

FIT FOR MARKET

STRENGTHENING SANITARY AND
PHYTOSANITARY SYSTEMS OF
THE ACP HORTICULTURAL
SECTOR

SEPTEMBER
2021



FIT | **SPS**
FOR
MARKET



Duration



Countries



Budget



Since January 2021, the FFM SPS programme complements the FFM programme with the same expected results towards smallholders, farmer groups and MSMEs. As a reminder, COLEACP's FFM PROGRAMME assists smallholders, farmer groups and MSMEs to access international and domestic horticultural markets by complying with market and sanitary/ phytosanitary (SPS) requirements.

Fit for Market: Strengthening sanitary and phytosanitary systems of the ACP horticultural sector (FFM SPS)

Duration	Countries	Budget
4 years	ACP Group of States	€ 15 million

The proposed COLEACP FFM SPS programme forms part of the Intra-ACP indicative programme (2014-2020) of cooperation between the European Union and the ACP Group of States, with funding from the 11th EDF, in the focal area of support for medium and long-term policies to build productive capacity, inspire innovation, and enhance the sustainability and competitiveness of the private sector.

New sanitary and phytosanitary (SPS) compliance challenges arise for the ACP horticultural industry, in particular, (a) from the strengthening of plant health rules (under current Directive 2000/29/EC, and the new Regulation EU 2016/2031), which are placing increased demands on inspection services and national plant protection organisations (NPPOs) in ACP countries and (b) from developments under Regulation (EC) 1107/2009, which governs the placing of plant protection products (PPPs) on the market. The 1107/2009 review process is leading to the effective loss of PPPs, affecting the viability and competitiveness of some ACP exports, as well as exacerbating plant health problems and resulting in non-compliances with EU Maximum Residue Levels.

Given their multifaceted dimension, SPS issues are at the crossroad of different policy frameworks.

EU Regulation 882/2004 which is part of the 2004 “food hygiene package” and governs official controls in the food and agriculture industries applies to imported food and feed, it states that the Commission shall promote support to developing countries with regard to food and feed safety in general and with food and feed standards in particular, in order to build the institutional capacity required.

In the context of the EU development cooperation, article 48 of the Cotonou Agreement is specifically dedicated to SPS measures and recognises the right of each Party to adopt or to enforce SPS measures necessary to protect human, animal, or plant life or health. In addition, it calls for the strengthening of cooperation between the parties, through national and regional development strategies with a view to reinforcing the capacity of the public and the private sector of the ACP countries in this field.

The Agenda for Change¹ also recognises the importance of agriculture for developing countries and states that “in agriculture, the EU should support sustainable practices, including the safeguarding of ecosystem services, giving priority to locally-developed practices and focusing on smallholder agriculture and rural livelihoods, formations of producer groups, the supply and marketing chain, and government efforts to facilitate responsible private investment”.

Building capacity in the field of SPS and market requirements also contributes to the objectives of private sector

¹ The EU Agenda for Change; COM(2011)637

development as highlighted in the EC Communication on private sector² and the ACP-EU Joint Cooperation Framework for Private Sector Development Support in ACP countries (June 2014), notably improving business environment and providing support to the private sector in areas relevant for development to harness the opportunities offered by domestic, regional and international markets. This includes building the export capacities of companies and improving the standardisation of their products in order to facilitate access to domestic, regional and international markets.

Likewise, the Joint Africa-EU Strategy highlights the role of agriculture as a dominant economic sector, in which SPS standards play a crucial role in the agricultural trade: *“It is widely recognised that meeting international SPS standards is a key component for advancing the competitiveness and market access of African agriculture and food processing industry. Improving African standards will therefore enable greater access to international markets, the promotion of South-South trade and the diminution of non-tariff barriers to trade”.*

Finally, the proposed programme is fully in line with the new Africa-EU Alliance for sustainable investments and jobs, given the socio-economic importance of agriculture for ACP countries. The new Alliance outlines a series of key actions that include: boosting strategic investment and strengthening the role of the private sector, investing in people by investing in education and skills, strengthening business environment and investment climate, tapping the full potential of economic integration and trade.

