



EurepGap Strategy Development – Analysis and Recommendations for Kenya BDS

A Technical Assessment By

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Background

Kenya BDS is a six-year USAID Program started in 2002 to support the growth of a business services market for micro and small enterprises (MSEs) within a selected number of sub-sectors in Kenya. Over the last four years, the program has developed and implemented over 35 interventions in the tree-fruit and Lake Victoria fish sub-sectors. In the tree fruits sub-sector (covering avocados, passion fruit and mangos), interventions have generally focused on establishing sustainable market linkages between smallholder farmers and lead buyers of their fruits as well as developing a vibrant market for business services required by smallholders for sustaining their competitiveness in those markets.

In the avocado value chain, Kenya BDS has four ongoing market linkages programs in Maragua and Thika Districts linking a total 3,588 farmers organized into 138 producer groups to four of the largest avocado exporters in Kenya (East African Growers (EAGA), Kenya Horticultural Exporters (KHE), InduFarm, and Kakuzi Limited) through renewable one-year supply contracts. Recently Sunripe has also joined the program with a pilot scheme targeting 200 small-scale farmers. In passion fruit, Kenya BDS has a market linkages program in Embu and Meru Districts that has 2,001 farmers organized into 73 groups linked to two exporters – EAGA and KHE. A third exporter, Kandia Fresh Fruit has also recently come onboard. The design of each of these programs is that farmers are organized into business-like producer groups each with an average of 30 members. Group mobilization and ongoing management is carried out by a Group Management Officer (GMO) who handles up to 20 groups (600 farmers), generally operating in production clusters of 4-6 groups. Each program has 2 – 6 GMOs and is managed on the ground by a Field Coordinator. GMOs and program coordinators have a background in agriculture/horticulture and have been trained in group mobilization/management as well as business.

For the last 2-3 years, Kenya BDS support to these programs has been to build their capacity to operate sustainably either as independent service provision entities whose costs are met through a service fee paid based on the volume of transactions made between farmers and exporters, or as core service units within the exporters' in-house structures. Kenya BDS expects all the programs to be fully commercialized within 2007.

Now that Kenya BDS is satisfied that a firm base has been established for longstanding commercial market linkages between smallholder producers and exporters, the institution is looking to shift its support to more strategic areas that help in ensuring the long-term sustainability of the commercial relationships. One of these areas is the urgent need for EurepGap certification of the producer groups. From exporter to exporter, it has become clear that the continued assurance of a market for the farmers' produce is extremely contingent to the farmer's compliance to EurepGap standards and, indeed, their actual certification. Both farmers and exporters are aware of this and some have already agreed on a small fee to be deducted from every transaction to set aside to meet annual certification requirements. In passion fruit, a Ksh 2 per Kg fee has been agreed while in avocados, a fee of Ksh 0.10 has so far been tentatively agreed. What is yet to be fully worked out is the process and modalities for the initial certification

Objectives of the assignment

The main purpose of this assignment is to help Kenya BDS in conceptualizing a workable yet commercially viable strategy for supporting the **EUREPGAP** certification of smallholder tree-fruit producer groups with established market linkages with exporters of their fruits. The specific objectives of the assignment are to assess Kenya BDS market linkage activities in avocados and passion fruit with a view to identifying possible **EUREPGAP** certification options, and provide Kenya BDS with recommendations on specific intervention areas required to make the available options work.

Methodology

The consultant used interviews from the key project stakeholders and field visits as the sole method of gathering information towards meeting the above objective. The interviews were structured in the following manner:

- a) Meeting with the exporters so as to gain an overview of their role as marketers in the project. These included, Mr. Chris Bernhard of InduFarm, Mr. Apollo Owuor of Kenya Horticultural Exporters (KHE), Mr. George Solomon of East African Growers (EAGA) and Mr. Richard Collins and Mr. Mark Simpkin from Kakuzi. The exporters are the direct link to the market and are better placed to provide information on market requirements as far as EUREPGAP certification demands are concerned. Through these meetings their role in facilitating EUREPGAP understanding with producers towards meeting compliance was evaluated.
- b) Meeting with program facilitators (Fineline, Apex and WMG) who are involved in providing market linkages and group development between exporters and producers. As the link between exporters and producers, the consultant was to identify whether their contractual obligations in farmer group training had EUREPGAP compliance requirements. Fineline works with EAGA in the Avocado project and with KHE in the Passion Fruits project, Apex works with InduFarm in the avocado project and WMG works with Kakuzi in the Avocado project.
- c) Meeting with Ideal Business Link (IBL) who through Ideal Matunda Ltd. provides agrochemical spraying services on behalf of the farmers in the avocado project. Spraying is a core part of the EUREPGAP standard and understanding the compliance status of this service to the standard was fundamental
- d) Field based coordinators from the above program facilitators. These individuals are in charge of disseminating information e.g. quality specifications, harvest timetables, training and organizing groups. Again a meeting of the field based staff was able to provide the consultant with facts on the EUREPGAP status on the ground.
- e) Farmer groups. Two farmer groups involved in Avocado production in Muranga and Maragwa districts respectively and one involved in Passion fruits in Embu were visited, to further provide the consultant with an overview of organizational and production activities on the ground.

