Complying with the private trade standards required to export fresh produce to Europe: Challenges for smallholder farmers

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Being able to access European fresh food markets brings benefits to African farmers and helps the economy generally, but consumers and retail buyers require proof that the food is safe and has been grown in a way that neither harms the environment nor causes ethical issues during production. Private standards furnish this proof, but in order to comply with a private standard, growers often need to adapt their production practices quite significantly, and this can be a particular challenge for small-scale farmers. Examples are given of how compliance can be achieved and ways are described of bringing together representatives from different African countries, to help to address these market requirements. The focus of the article is the most commonly used private standard, GLOBALGAP, for which costs and benefits of compliance are discussed, based on the authors' own experiences in Africa.

Keywords: export horticulture, fresh produce, GLOBALGAP, private voluntary standards (PVS), smallholders, good agricultural practice (GAP)

International trade in a global economy can be an engine of growth, and horticultural exports of fresh foods are examples of commerce that are useful sources of income for several developing countries: for example, such trade is worth over US$600 m per year to Kenya alone (Mbithi, 2009). Many contract- and small-scale farmers are involved in production and supply, providing employment to an estimated 100,000 people, while indirectly supporting close to a million people (Manson, 2009). Several other countries would like to use exports to generate wealth, but there are hurdles to be overcome. Kenya, like other exporting countries, has had to adapt in order to comply with the strict demands of the market in regard to the on-farm systems to control the safety and quality of the produce. Supermarkets in Europe usually insist that the fruit and vegetables they sell in their stores have been grown to a set of rules that are often referred to as 'good agricultural practice' (GAP).

Pre-1975, GAP referred mainly to the agronomic practices that farmers followed, such as the variety of crop grown, fertilizer used

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and sprays applied. In more recent times the scope of GAP has widened and now incorporates a range of additional food safety and related issues. New imperatives include environmental protection measures, social and ethical issues, and the need for traceability of the produce to its source. Food must be identified in a way that allows its production, origin, packing, storage, and transportation to be identified. This traceability forces growers to focus on safety issues. If they send a non-compliant item to market and a problem occurs it could be linked back to them, and may lose them their market. More recently, buyers have focused on measures to prevent contamination by potentially harmful microbiological agents, following some very serious outbreaks of food poisoning after people have eaten contaminated produce.

Traceability forces growers to focus on safety issues

Legal and market criteria that apply to international trade

The range of GAP and other measures demanded by European retailers and wholesale buyers is known collectively as private standards. It should be noted that these standards almost always exceed the official regulations covering food trade as set out by the World Trade Organization (WTO) and the European Union (EU). Compliance with a private standard is therefore a trade requirement rather than a legal one, but is no less of an imperative if the market demands that the standard must be met. Figure 1 illustrates the degree of difficulty and complexity of compliance, where the base of the triangle is the legal minimum standards required for international trade in food.

Compliance with a private standard is a trade requirement rather than a legal one

At the apex of the triangle are the individual private standards that have been introduced by certain retail chains incorporating measures that they feel add to their ability to protect consumers or enhance their reputation. Second from bottom are the additional legal criteria demanded by the EU over and above the internationally recognized baselines for legal trade in food. Between this level and the apex are the so-called 'generic private standards'. These are not geared towards any specific buyer, but they are standards that are generally applied to ensure that food is grown in a way that incorporates quite strict safety measures. For example, rather than awaiting an incident in which illegal chemical residues are discovered or people become ill after eating produce, generic private standards provide a proactive system to avoid problems developing. Buyers of produce from a certified farm therefore have confidence in the safety of the produce. Moreover they know that the farm meets ethical and environmental standards that they and their customers expect. Trust by consumers is greatly valued within the retail industry and may explain why private standards have grown in importance.

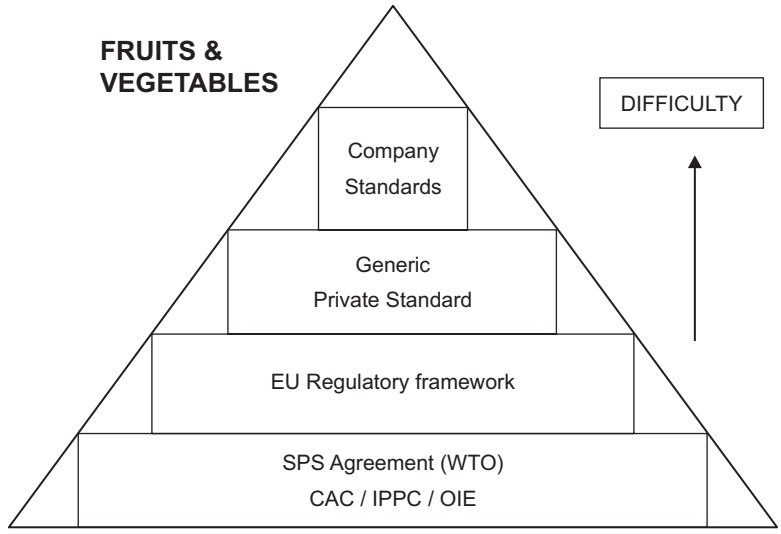

Figure 1 Public and private standards: Requirements towards the apex are more stringent, while the regulations or 'public standards' at the base are the minimum for international trade