PROBLEM ANALYSIS

ACP countries can participate in agricultural trade at local, regional and international level only if they are able to supply the food products competitively and respecting market standards and regulatory requirements. Although most have exported agricultural goods to Europe for many years, the rapid evolution of SPS requirements, as well as market requirements (environmental, social and ethical private standards), represent a challenge for the capacity of ACP countries to export to the EU and other emerging markets.

The stricter application of SPS standards and the growing role of market requirements, in determining access to certain components of the EU market, compound the commercial challenges faced by ACP exporters. Getting to grips with strengthening SPS compliance and simplifying market entry requirements constitute an important area of increased policy attention across many ACP regions.

These trends are requiring ACP producers, exporters and public sector institutions from the quality and regulatory infrastructure to be increasingly flexible and dynamic in responding to what is a highly diverse market, addressing SPS challenges cost-effectively and raising quality standards, among others adaptations. SPS and market requirements compliance can be seen as both a constraint and an opportunity, as it helps to modernise agricultural processes and increase international and intra/inter-regional trade, as well as ensuring that there is safe food to eat in the domestic markets.

As a private sector player, with experience of creating market linkages and delivering trade and production-related capacity building for public and private sectors, COLEACP is well placed to act as agent in supporting development of the ACP horticultural industry, as well as in partnering with local and global companies to help deliver on development goals and stimulate investment.

The COLEACP proposal aims to support growth while increasing the resilience, inclusiveness and sustainability of ACP horticultural value chains through the provision of technical assistance and policy guidance. The experience of COLEACP over the past 20 years has allowed it to identify some of the main constraints to be addressed. As they grow activities, companies are facing increased challenges in the form of new and more stringent SPS and market requirements which have a direct impact on the capacity of ACP countries to sell their horticultural products on regional and international markets. The more recent challenges arise in

² A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries COM(2014)263

large part from evolving EU SPS regulations including the strengthening of plant health rules, and regulations governing the placing of plant protection products (PPPs) on the market. Many horticultural producers, farmers' organisations, MSMEs, local experts and competent authorities lack the skills to tackle these issues, preventing them from exploring new opportunities for public-private partnerships, market-based solutions, and additionality.

Sustainable intensification is at the core of the FFM SPS programme – to increase production while minimising negative impacts on climate, ecosystems and the productive environment. FFM SPS also addresses the social and economic dimensions of sustainability, including livelihoods, economic viability, social justice and inclusiveness.

OBJECTIVES AND BENEFICIARIES

The **overall objective** of the proposal is to reduce poverty, improve food security and food safety, and ensure sustainable and inclusive growth by strengthening the agri-food export sector in ACP countries.

The **specific objective** is to enable smallholders, farmer groups and organisations, and MSMEs to access international and domestic horticultural markets by complying with SPS issues and market requirements, in a sustainable framework.

These objectives will be achieved by increasing the resilience, inclusiveness and sustainability of ACP horticultural value chains. The proposal builds on 20 years of experience and success with the COLEACP model, working with private and public sectors in the delivery of technical assistance.

The direct **beneficiaries** are referred to as:

Target operators, which include:

- Horticultural MSMEs (including outgrowers, brokers/intermediaries and transporters linked to the value chain in formal markets)
- Farmer groups/cooperatives (hereby referred to as farmer groups)
- Smallholders linked to formal markets

Support services, which include:

- Consultants and consultancy companies
- Farmer organisations/associations (with a representative function; hereby referred to as farmer organisations)
- Professional associations
- Training centres (technical and educational institutions; universities)
- Certification bodies, auditors
- Smallholders support structures such as NGO, public or private extension services, local support programmes for small producers, ...
- National/Regional Technical Working Groups

Competent authorities

At national level, including official controls, develop and implement SPS regulations and, more generally, SPS strategies. Official controls are defined as any form of control performed by the competent authority for the verification of compliance with feed and food law. The implementation of SPS systems and official controls as defined in the EU legislation requires a coordinated application of resources within an appropriate organisational structure.