EUREPGAP

What is EurepGAP:

EurepGAP represents a set of standards and procedures which has been developed by the “Euro-Retail Produce Working Group” (EUREP) and farmer representatives for the certification of Good Agricultural Practices (GAP) worldwide.

The standard’s focus is directed on risk analysis and risk prevention for the purpose of food safety, traceability, workers health and welfare, environmental pollution and conservation management. It covers exclusively the on-farm production and handling facilities.

Why has EurepGAP been developed?

A growing consumer and retailer concern about pesticide residue problems in food made food safety a global issue transcending national borders. Consumers throughout the world are concerned about how food is produced, and need to be re-assured that production is both safe and sustainable.

Many EurepGAP members are global players in the retail industry and obtain food products from around the world. Therefore the need for a commonly recognised reference standard of Good Agricultural Practices has arisen in order to meet this goal without having every single retailer carrying out his own audits on each supplier's farm.

Why should a producer get certified for EurepGAP?

The customer may put EurepGAP certification as a requirement for further purchase and a producer would enter into the procedure as a kind of “inevitable reaction” to this requirement. A producer may however also take the possibility of a EurepGAP certification as a means to demonstrate commitment to produce safe food in a sustainable manner, even before a customer requires it. By being proactive in this way a producer may raise customers' confidence in his/her products, in a business environment which is constantly growing more and more competitive.

