




Key Conceptual and Policy Issues Guiding National GAP Development

FAO-UNCTAD Regional Workshop on GAP in Eastern and Southern Africa: Practices and Policies
Nairobi, 6-9 March 2007
Presented by: Ulrich HOFFMANN, UNCTAD secretariat

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Don't Lose Sight of Strategic Objectives of GAP

- National GAPs are important, but need to balance two issues:
 - national circumstances and objectives:
 - efficient production of safe and high quality food
 - sustainable use of natural resources
 - profitability of farming enterprises
 - responsiveness to social & cultural demands, including that of small producers
 - improving environmental and workers health and safety
 - need to seek harmonization with global requirements to avoid multiple audits.
- There are no blueprints for national GAPs, because of specificity of national situations.

Be proactive, pursue national development objectives while taking into account key requirements in export markets (Codex and EurepGAP)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Tendency of "Jumping too fast onto the Bandwagon"

What causes the rush?

- Conventional wisdom: EU and other developed markets are essential and very dynamic.
- Common misinformation: "EurepGAP is mandatory to export to the EU" (it is a voluntary standard required by 'some' supermarkets).
- Donor-driven process of implementing GAP projects in the absence of conceptual clarity and holistic approach on GAP at national level.
- In some countries, governments press ahead with top-down GAP schemes, without much stakeholder involvement.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Critical Issues for Developing National GAP Systems

- Clear definition of vision and objectives of national GAP system at macro- and farm level.
- Farmers must be made aware of the need, impact and benefits of subscribing to GAP.
- For the development of the national GAP, it is essential to ensure that it is achievable and not economically prohibitive (a multi-tier approach of several 'generations' of GAPs might be considered).
- Adequate technical and institutional capacity must be provided by government agencies and private sector associations.
- Assuring policy coherence and co-operation between all government agencies, institutions and stakeholders.



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Countries Need to Clarify First

Important Guiding Elements

- What are key export markets?
- What is the importance of European retailers in key markets?
- What is the product & producer profile and what are the chances that smallholders can remain suppliers of global supply chains?
- What should be key objectives and role of government and private sector in GAP development?

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Regional and Product Pattern of Exports of FFV in 2005

	Exp-value to World (\$ million)	Share of Fruit	Share of Vegt	Share of EU-15	Share of USA	Share of Africa	Share of Middle East and South Asia
Africa	5,963	76	24	69	2	2	12
Kenya	264	21	79	87	3	1	2
Ghana	142	79	21	70	3	1	19
Tanzania	104	62	38	14	4	2	80
Uganda	94	20	80	89	0	6	1

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Product and Producer Profile in Kenya – An Example ⁷

- FFV production and export significantly focus on 3 vegetables and one fruit: French beans, mixed vegetables, runner beans, and avocados.
- Fruit exports go to France mainly, the lion's share of vegetable exports is destined to the UK.
- Producer profile:
 - Avocados: predominantly smallholders
 - French and runner beans: predominantly large and medium-sized producers
 - Mixed vegetables: predominantly smallholders

Share of Top 10 Retailers in Grocery Retail in 2004/5 ⁸

Global	24		
EU-15 (top 5 retailers)	55-70	France/ Germany 70	Italy 41
US	65		
Japan	7-10		
All developing countries	about 7		
Latin America	21		
Asia	13		
Africa	29		

Number of EurepGAP-certified Suppliers for FFV in Africa ⁹

As of September 2006, including groups

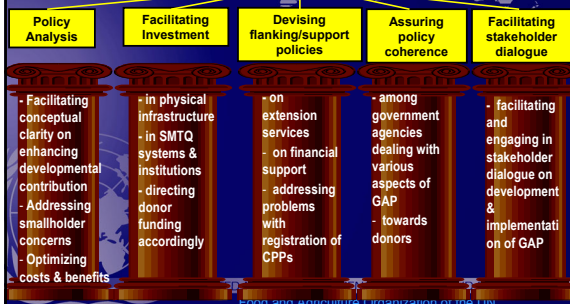
South Africa	1,448
Kenya	386
Ghana	85
Tanzania	20
Cote d'Ivoire	19
Zimbabwe	14
Zambia	4
Senegal	3
Uganda	1

Role of EurepGAP and National GAPs in Meeting Mandatory Requirements Overseas ¹⁰

- Contribution to meeting traceability requirements under Regulation EC/178/2002 (even beyond the "one step back-one step forward" principle).
- Role of GAPs in encouraging transition to environmentally sustainable production methods.