Regional Economic Communities (RECs)

Play a key role to strengthen the intra/inter-regional trade. Lack of compliance with SPS measures is however a major problem that undermines intra-regional trade. In order to address these problems, RECs often support a regional approach to SPS issues and are as such identified as beneficiaries of the proposed programme

Indirect beneficiaries include local and EU purchasing and retail companies (stimulating investments); local and EU consumers, and rural communities.

Activities are designed around COLEACP's sustainability framework, which consists of three central elements:

- a Sustainability Charter that ACP suppliers can sign up to on a voluntary basis, based on seven key principles (see box)
- a sustainability training programme tailored to the ACP horticultural export sector
- a self-assessment system with key indicators to provide evidence of progress in adopting good practices and addressing the principles of the sustainability charter.

COLEACP's Sustainability Charter

As producers, exporters and importers in the ACP horticultural industry exporting to the EU, we are committed to running our operations in a sustainable way. We understand sustainability as an ongoing process towards growing the economic, social and environmental wellbeing of all those we touch with our operations: customers, consumers, workforce, suppliers, and local communities and stakeholders.

We acknowledge the role that our industry can play in achieving the UN Sustainable Development Goals and commit to do business in a way that helps promote these goals. We particularly recognise the role we can play in up-skilling workers and managers in the agricultural and horticultural sector, leading to better economic, social and environmental outcomes for our industry and the communities we work in. We also recognise the importance of our industry for food security, and of rural development as a driver for wider economic and social development.

We recognise that sustainability requires ongoing commitment of us, as individual businesses, as well as working together with others.

This Charter sets out our commitment to sustainability based on seven key principles:

- complying with the law
- behaving as good corporate citizens
- being good business partners
- ensuring good labour conditions
- protecting the environment
- ensuring high product quality
- using best agricultural practices

Capacities of smallholders, farmer groups and organisations, and horticultural MSMEs, to access international and domestic markets are strengthened through compliance with SPS measures and other market requirements

FFM SPS works with smallholders, farmer groups and horticultural MSMEs to strengthen their ability to access local and international markets by complying with SPS measures and other market requirements. Activities cover all relevant stages from production through to processing, marketing and export.

COLEACP's established cascade (training-of-trainers) approach to reaching producers is accompanied by coaching to put training into practice, as well as customised support to meet specific needs of individual companies and groups. Training modules, covering food safety, sustainability (social and environmental), and plant health, take market trends into account and evolve to help companies keep up-to-date and adapt to changing regulations, private standards and buyer demands.

COLEACP's existing crop protocols and guides cover 90 per cent of EU-ACP horticultural export flows. They are maintained and updated to keep the ACP industry informed of changes to SPS regulations and international standards. The programme also benefits from the COLEACP network of over 1000 ACP service providers, many of whom are already trained in key areas (e.g. food safety, social accountability and teaching skills). This approach ensures the localisation of support; the availability of quality, up-to-date expertise; the timely and cost-effective mobilisation of experts; and the durability of expertise at ACP level.

Smallholders, farmer groups and organisations, and horticultural MSMEs have the business skills and tools to be efficient, profitable and inclusive.

COLEACP, through FFM and FFM SPS programmes, developed basic and intermediate-level training courses tailored to company business models, capacity and aspirations.

- Basic-level training provides the tools, knowledge and skills to:
 - migrate from an agricultural holding to an appropriately positioned business;
 - run a more efficient and profitable enterprise;
 - understand financial services.
- Intermediate-level training provides the tools, knowledge and skills to:
 - become efficient and profitable;
 - access financial services;
 - manage and sustain an agricultural business;
 - build resilience.

A further training module supports business decision-making so that companies have the necessary knowledge and information to make informed choices. This helps companies understand and evaluate their current business strategy as well as assess alternative models, and to fully understand the potential implications of change (e.g. in terms of risk and investment). It also helps companies identify and make informed decisions about opportunities, including adding value to produce destined for domestic and/or export (regional and international). ACP businesses also receive support to help them apply inclusive business models.

Linkages between smallholders, farmer groups and organisations, and horticultural MSMEs are reinforced.