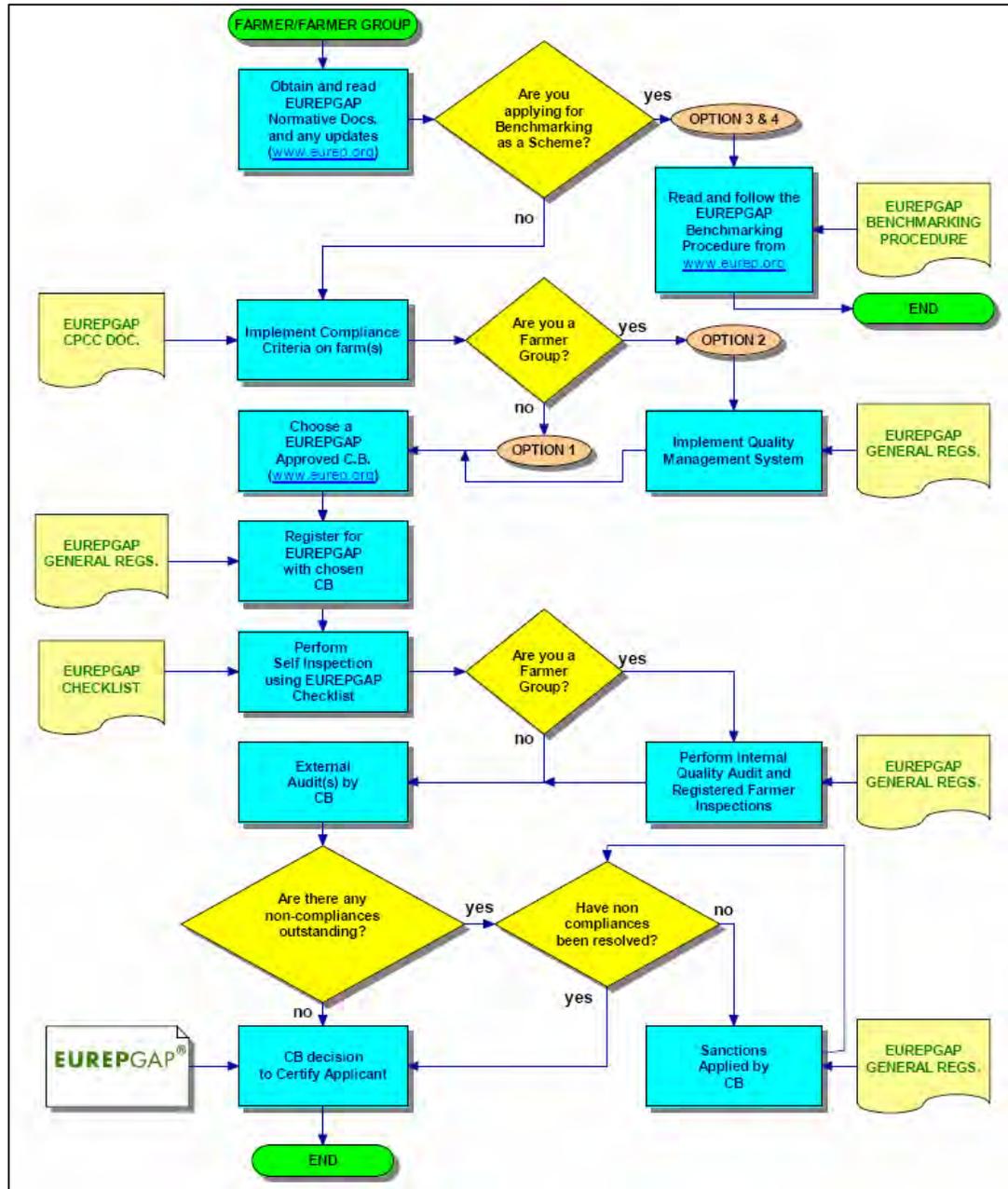
Technical requirements

In the following a brief summary of the main technical requirements of the EurepGAP Protocol for the production of fresh fruit and vegetables is presented:

- | | |
|--------------------------------------|---------------------------------------|
| a) Traceability. | h) Crop Protection. |
| b) Internal Self-Inspection. | i) Harvesting. |
| c) Varieties and Rootstocks. | j) Produce handling. |
| d) Site History and Site Management. | k) Waste and pollution management. |
| e) Soil and Substrate Management. | l) Worker health, safety and welfare. |
| f) Fertiliser use. | m) Environmental issues. |
| g) Irrigation. | n) Complaint form. |

EUREPGAP Certification Process

Figure 1. Farmer Certification Process Flowchart



Source: EUREPGAP General Regulations Fruit and Vegetables Version 2.1-Oct04

General status:

Avocado programs

Information gained through meetings with the key stakeholders in this project provided the consultant with details of what has been achieved since the project commenced two years ago.

EAGA gave an update of what they have achieved through Fineline in getting a committed supplier base for the avocado, especially in the second year of the program. Through this they have been able to know the expected yields from the farmers and plan their exports accordingly. There was already a EUREPGAP clause in the contract between EAGA and Finelines and an agreed Ksh 0.20 cent per fruits deducted to meet the related costs towards EUREPGAP compliance. The issue of side selling was a concern to them as this would have an impact on the export commitments that they have made with their markets. Group continuity was likewise a concern to them. The field staff were fairly new, and gaps on EUREPGAP awareness were apparent as there were no issues directly related to EUREPGAP that had been yet handled. But general agronomical issues, keeping harvest records and quality of export fruits had been communicated to the farmers.

On certification status, EAGA are not directly concerned with any capacity building issues, as they are not involved with farmers directly and so they could not give a firm report on how far/near compliance was. Their wish was that farmers get certified as a matter of urgency as their markets were putting pressure on them. EAGA also wished to be more involved in preparing farmers for certification, particularly on issues of technical compliance. They also wished to co-own the certificates with the farmers. They also indicated that since they had prepared their Quality Management System documents to accommodate farmer group certification under option 2, it would only require some minimal organization to include the avocado farmer groups.