Note: SPS refers to the World Trade Organization's Agreement on the Application of Sanitary and Phytosanitary Measures that concern the application of food safety and animal and plant health regulations. The Codex Alimentarius Commission (CAC) was created by FAO and WHO to develop food standards, guidelines, and related texts such as codes of practice for protecting the health of consumers and ensuring fair trade practices in the food trade. IPPC (International Plant Protection Convention) is an international agreement on plant health with 177 current signatories that aims to protect cultivated and wild plants by preventing the introduction and spread of pests. The World Organization for Animal Health (OIE) is the intergovernmental organization responsible for improving animal health worldwide.

Private standards: GLOBALGAP

Buyers of produce from a certified farm have confidence in the safety of the produce

The most important private standard is GLOBALGAP and this paper describes experiences of helping smallholder farmers to obtain and maintain compliance with GLOBALGAP standards. For many European markets, a basic prerequisite is that any fresh produce must be from a farm that has a GLOBALGAP certificate, whether grown on a large estate or on a small-scale homestead. This has had an effect on the operation of all farms, but the most profound effects have been on farms with only a few acres that wanted to continue to have access to overseas markets. GLOBALGAP was written with large-scale farms in mind, particularly those in Europe. Compliance has been a real challenge for African farms that provide, for example, green beans, mange tout, baby corn, and other vegetables to European markets.

To comply with the GLOBALGAP standard, farms must introduce control systems in over a dozen areas

To comply with the GLOBALGAP standard, farms must introduce control systems in over a dozen areas and keep records of those systems. To prove that these systems are in place, each farm must undergo an annual inspection (or audit) that involves several hundred items ranging from site history (to ensure that no toxic materials are likely to exist in the soil) to having first-aid facilities available. The introduction and maintenance of the certification requires that records be kept of many production practices, such as what management methods are used, why individual pesticides and spray interventions are made, how fertilizers are used and stored, where farmers get agronomic advice, and when different analyses are carried out. These analyses include regular checks on the potability of water used in production and washing and analyses must determine and demonstrate that the maximum residue levels (MRL) of pesticides are not exceeded when produce is harvested.

Particular challenges for small-scale growers

GLOBALGAP is a complex standard and it can take some time to even grasp the concepts if growers have been accustomed to supplying less demanding markets. There are three components that comprise the GLOBALGAP Integrated Farm Assurance standard. For farms growing fruit and vegetables the first is the 'All Farms Base' (AFB), which has over 50 control points. AFB is required by any farm wishing to obtain a certificate of compliance. Next there is the 'Crops Base' (CB) that is required for all except livestock enterprises. Crops base has around 110 control points. Finally, there are measures that apply only to farms growing fruits and vegetables (FV) in which there are 70 control points. In all there are over 220 control points, each with a defined compliance criterion against which the farm is assessed during the annual audit. Some control points are mandatory, while 95 per cent of others need to be met.

Aside from the intellectual challenge of farmers grasping the details of the standard, the standard is not fixed, but evolves. Each later version has additional control points (Cooper and Graffham, 2007) and although the latest, Version IV, has some useful clarification, it remains complex. Crucially for smallholder farmers, significant costs are involved in adapting production practices on the farm to meet the standard. After year one, recurrent costs are a particular issue for smallholders who may only have a small number of workers and very limited resources. Proportionally, the costs are greater for smaller enterprises compared with large-scale farms. These costs include building special stores for chemicals, upgrading the documentation system to keep records of around 25 aspects of farm management, including those on decision-making, pesticides used, analyses,

Proportionally, the costs are greater for smaller enterprises

training of workers, and other worker information. Suitable areas must be available for handling crops before they leave the farm, and these areas must be labelled, as must the fields used for production. The farm management must be able to demonstrate that workers have been trained and are familiar with food safety and other issues.

Costs versus benefits of GLOBALGAP: Threat or opportunity?