Role of Governments in National GAP Development ¹¹

Role of Governments



Smallholder Adjustment [1] ¹²

Example of Kenya (based on NRI/IIED study for UK DFID)

- Between mid-2003 and mid-2006, 60% of smallholders were dropped by their export companies or withdrew from EurepGAP compliance schemes.
- Primary reason for failure is financial viability rather than technical ability to meet the standard.
- Breakdown of average adjustment costs as follows (without borrowing costs):
 - Initial investment cost: 430 pounds per small farmer (farmers paid 36%, exporters 44%, and donors provided 20%)
 - Recurrent costs: 105 pounds per small farmer (farmers paid 14%, exporters provided 86%)
 - Smallholder income: about 200 pounds per annum, i.e. recurrent costs already account for 56% of annual income

Conclusion: EurepGAP compliance is not possible without external support and can only be maintained with significant financial inputs from exporters.

Smallholder Adjustment [2]

13

- High overhead costs of quality management & frequent audits are difficult to bear at low scale of production.
- Requires: (a) creating sufficiently large producer groups or (b) permanent subsidization of smallholders or (c) reorientation of small producers
- So far only outgrowers' networks and large and stable producer cooperatives have been successful examples of coping with EurepGAP.
- **Question: Is the current donor strategy on supporting smallholders to become part of global supply chains sustainable?**

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Smallholder Adjustment [3]

14

- Multi-pronged adjustment strategy for smallholders:
 - (a) traditional local and national wet markets
 - (b) conventional wholesale markets at national and international level
 - (c) markets for organic products
 - (d) suppliers of global supply chains
- Such strategy requires government support for improving infrastructure for and upgrading of conventional wet and wholesale markets as well as for organic markets.
- Development of organic standards (ideally on a regional basis). A draft East African organic standard is already available (has been developed by UNEP-UNCTAD CBTF with local stakeholders).

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Key Trade Issues (related to WTO rules)

15

- 1** Transparency in standard setting
(there is a trend towards more transparency in EurepGAP)
- 2** Equivalence and harmonization
Problematic: - strict interpretation of equivalence
- equivalence of processes, not outcomes
- frequent revisions require renewed benchmarking
- 3** Government-developed GAPs may fall under WTO disciplines
(remain voluntary in nature)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Role of National Technical Working Groups

16

- NTWGs can develop national interpretation guidelines that can make EurepGAP control points and compliance criteria easier to understand and to apply.
- Role of NTWGs in liaising with FoodPlus and influencing standard-setting process.
- NTWG could explore and, if considered appropriate, support national benchmarking process.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Countries should not Rush on Benchmarking

17

- Clarification of what is desirable:
 - national GAPs plus direct EurepGAP certification versus
 - benchmarking of national GAPs (bear in mind, national GAPs are mainly aimed at smallholders, national food safety objectives and harmonization with international requirements).
- Two-step process of national GAP, plus premium GAP (as practiced in Asia) worth exploring.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Scope for Regional/Sub-regional Co-operation

18

- In setting plant health and hygiene standards
- Sub-regional GAP development may be pursued
- Co-operation on SMTQ systems, in particular on testing labs and certification institutions
- Collaboration on joint infra-structural projects, in particular transport

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Future CTF Activities of UNCTAD

19

- Facilitating multi-stakeholder dialogue at national and sub-regional level on:
 - Conceptual issues and appropriate approaches to national GAPs
 - Clarification of the role of governments and other stakeholders
- Supporting work of national TWGs
- Participating in current work of WTO SPS Committee on private standards
- Implementing these activities in close collaboration with FAO and, where appropriate, with FoodPlus

Website of UNCTAD's Consultative Task Force

www.unctad.org/trade_env/projectCTF.asp

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN



FAO Activities on GAP

20

- FAO does not endorse specific commercial standards. FAO supports GAP, which ensures environmental, economic and social sustainability of pre- and post-farm-gate production resulting in safe and high-quality food or non-food products.
- Defining global principles of GAP (on-going)
- Country & regional level:
 - Policy & technical assistance to define appropriate national strategies
 - Facilitate stakeholder dialogue on local GAP development and implementation
 - Capacity building and training

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

Some Key Issues for Workshop Consideration

21

- How can the national objectives and the requirements for access to export markets be balanced in national GAPs?
- What is the pro-active role of governments in the development and implementation of national GAPs?
- What are the costs and benefits of GAP implementation and how can the costs be minimized and the benefits maximized?
- What are appropriate strategies for smallholder involvement in national GAPs?
- What is the role of benchmarking of national GAPs to EurepGAP in the context of a holistic national GAP development?
- What opportunities exist for regional co-operation on GAP and supportive logistical and quality management infra-structure?
- How can active participation in EurepGAP standard setting be further improved?

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN

On-line Sources

22

Website of UNCTAD's Consultative Task Force

www.unctad.org/trade_env/projectCTF.asp



Information on GAP (studies, incentives, costs, benefits etc.):

GAP database: www.fao.org/prods/gap/database/index.html

GAP website: www.fao.org/prods/GAP/gapindex_en.htm

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
Food and Agriculture Organization of the UN