Indufarm was quite emphatic that they would like to get more involved in the farmer groups so as to realize their market needs. Indufarm has supplier contracts through Apex, as well as a permanent employee working with the Apex field team. Indufarm's market is also asking for EUREPGAP certification as early as February 2007. Side selling was of concern especially because their market needs were already larger than the current farmer group's supply. Indufarm indicated that they were in the process of getting more farmer groups in order to satisfy his market needs. At present they had no direct status report on how far his farmer group suppliers were to getting EUREPGAP compliant. On certification models, Indufarm was of the opinion that they would want to work with a model that allowed them to own the certificate as a guarantee that the farmers who enter into contracts with them were committed to being their suppliers. The field team under Apex had a grasp on EUREPGAP, though not on concrete issues of farmer group certification. There were no issues directly related to EUREPGAP compliance that had been communicated with the farmers. The cost of certification has likewise not been identified or agreed between the exporter and the farmers/service provider.

Kakuza as both an avocado producer and an exporter had very clear direction on what they would like to get from the project. Firstly, they expected that they could get a committed group of suppliers who would be able to satisfy their market needs both for volume and quality. Second, they wished to own certification of the compliant groups as a guarantee that the supply base was secure. They also wished for a more controlled service

provision that would tackle the issues of EUREPGAP compliance in a more controlled and cohesive manner. Before embarking on new groups, they wanted the current groups to be better managed, especially towards certification. Their market demand for certified produce was also rising. The WMG team was not very conversant with EUREPGAP requirement and there were no issues directly related to EUREPGAP that had been yet handled. The issue of how certification was going to be funded had not been finalized. General agronomical issues, including the keeping of harvest records and quality of export fruits had been communicated to the farmers.

Avocado Linkage Programs with Fineline, Apex, and WMG

These service providers who are active in the avocado program represent Kakuzi, InduFarm and EAGA exporters. They have been responsible for developing management courses and facilitating market linkages with exporters. Through their field personnel (GMO), they are involved in capacity building on production concerns and quality of the avocado as well as getting groups organized and trained on group dynamics. Although the facilitators were not very clear on the deeper issues of EUREPGAP, they were nevertheless prepared to facilitate compliance in their various farmer groups.

Key project achievements are:

- a) Farmer group development has been achieved as has been awareness creation on the benefits of farming as a business. Group trainings have been conducted on leadership, group dynamics, management, finances and community development. Technical training on agronomy has been delivered although not at the same level in all the groups.
- b) Supply contracts have been facilitated between farmers and exporters dealing with these groups (EAGA, InduFarm and Kakuzi) by the service providers with fixed prices for the season.
- c) Production projections for avocado (based on average trees per each farmer and expected minimum yield of exportable fruit) have been done. For example, EAGA is aiming to export about 50 containers (120 tons) of fruits, Kakuzi about 20 containers and Indu Farm about 10 containers if there is no side selling of the fruits. According to the exporters, the possibility of sustainability is directly linked to volume and quality of exportable fruits delivered to them. Passion Fruits projections have also been developed with KHE and the exporter is using these to plan his market. The field staff have used the projected volumes and prices to give each farmer an idea about what sales to expect at the end of the season, which is good for planning.
- d) Harvest traceability as per the requirements of the standard is well developed.
- e) On harvest handling it was clear that farmers were already developing or upgrading handling facilities at field level so as to comply with the standard's requirements on harvest hygiene within the Passion fruit project. In avocados, efforts have been made to centralize collection points although this is less developed.
- f) Organized farmer groups have developed vibrant merry go rounds (informal money saving schemes), that are a good source of informal lending at small levels.

- g) Formalized groupings have made it possible for small holder farmers to access micro financing from financial institutions for group investment projects e.g. to build a shops, purchase a property etc.
- h) EAGA had an ongoing EUREPGAP certification fund between them and Fineline. According to the exporter, this fund would be used to fund certification related activities e.g. training, required analysis and inspection and audit.
- i) All the groups had been linked to a financial institution (Equity Bank), allowing farmers to receive agrochemical spray services on credit.

Passion Fruit Market Linkage Activities with Fineline Rural Reach

Market linkage activities under passion fruit are primarily centered around EAGA and KHE. For purposes of this field assessment a visit was made to the KHE scheme in Embu which is managed by Fineline Rural Reach. The project was quite solid in terms of group organization, with very few groups having broken up over the past year. The supply base was quite expansive, and the team was conversant with EUREPGAP issues. The team had a good farmer training model that included outsourcing training on specific service providers like the agrochemical companies. The farmers had been trained on:

- a) Traceability
- b) Harvest hygiene
- c) Safe use of Pesticides
- d) Record keeping
- e) Pre harvest interval

The depth of uptake varied from group to group as the field staff were not able to spread their training uniformly as yet. Interviews with farmers showed that the issue of Harvest hygiene and Safe Use were quite understood, but record keeping was not clearly appreciated.