Going through the process of adapting a farm for a private voluntary standard can have several benefits: Owuor (2009) reported advantages that included upgrading technical skills, particularly in food safety and hygiene, organizational and managerial improvements, increased environmental awareness, especially in areas of waste management and pollution control, and establishment of trust, particularly where export companies have developed long-term relationships with producer groups. Farmers need to become more professional and business-minded, and this itself can contribute to the farm balance sheet as, for example, costs from waste are reduced and records are kept of prices for inputs and revenues from sales. To adapt the agronomic and management practices to those needed to comply with a private standard can, however, be expensive. The costs vary according to whether a farm is part of a larger scheme or a self-contained production unit, but they can typically be hundreds of dollars (Graffham and MacGregor, 2006). Each year the continuing costs of maintenance and audits are sometimes difficult for growers to meet because funds need to be set aside from sales even when unexpected medical bills or school fees for children make demands on the family purse.

Farmers need to become more business-minded and this can contribute to the farm balance sheet

Despite the challenges and costs associated with GLOBALGAP, thousands of farms that are owned and managed by small-scale farmers in Africa and elsewhere have successfully obtained GLOBALGAP certificates and they have exported fruit and vegetables to Europe (GLOBALGAP, 2010). Many have been helped by companies who organize and train them on market demands and how to comply with GLOBALGAP standards. Some of the financial support for small-scale farmers has come from the aid programmes of international organizations, such as the UK Department for International Development, the European Union's PIP programme (an EU-funded programme to prevent the negative effects of regulatory changes in African and Caribbean countries), the German equivalent Deutsche Gesellschaftfür Internationale Zusammenarbeit (GIZ), or the United States Agency for International Development (USAID). Our experiences relate mainly to Kenya, Zambia, and Ghana, where we have found that compliance is not always maintained after the first year, despite several benefits (Cooper and Graffham, 2009). It can be too expensive when total farm

Thousands of small-scale farmers in Africa have successfully obtained GLOBALGAP certificates

income is only a few thousand dollars per year, even via the group scheme known as Option II, in which several farms are treated as a single unit for the purpose of compliance. A survey was carried out in Kenya during 2007 (Cooper et al., 2007) which posed 50 questions to over 100 farmers, exploring business, livelihoods, and market access. They had either been GLOBALGAP certified but their certification had lapsed, or they had made preparations for GLOBALGAP but had not completed the process of obtaining certification. We asked them what had influenced their actions in regard to factors affecting their access to the export market. The findings were:

- Farmers outside GLOBALGAP receive a much lower level of advice and support from the buyer, are paid a lower price per kilo, grow and sell smaller volumes, and derive much less of their household income from sales of export crops.
- Revenue and income per kilo was higher for export crops, compared with crops grown for national markets.
- Small-scale growers cited 12 advantages of GLOBALGAP certification, the most important being improved hygiene (70 per cent) and safe use of chemicals (55 per cent of respondents).
- The chief disadvantages of GLOBALGAP certification were cited as high investment and running costs and the lack of any price premium for certified production.

Experiences with private standards in African countries

The Natural Resources Institute (NRI) has been working with others to promote market access for smallholder farmers for over 20 years. Initially we were heavily involved in helping groups and individuals to comply with GLOBALGAP (it was 'EUREPGAP' at first). In the early days, private voluntary standards were a major problem for growers who, when presented with the details, wondered how they would ever be able to comply and hence maintain access to markets in Europe. When more donors, such as the EU PIP, became involved, and as countries became more familiar with what was needed, many producers were able to comply with GLOBALGAP and exports grew in spite of the additional challenges.

As new iterations of the standard became increasingly complex and demanding, it was clear that stakeholders in exporting countries needed to have more of a say in the way the standard is operated. The position of Smallholder Ambassador in GLOBALGAP was created and achieved some success, but at that time the administration of GLOBALGAP was difficult to interact with, and hence difficult to influence. Developing countries and smallholder suppliers felt that they were being disadvantaged in a way that could be considered

as a 'non-tariff barrier to trade'; they rightly considered that some standards largely ignored their needs and constraints, despite the importance of smallholder production in the fruit and vegetable supply chain. NRI became members of GLOBALGAP and started to work with the standard to acknowledge smallholder farmers, at the same time as the standard started to become more sympathetic to their needs. Over recent years it has become possible to overcome some of the problems that smallholders have encountered, but compliance remains a real and significant cost.

