohr.

He adds that Icipe has also trained 50 government and HCDA extensionists, company technical staff and private service providers in the French Bean IPM. "We are currently developing an okra IPM system," says Dr Lohr as he adds that they have printed an IPM manual for french beans.

At the industry level, Dr New says that a number of big companies have spent huge sums of money to get Eurepgap certification. It is currently estimated that eight big horticultural concerns are certified, down from about 15 in 2002. Mr Mugambi echoes this and says that large-scale farms have no problem of resources and are therefore expected to be 100 per cent certified by January 2005.

Farmers may be shut out of lucrative market