KHE: This exporter was of the view that as they did not have a clear linkage with the farmers they were not able to guarantee compliance. They especially had concerns on the spraying and capacity building which took place without their involvement. Likewise, the exporter felt that there was little control in the quality of services that the farmers were getting, which made them jittery on how EUREPGAP compliance would be guaranteed. They proposed a one stop shop for all the services that farmers needed, so that it can be easier to monitor and audit such a facility. KHE did not indicate a particular timeframe for certification, but their markets were in clear need of certified passion fruits. The certification model that KHE opted for was one where the farmer owned the certificate and the exporter maintained compliance guarantee through involvement with issues related to EUREPGAP standard. If and when the exporter needed a third party service, then this would be sourced from the one stop service provider. This was based on the fact that the exporter already had a vibrant QMS in place that catered for small holder certification under Option 2. The issue of certification cost had not been finalized.

Specific observations linked to EUREPGAP compliance

- 1) According to the EurepGap standard,

“8.2 OPTION 2: Group Certification

8.2.1 Internal Management and Control System:

(i) A Quality System including a written control and procedures manual implementing EUREPGAP Fruit and Vegetables must be in place that guarantees all internal inspections are undertaken in a competent way..... (Annexes 2 and 3).

(ii) Central Administration and Management: All registered members and farms/sites must be operating under the same management and control and sanctions system, which is centrally administered, audited and subject to central management review.”

Observations showed that the above requirement was not understood; especially the issue of a management system (QMS) that would ensure compliance and controls at group levels, yet this forms a very core element of group certification.

- 2) The field staff like the management personnel had scanty information on EUREPGAP. Most of them had no previous experience with the standard apart from two Fineline field staff in the Passion Fruit program. Farmer training had therefore been mainly on group organization and production, but not directly linked to the standard's requirements on the same. For example, despite a EUREPGAP clause being in the contract between EAGA and the service provider (Fineline) and a levy of Ksh 0.20 per fruit, there was no indication on how EUREPGAP certification was to be achieved. It was clear that neither service providers nor the exporters had prepared a plan of action; despite the exporters emphasizing that certification was vital to their export sales this year.
- 3) On a related finding, the controls of some of the activities that are core to the EUREPGAP standard were not stipulated in the contract e.g. pesticide handling, Post Harvest Intervals (MRL risks), handling of empty containers, record keeping etc., as it emerged that this service was under a different service provider, who did not have contractual linkages with either the exporters or the service providers within the project. The exporters indicated that they were involved in approving the spraying schedules, but without contractual agreement, the consultant was not clear about how these could be enforced and how control would be achieved. Kakuzi was however clear that their farmers use their own approved spraying schedule, but again there being not contract between them and the spraying company, it was clear that this could get out of hand.
- 4) Lack of operational documents (manuals). There were no procedures that explained the process of avocado production, i.e. production manual, fertilizer and manure regimes, pesticide application, Protective Clothing use, harvesting and handling amongst other core EUREPGAP requirements. Indu Farm and Kakuzi however had avocado production manuals (protocols) but their availability and accessibility to the field personnel for the small holder farmers training was limited.
- 5) Some aspect of group organization towards meeting EUREPGAP requirements were not in place i.e.
 - (a) Group contractual documentation with subcontractors as per annex 2.12 and Annex 4 of the EUREPGAP General regulations. According to the standard, farmers/ farmer group must have contractual agreements with any third party service provider. The only documents that were in place were supply agreements between the management service providers and the exporters and a commercial requisition form with the spraying services, which again do not address the requirements of a service contract as per EUREPGAP.

- (b) Agreement to comply with the Farmer Group documented procedures, policies and where provided, technical advice.
 - (c) Sanctions which may be applied in case of EUREPGAP requirements not being met.
 - (d) Group organization to have EUREPGAP representative in the management has not been put into place as per Annex 2.2 in any of the groups.
- 6) The exporters and the service providers did not have a mechanism or control to ensure that competency and training of staff in line with EUREPGAP requirements is undertaken. Although some of the service provider's field staff had formal agriculture training, not all had EUREPGAP reference.
- 7) One of the exporters (KHE) was of the opinion that the system as it was could not address issues of EUREPGAP compliance, as key support structures were lacking. For example, the failure of the service providers to adopt a holistic approach to the production process from risk assessment all the way to produce handling, and the apparent weakness in the technical capacity of the teams made some of the exporters question the control process, which to them meant an uncomfortable risk of sourcing produce with high MRLs (more so passion fruits, which have had a few interceptions at the EU entry points because of high MRLs).