Over recent years some smallholders' problems have been overcome, but compliance remains a significant cost

Current and future work to help smallholders have a say in GLOBALGAP

Several recent changes have occurred within GLOBALGAP, some in response to the needs of suppliers in the US, where FoodPlus GmbH (the German company that owns the GLOBALGAP standard) is keen that GLOBALGAP becomes better established. Other changes have come in, in response to food-based incidents. A notable one in 2009 was that administrative processes within GLOBALGAP opened up. The more restricted technical committees remain, but it is now easier to participate in the day-to-day management of the standard, via participation in one of the new Stakeholder Committees. Currently different stakeholder committees deal with crop protection, microbiological issues, water use, and social/ethical matters. Any member of GLOBALGAP can participate in these committees, subject to certain conditions, and although it remains to be seen how much influence they will have, there seems to be a good chance that the GLOBALGAP standard will be more participatory and inclusive, provided that a way is found to feed into the committees and receive information on their activities. NRI has joined these committees with a view to achieving this two-way influence and communication.

It is now easier to participate in the day-to-day management of the standard

National Interpretation Guidelines of GLOBALGAP

A significant adaptation of the GLOBALGAP standard can be made by individual countries via National Interpretation Guidelines (NIG) which become the official documents for individual countries after they have been approved by FoodPlus. NIGs can customize the GLOBALGAP standard without diluting the benefits, and many countries have already developed their own version of the standard and had it approved by GLOBALGAP. NIGs take account of national laws, remove any components of the standard that do not apply, and give examples to help the national users. NRI, together with the PIP, are facilitating NIGs in several countries such as Ghana, where they are almost ready for approval.

The benefits of NIGs in adaptation of GLOBALGAP for local conditions are:

- compliance with national laws and norms;
- guidance explaining compliance criteria;
- opportunity to give examples;
- language easier to follow;
- NIG becomes official GLOBALGAP document;
- country NIG used by auditors once approved by GLOBALGAP;
- certificate is a full GLOBALGAP certificate;
- stimulates interest in horticulture and compliance with GLOBALGAP.

National Technical Working Groups

NIGs are prepared by a group of stakeholders known as a National Technical Working Group (NTWG) who have a specific remit to represent the horticultural stakeholders in a country, usually a diverse assembly (Figure 2) of people who meet regularly to discuss issues that relate to horticulture and might benefit from a collective approach.

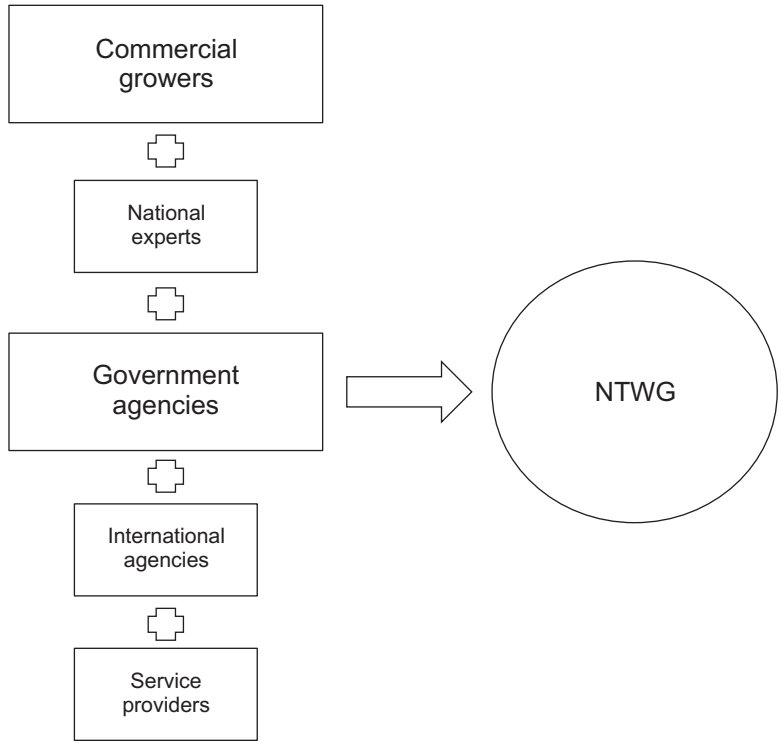

Figure 2. Idealized in-country make-up of a National Technical Working Group

They are a two-way means of communication with GLOBALGAP on issues such as development of new versions of the standard or dealing with common interest topics such as audits, market access, and training.

NTWG forum

NRI and PIP are helping several African countries to form an international federation

NRI and PIP are helping to get together representatives from NTWGs in several African countries to form an international federation. It is hoped that such a body will help to increase the level of influence in GLOBALGAP and other standards by bringing together a wide range of producers and exporters. In doing so, the influence should increase for a group that is currently not well empowered to interact with large international traders. The intention is that, as the world becomes more globalized, international trade in fresh produce flourishes in a way that is fair and sustainable, and brings the financial benefits to individual smallholders, the service industries that support them, and the country as a whole via increased foreign exchange.

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