Through FFM SPS, COLEACP also works to enhance mutually beneficial links between smallholders, farmer groups and horticultural MSMEs, including outgrower schemes and contract farming. This strategy is based on a number of principles:

- recognising the particular constraints and challenges facing smallholders and ensuring they are taken into account in setting regulations and commercial standards
- supporting business decision-making to give target operators the knowledge and information they need to make informed choices when applying inclusive business models
- increasing support to horticultural MSMEs that source from small-scale producers, and dedicating resources to contribute to their upgrading (e.g. more favourable cost-sharing)
- supporting public and private organisations involved in training and support for small producers
- supporting capacity building and training for farmer groups to allow them to independently access formal selling channels and to build their negotiating capacities in relation to MSMEs.

Solutions for smallholders must be flexible and adapted to the needs of specific production systems, regions and cultures. COLEACP develops generic solutions that can be customised according to the local context.

Competent authorities have an enhanced capacity to support the horticultural sector, ensuring management and enforcement of SPS standards

In the international trade of plants, plant products, and food of non-animal origin, competent authorities and official control systems remain important areas for improvement. Capacity building is needed to ensure that they operate efficiently, independently, transparently, and in conformity with the relevant international and regional standards. FFM SPS will address this need by targeting food safety, plant health, and national capacities for SPS troubleshooting in horticultural value chains. It will include (a) the upgrading of SPS capacities and (b) improved functioning of SPS systems in order to facilitate trade and ensure safe food for local and regional consumers.

(a) Upgrading SPS capacities

Activities will focus on upgrading SPS capacity within national competent authorities (inspection services, national plant protection organisations, border controls, and national/regional PPP regulatory authorities); as well as laboratories and extension services. Support will be delivered through training and technical assistance, building on the framework and training modules developed under the PIP and EDES programmes. This will be directed, in particular, at resolving high priority SPS problems associated with high numbers of non-compliances at EU border controls. SPS-related interceptions in recent years have highlighted the need to tackle plant health and pesticide MRL non-compliances more effectively at the country of origin, requiring a concerted effort by both private sector operators and public authorities. The challenges are increasing with the introduction of new EU plant health measures (with more stringent import rules and requirements concerning high risk commodities and phytosanitary certificates), and are exacerbated by the evolution of EU plant protection products (PPPs) regulations governing approvals and maximum residue levels (MRLs).

Support will pay particular attention to known problem areas where there are major threats to future trade. This includes value chains particularly affected by changes to EU plant health rules, including mango and capsicum, as well as new and serious pest problems, notably the Tropical Race 4 strain of *Fusarium oxysporum* f. sp. *cubense* (TR4) that affects many cultivars of banana, including Cavendish. In the case of TR4, this is a real and serious threat to the livelihoods of many thousands of producers and workers, most notably in local and regional trade.

According to demand and need from specific ACP countries, COLEACP will support a review of national SPS regulatory and governance frameworks. Where problems are identified, it will advocate for good governance practices and provide advice on reforms needed. The focus will be on countries that are facing greater SPS challenges, or which are new to the programme and at early stages of development in terms of national SPS systems. The review will be based on the “Prioritizing SPS Investments for Market Access (PIMA)” methodology developed with STDF support to set SPS investment priorities.

(b) Improving the functioning of SPS systems

The programme will focus on improving the efficiency and effectiveness of national SPS systems using, as a framework, the development of SPS Good Practice Guides in horticultural value chains. These guides are developed using a practical value chain risk assessment tool, developed by the EDES Programme, to facilitate and enable SPS measures to be implemented in practice by all stakeholders at all stages of the value chain. The guides provide a process for public and private stakeholders to engage and conduct value chain risk assessments, allowing them to jointly agree where SPS mitigation measures are most needed. This approach will enable stakeholders to identify and address constraints that are preventing SPS regulations and standards from being implemented and embedded in local (and potentially regional) value chains.

The process is by nature participatory, bringing together representatives from key public and private sector bodies. In the first stage, “skeleton” guides are drafted from a literature review and value chain analysis, and aligned with international standards, regional trade agreements, and harmonised SPS frameworks. In a second

stage, public-private stakeholder platforms (including national SPS Committees) are supported to conduct value chain SPS risk profiling and risk analysis. This allows key stakeholders to work together to identify and agree on the gaps and obstacles that exist in the current policies, regulations, procedures, and practices. Finally, once these constraints are identified, the stakeholder platforms can reach consensus on appropriate mitigation measures.