According to the exporter, the facilitators were operating independently of the exporters, who are the market in this case, and in this they were isolating themselves from knowing exactly what the market (export) wants beyond harvest projection. This was especially seen in matters of spray application, where the service provider sought approval of the spray program from the exporter, whereas the exporter felt that he/she was the one who should come up with a spray program depending on his market needs.

- 8) On the avocado program the exporters were not in agreement about field handling of the harvested fruit. Avocado is a bulky product and harvest hygiene is a challenge as farmers keep the fruit on the ground after harvesting and during sorting. The exporters required farmers to build field handling facilities but they had not discussed the complexity of handling this fruit with the farmers. However, one of the exporters (InduFarm) did not have a problem with farmers keeping the fruit on the ground as he washes his fruits with treated water during packing which then eliminates contamination that may have been picked during field handling.
- 9) At field level, it was clear that farmers did not have adequate information about mandatory record keeping requirements e.g. pesticide application records. This introduced the element of how this risk was to be managed especially amongst the Passion fruit farmers, since they were responsible for their own applications, unlike the avocado farmers who used a service provider for spraying and record keeping.

Overall, the passion fruits organization was quite developed except that the issue of crop protection handling and record keeping would need to be addressed, so as to minimize the risk at farmer level. This was because the service provider's field staff, being formally trained in EUREPGAP, was able to tailor their involvement with farmers into meeting the standard's requirements.

Certainly the issue of capacity constraints in monitoring farmer group’s activities was apparent in both the passion fruits and avocado programs and the core issue of determining who the Farmer group would be if farmers were going to seek EUREPGAP certification. With this challenge came the issue of lack of a management system to manage the Option 2 group certification.

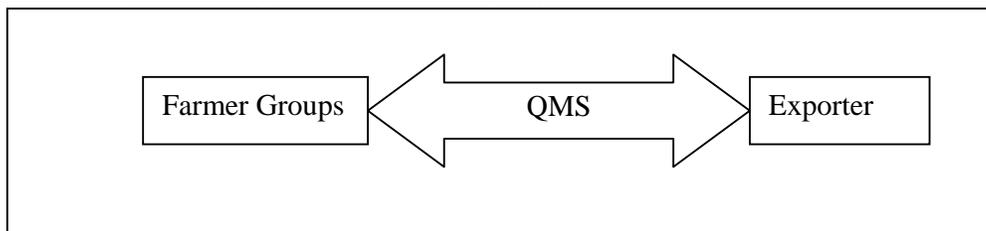
Way forward

Based on the highlighted observations and in line with the objectives of the study, possible certification models are proposed. The basis of this is that for Option 2 requirements, a certifiable quality management system must be in place between the Farmer Group and the Farmers. Experience in the Fresh produce sector has showed that small holders do not have the capacity to develop and manage a QMS due to capacity and resource constraints. On the same, where small holders have owned a QMS with a service provider who is not linked to the market e.g. an exporter, sustainability of the system has come into question, especially after the service provider ran out of resources. On the other hand, where ownership of the QMS has been between the exporter and the farmers, there has been observed better guarantee of sustainability based on pressure from the market to maintain certification of export produce. From a cost perspective, developing QMS is a costly matter and since the exporters in this project already have QMS’s for their other certified operations, it will just take customizing them to avocado/passion fruits production and adding up procedures and policies on sub contracting services that they do not have the capacity or resources to extend to farmers.

Based on this experience and the fact that the Kenya BDS project is satisfied that a firm base has been established for longstanding commercial market linkages between smallholder producers and exporters, the project can go ahead to facilitate long-term sustainability of the commercial relationships through EurepGap certification; The following models are proposed under this study for EUREPGAP option 2 in collaboration with exporter’s view points:

a) Exporter and Farmer Group

Figure 2. Exporter and Farmer group



In this model the exporter gets into an agreement with a farmer group on what the farmers will implement towards meeting the EUREPGAP certification requirements. The exporter develops and owns the QMS and the farmers agree to follow rules, policies and procedures as per the exporter’s instructions. The exporter accepts to bear the related compliance costs either through farmers’ proceeds or through donor support projects (as has been happening in most of the certified groups). The exporter uses his technical personnel to facilitate compliance and manage the QMS. All the key personnel required by Option 2 belong to the exporter. No external service provider is used, unless to provide initial capacity building of farmer groups or to develop a QMS, but this is not a permanent service. The exporter and the farmer group put all their agreements in a

