



Trade Standards Practitioners Network (TSPN) Workshop
*“African Smallholders and the Challenge of Assured Compliance:
What Have We Learned From Our Interventions?”*
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EUREPGAP Option 2 Group Certification:

Opportunities and constraints for smallholder
involvement

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Outline

- I) What we don't know - areas of debate**
- II) GTZ's approach**
- III) Lessons learned from Ghana and Kenya**
- IV) Donor interventions: DOs and DON'Ts**
- V) Outlook**

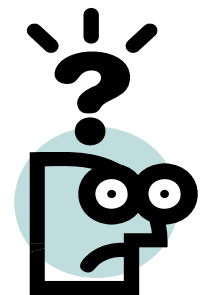


I) What we don't know- areas of debate

Exports of EUREPGAP - certified commodities to high income countries likely to increase welfare of rural households

But..

1. Can small producers outweigh competitive disadvantages to play a role in high quality (standard-driven) supply chains?
2. Is EUREPGAP's option 2 (group certification) an effective tool for increasing smallholders' market share in exports?
3. Which alternatives exist for smallholders?





I) GTZ's approach

Steps

1. Elaboration of a generic manual on how to implement the ICA (Internal Control System) as required under option 2
2. Local adaptation and monitoring of implementation process: 5 pilot projects in three continents
3. Comparison of results with other alternatives for smallholders
4. Formal discussion with the standard owner via „Africa observer“
5. Holistic Approach: other areas of intervention

→ ***Targeted intervention in identified support areas***





II) Lessons learned in Ghana and Kenya

Costs and benefits of compliance

- Quantitative findings largely vary
- Lack of common methodology for economics of compliance
- Simple approach for cost/benefit estimation for smallholder groups required
- High relevance of economies of scale and scope:
 - minimum farm size and productivity for profitable group certification
- Case study Ghana (scenario of non-support):
 - cost of compliance ~10-20% of production costs
 - dependency on higher export prices





II) Lessons learned in Ghana and Kenya

Cost components

- Sustainable compliance to EUREPGAP requires intensive initial **and** ongoing training/extension activities to farmer groups: to be provided through donors or by private service providers
- High requirements mainly with regard to the Quality Management System (QMS)
- African scenario: inspectors (internal/external) rarely available at national level: rise of costs
- Opportunity costs for training (time) often underestimated
- High interest rate loans (relevant in start-up phase)





II) Lessons learned in Ghana and Kenya

Internal group characteristics for successful option 2 certification

- Cohesiveness and leadership
- Commitment of members
- High level of trust within farmer group
- Group size
- Level of agronomic and managerial skills
- Level of education





II) Lessons learned in Ghana and Kenya:

External settings / institutional environment of farmer group

Stable relations with an exporter as crucial requirement

- Reduce risk of not selling at export prices
- Cost-sharing to meet expenses and/or
- Obtain inputs, managerial support and technical extension through exporter
- Built-up trust between both parties

General institutional infrastructure

- Access to governmental and/or donor support
- Access to service providers





III) Donor intervention

„Let's get the groups certified!“ ...?

Support **only** after careful group selection, clear statements of stakeholders' mandates and roles

To avoid...

- Groups missing or not sustaining certification
- Certified groups not linked to export markets
- Pushing farmers into inappropriate situation to their condition



III) Donor intervention

GTZ's DON'Ts

- Isolated approach just to get farmer groups through certification process
- Benchmarking new national standards to EUREPGAP
- Promoting EUREPGAP option 2 as **generally** beneficial for smallholder groups
- Disregarding importance of exporters' involvement and commitment
- Considering EUREPGAP a mere private sector issue

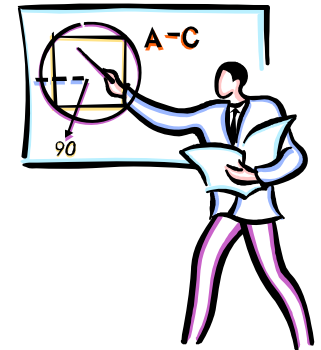




III) Donor intervention

Recommended areas of intervention

- Training of Trainers (ToT) of public and private service providers to reduce costs for training, internal inspection and technical extension
- Public training shareware
- Further collaboration with EUREPGAP to facilitate option 2 compliance process (and other fields)
- Improving institutional framework through stakeholder involvement
- Policy approach





IV) Outlook

Rapid expansion of EUREPGAP requires quickest possible answers

Areas of collaboration with TSPN partners

- Development of an agreed methodology to address economics of certification, especially option 2 certification
- Sharing experience of EUREPGAP implementation within smallholder schemes to „Africa Observer“

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Thank you for your attention.

commissioned by



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