Development of Good Practice Guides by the national stakeholder platforms and SPS Committees will also provide an opportunity to strengthen the functioning of the committees themselves. The extent to which they are able to capture and reflect the needs of their constituencies, and to influence policy, is included in the risk assessment. Of particular importance is the involvement of the private sector. Achieving more effective institutional engagement with the private sector will ensure that policy and implementation of SPS measures is better aligned with the priorities and constraints of operators, in particular SMEs, in key value chains. More effective involvement of private sector organisations in these national platforms will also improve their ability to represent the views and interests of their members, and to raise trade-related concerns at the level of national, regional and WTO SPS Committees.

Where there is a clear demand and need, with concerns in high priority trade and export sectors, the Programme will support the development of SPS Good Practice Guides to strengthen the implementation of SPS measures.

The main deliverables from the process will be:

- good practice guides, developed using the COLEACP value chain risk assessment tool, to address key SPS constraints in priority value chains
- improvements to the value chain risk assessment tool, so that it could subsequently be adopted and rolled out at a national or regional level by other actors, for other sectors and value chains, for example to assist the implementation of regional trade agreements
- active involvement of the private sector in national SPS Committees
- improved engagement of the private sector in policy-making (reflected by the number and quality of trade concerns raised and resolved at national, regional and WTO SPS Committees)

Technical innovation and research brokerage generate the knowledge and technologies needed to supply safe and quality horticultural produce in line with regulations and standards

The Joint Africa-EU Strategy on Agricultural Research for Development (AR4D) in sustainable agriculture and food and nutrition security highlights the need for complementary investment to manage knowledge from research and innovation, disseminate knowledge and technologies to farmers, and develop the capacity of beneficiaries to innovate and use research outputs.

The High Level Policy Dialogue (HLPD) on Science Technology and Innovation launched as a first priority the EU-Africa Research and Innovation Partnership on Food and Nutrition Security and Sustainable Agriculture (FNSSA) which links to the Comprehensive African Agriculture Development Programme (CAADP) and the Science, Technology and Innovations Strategies for Africa (STISA). All these initiatives are mainstreaming research and innovation in a multi-actor approach of linking farmers, advisors, businesses and civil society organisations to researchers to facilitate concrete innovation stories, build capacities on the continent and mobilise resources for agri-food research and innovation. In 2017/2018 around 40 research and innovation projects have started and will collaborate in clusters. COLEACP will build on its experience as a partner in PAEPARD, and will continue to coordinate and contributes to the ongoing dialogue as a member ARCH, EFARD, and GFAR.

FFM SPS will broker adaptive research and innovation, bringing together the public sector, national and EU research programmes, producers, and multinational companies, to address specific SPS needs in the context of food systems, notably in the area of crop protection and sustainable production. It will build on earlier work conducted under the EDF-funded PIP programmes to provide ACP suppliers with the crop production

and crop protection technologies needed to comply with regulatory and commercial requirements, use best practice, and supply safe food on a competitive and sustainable basis. It may also incorporate new research and innovation opportunities that arise including block chain technologies (traceability), the “industrial internet of things” (data capture and communication), and the “next generation of sequencing” (testing of quality measures), that strengthen ACP SPS systems.

Research is essential to address the challenges of poverty, hunger and under-nutrition in ACP countries, but taking the research results through to adoption and impact remains a major challenge. This Result will promote innovation and dissemination of outputs to end users, in particular small-scale farmers and SMEs. It will achieve this by brokering innovation and partnerships to adapt and apply novel products, processes, and technologies, and ensure that solutions are available to those who need them.

There will be a particular (but not exclusive) focus on crop protection. While most growers use Integrated Pest Management (IPM), the use of Plant Protection Products (PPPs) remains a mainstay in export supply chains, allowing operators to meet the price, quality, consistency and volumes demanded by global buyers. Fresh produce has a short shelf-life and is subject to strict demands in terms of quality attributes. However, in tropical countries, where pest and disease pressure is high, pest management is becoming increasingly challenging due to regulatory and market demands that severely restrict access to PPPs for horticultural (minor) crops. This is making trade across borders difficult, a problem highlighted by the WTO SPS Committee, ECOWAS, and other key players.