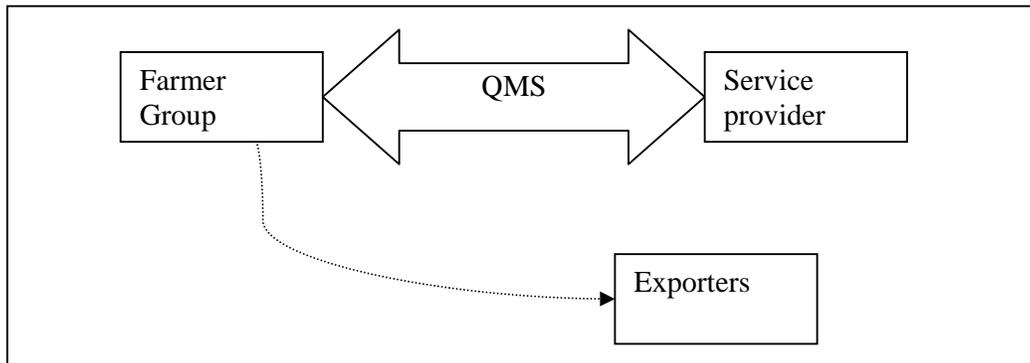
contract detailing, marketing issues, quality expectation, volume expectations, services, each party's obligations, and rules governing the whole partnership. All the necessary requirements that the EUREPGAP standard stipulates are also in the contract, e.g. the issue of sanctions, new membership etc. In our experience this has been the most used model because there have been support from development partners that have supported capacity gaps in both the exporters and the farmer groups. In this model, about 15 farmer groups have been certified to date in Kenya, and about 10 more are in the preparation phase.

We have also seen a move by some exporters where they are facilitating set up of revolving funds with farmer groups to support compliance and certification requirements once donor projects end, through farmer's proceeds. A good example of a company that has a revolving fund with their French bean farmers is KHE. However, based on resources and personnel availability, it is not yet clear how many farmer groups an exporter can support and control, although one of the largest exporters in Kenya has managed to have 23 farmer groups in one area under this kind of relationship. The certificate is owned by the farmers since it is the farmers who own the produce and all the exporter provides is the QMS. The exporter and the farmer share the EUREPGAP registration number.

Among the exporters interviewed KHE clearly preferred this model, but InduFarm preferred this model but with the certificate under their ownership. Within EUREPGAP certification protocol for Option 2, an exporter cannot be certified just on the basis of QMS unless if he/she also owned the produce. A co-ownership model can however be discussed.

b) Farmer and Service Provider

Figure 3. Farmer and Service provider independent of Exporters



In this model, the service provider develops and owns the QMS and the farmer group agrees to subscribe to its requirements. The farmer group is certified through the QMS (this is a mandatory requirement for Option 2 certification) and the ownership of the certificate is shared between the farmer group and the service provider at times known as Produce Marketing Organizations (PMO). Between the service provider and the farmer group, costs that are incurred towards compliance are agreed, as are deduction methods. The advantage is that the farmer groups are free to choose the exporter to sell the certified crop to since they are not bound by one exporter. In situations of low supply then they are able to fetch the best price. In our experience, 13 farmer groups have been certified under this model, although challenges have been experienced where the service provider has run out of resources to keep his/her part of the contract (thus the QMS is not available any more) either due to, low volumes of produce that do not guarantee his operational costs, or price disagreements with the exporter or loose contractual agreements with the exporter that results in termination of the contract. Some of the groups have since dissolved.

Kakuzi and EAGA preferred this model but with more say and control of the service provider's operations and preferably having ownership in the certificate also. It was not clear how the issue of QMS would be effected, although this could be done through strong service contracts that are drawn to meet EUREPGAP requirements.

Explanation:

The service provider needs to be a registered legal entity with defined policies, roles and responsibilities. It ought also to guarantee the other two entities (exporter and self help groups) of their capacity and logistical ability to organize and give the required technical resource and services to the self help groups towards meeting the EUREPGAP requirements through a due diligence agreement. All the necessary responsibilities, technical resource capacity and competency need to be defined within the QMS and agreed within their contractual/subcontracting documentation as per the EUREPGAP Annex 2.3.

To this end it is recommended that the service provider should provide a one stop shop for all the required technical services for this model to be sustainable and from a technical point of view, in order to ensure control of the QMS and the services. A QMS that would sub contract too many service providers would need to be highly fool proof, and the resources required to monitor many providers from a business perspective would be huge, keeping in mind that the export industry has been experiencing shrinking margins due to

other factors like dollar rates, freight rates, weather related factors and costs related to a multitude of emerging market standards.

Challenges

Based on the above proposal, the following need to be considered:

- a) Up to how many groups an exporter can work with effectively under their QMS without losing control of the standard is still not very clear. Our experience in this area is likewise not conclusive, as to date, we have exporters working with less than 25 farmer groups of between 20-40 members within their current QMS. Hence, the stretch has not been studied. On the other hand we have experience where a service provider held a QMS with 7 farmer groups without strong exporter involvement, which did not sustain beyond six months due to resource constraints.
- b) Resources required to developing the service provider into a credible entity that has the capacity to facilitate compliance and give guarantee of the compliance process to the exporter. This is not quantifiable as we do not have a single service provider success that has been developed to provide this service to exporters or producers. One who had been developed for this service in a French bean project has yet to be a success story.
- c) The relationship between the service provider and the number of groups and the geographical coverage. We do not have experience beyond what is mentioned above relating to how much geographical area a service provider can cover, as experience has been seen in only one area.
- d) Being a business –technical model, how will losses be shared? Since this is the root cause of group break up either through exporter giving up on groups if agreed production is not sustained or through service providers closing their businesses for various reasons, chief of which is cash flow issues related to sales and volume of produce.
- e) Kenya BDS will have the final say on what model fits with their project goals. If the model that uses a service provider to own the QMS with the farmers is opted for, then development of a QMS as per EUREPGAP option 2 requirements has to be considered. Being a new service in Kenya, QMS development in the agriculture sector is not very well understood to date, and many versions of QMS have been developed with prices ranging from US\$ 5,000 to US\$ 50,000 based on various consultants' fees.

EUREPGAP compliance related costs:

There exist a series of costs which must be considered when addressing EurepGap compliance and certification:

- a) Water analysis for microbial contamination approx. Ksh 2,000 per sample. This is to address the EUREPGAP requirement on Quality of Irrigation water. Currently this cost has been picked up amongst others within donor funded programs.

- b) Pesticide residue analysis (MRL): between Ksh 8,000- 20,000 per sample as per the standard's requirement that an annual MRL is carried out by each farm. The groups certified to date had this cost under donor funds.
- c) Soil analysis: approx. Ksh 1,000 per sample, to fulfill the standard's requirement on fertilizer regimes. This cost has likewise been under donor funds.
- d) Internal Farmer group auditor training: approx Ksh15, 000. The standard requires each farmer group to have an internal audit for each of the group members annually before the independent certification audit. This cost is under capacity building programs through donor funds.
- e) Certification fee: Ksh 30,000 for a farmer group of 16 members. This is based on Africert's fees per day, including related costs within a distance that does not require overnight. Some groups have paid this through donor funds and others have paid this through arrangements with exporters.
- f) Other training e.g. Safe Use, Record keeping, hygiene: approx. Ksh 20,000 per group. These are estimated costs, but necessary as per the standard's requirements. These have mainly been through donor funds.
- g) External QMS development of between US\$ 5,000 (local consultants) and US\$ 50,000 (External consultant).

Conclusion

The market access benefits accruing from certification are there despite the fact that compliance to EUREPGAP does not offer any premiums as yet. The following are however intangible benefits that have been realized among small holders following certification:

- With increased earnings and the security of a marketing agreement, maintenance and re-certification costs can be manageable in future years.
- Although some very small-scale growers may not obtain certification, farmers with significant sizes (trees) can provide new employment to neighbors, most of whom are women.
- Farm management has improved and become more efficient and safe, especially with use of protective clothing when handling pesticides.
- Farmers have an opportunity to increase their net income in future, and like many farmers, paying for their children's education is a priority ...“ *money for school fees for their children is the first thing I need to get money for*”, one farmer was quoted.
- Farmers have acquired more skills on Good Agricultural Practices.