The urgent need for crop protection innovation in export crops arises from (a) the introduction of more stringent EU plant health rules (current Directive 2000/29/EC, and the new Regulation EU 2016/2031), and (b) the evolving EU PPP regulations including Regulation (EC) 1107/2009 (which governs the placing of plant protection products (PPPs) on the market) and Regulation (EC) No 396/2005 covering pesticide maximum residue levels (MRLs). The 1107/2009 review process is leading to a dramatic loss of PPPs, affecting the viability and competitiveness of some ACP exports. Growers increasingly lack access to effective, available and affordable pest control options, often rendering compliance with new plant health rules extremely difficult, and increasing non-compliances with EU MRLs. Minor crops in ACP countries represent a relatively small market so manufacturers and input suppliers are less inclined to invest in new solutions. During the PIP Programme, COLEACP played the role of innovation broker and demonstrated that, though a facilitated process, it is possible to develop a multi-actor programme of activities that brings solutions to a stage when they can be registered and adopted by ACP growers. It requires inputs from (and the creation of links between) global manufacturers, ACP growers, EU and ACP researchers, and ACP regulatory authorities.

Deliverables will include:

- identification, testing and adaptation of technologies in the local context. For example, defending or extrapolating existing EU MRLs; establishing EU Import Tolerances (ITs); supporting CODEX MRLs for local and regional trade; establishing GAP under local conditions for new MRLs or products; supporting and facilitating local registration of new products, including bio-pesticides ;
- capacity building of ACP research organisations ;
- capture and relay of research needs ;
- packaging of research and innovation outputs into a form appropriate for end-users.

Conditions for market access and competitiveness in ACP horticultural value chains are monitored and ACP interests are represented

In parallel, FFM SPS will focus on identifying and monitoring decisions, policies and trends that have a potential impact on competitiveness and market access for ACP suppliers. This will cover regulations (food safety, plant health, environment, organic); the business and commercial environment (international standards, regulations, private standards, buyer practices, competing origins) as well as the donor environment (development programmes and practitioners). Finally, strong mechanisms will be set up to follow value chain performance. By doing so, the programme will have evidence that there is an impact on poverty reduction and economic growth, that building capacity of target operators leads to tangible outcomes in terms of job creation (including women), income generation, and increased sustainable local and global agri-trade.

FFM SPS also addresses the need to (a) build the organisational and institutional capacity of private sector associations to better represent the views and interests of their members; (b) create routes for them to have a real voice in policy formulation in a trade-critical area, and (c) create a framework for joint working to implement SPS measures on the ground. Private sector associations will be strengthened in order to lead on-going dialogue between public and private stakeholders on SPS regulations, standards, and compliance. Initiatives to upgrade and harmonise regional SPS activities without a clearly defined demand or buy-in from the private sector have experienced reduced success and sustainability of outcomes. Capacity building of the sector associations will be achieved primarily through their hands-on involvement in the development of the sector good practice guides. Sector associations are represented in the National SPS Committees, who drive the process. The proposed activities will be presented, discussed and represented at regional SPS Committees and side events. Engagement with regional bodies from the outset is essential to secure buy-in and eventual adoption of the harmonised good practice guides both as a tool for the value chain analysis and risk assessment, as well as the guides themselves for the effective implementation of SPS measures.

Furthermore, FFM SPS will further develop the capacity of COLEACP to advocate and lobby on behalf of the ACP horticultural sector towards regulators, policymakers, standard-setters, and value chain stakeholders. In particular this will help to: (a) orientate programme support to ensure it remains in line with evolving market demands and trends; (b) trigger preventative actions or “troubleshooting” in the event of non-compliances; (c) ensure ACP interests are represented by challenging unnecessary or unfair demands, practices, or market access barriers (amongst which SPS); (d) strengthen the ACP capacity for lobbying and advocacy; (e) monitor the programme’s impact on poverty reduction and economic growth.



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