

**EXPERIENCES IN ADJUSTMENT TO PRIVATE STANDARDS IN KEY  
EXPORT MARKETS.**

*A Case of Uganda*

**By:**

**MUSA .K.MUWANGA  
CHIEF EXECUTIVE OFFICER  
NOGAMU, UGANDA**

**A PAPER PRESENTED AT THE SADC REGIONAL WORKSHOP ON  
PRIVATE STANDARDS, 5<sup>TH</sup> -6<sup>TH</sup> NOVEMBER 2008, ST. GEORGE HOTEL,  
PRETORIA, SOUTH AFRICA.**

**CONTACT EMAIL: [mkmuwanga@nogamu.org.ug](mailto:mkmuwanga@nogamu.org.ug)**

## **Introduction**

There has been an upsurge of private sector standards and codes of practice in Key export markets in recent times that have been passed down the supply chain to suppliers in developing countries. Although these private standards are not legally binding in a regulatory sense, they are increasingly becoming mandatory in a sense, largely because of the market power of large globally acting retailers and importers. It has been observed that several of these standards especially those related to food do combine several parameters including food safety, environmental health, social aspects such as workers health and safety etc and this is making compliance especially in developing countries (producers and exporters) rather difficult, costly and also presents a scenario where the capacity and systems to comply are inadequate or lacking.

There is also a growing discussion especially at the World Trade Organization, WTO (committee on sanitary and phyto sanitary measures) that private sector standards are becoming more stringent than public sector regulations and that they are in effect becoming non tariff barriers to trade and that may close the door to small scale producers in developing markets.

## **Realities in the Market**

There has been a growing consumer awareness and concern for food safety especially in the developed export markets. This has also been heightened by the experiences from a series of food safety scandals that have rocked the food industry over the past decade and shaken the consumer confidence. As a response, a series of regulations have been enacted in the export markets to control food imports and guarantee food safety.

In the EU for example a number of regulations have been put in place, prominent among them include;

- The 1993 European directive on hygiene of food stuffs (no. 93/43) which emphasized the prevention of risks that led to food poisoning, and analysis of food safety risks using the HACCP principle.
- Regulation EC 178/2002 which compels Mandatory traceability of the whole agricultural and agri food sector through out the food chain as from 1<sup>st</sup> January 2005, and demands that all actors from farm to fork (on a one up and one down principle) have a responsibility of placing on the market only food that meets the requirements concerning users health and safety, commercial integrity and consumer protection.
- The EU directive EEC no. 85/374 of 1985, as amended by directive EC 1999/34 of the European Parliament and council, which places liability of any defective product to the producer i.e. it pre supposes that “a producer shall be liable for damage caused by a defect in his product”.
- The UK food safety act of 1990 for example requires all food sector operators to do what must be done with full awareness and responsibility to avoid the commission of a food safety related offence and that it will be

a defense of the operator to demonstrate that he exercised due diligence to avoid the commission of the food safety offence.

In response to all the above, operators in the food chain (importers, distributors, retailers etc) have put in place several standards/codes of practice to demonstrate “due diligence” attitudes at all stages of production, processing, packaging, transport and shipment. The stringent nature of these private requirements have been compounded and stimulated by the absence of comprehensive mechanisms/capacity systems in the supply countries, majority of them being developing countries to address food safety issues at the pre-farm gate and immediate post-farm gate stages of the supply chain, in order to demonstrate due diligence.

In addition to food safety issues, the market has also witnessing an increasing consumer consciousness on environmental, social and other attributes of the food they eat. Coupled with growing discussion on climate change as a result of challenges of environmental destruction ,issues of global warming, destruction of soils and pollution of water systems resulting from the injudicious use of pesticides as well as issues related to worker health, safety and fair treatment and remuneration of small scale producers, it is not only enough to present a high quality product to the market, consumers are also asking for some moral responsibility with regard to the environmental and social dimensions of the products they eat ( what has been termed the moralization of the market).

The retailers are responding to the above issues by setting standards/codes to demonstrate that they are responding to this consumer trend.

The emergence of sustainability standards (most of them private) is a direct recognition of the above market trend;

As a result private standards such as

- Global Gap (formerly EUREPGap)
- Private Organic standards
- Utz
- Fair-trade/ Ethical etc., are becoming de-facto mandatory standards

### **Uganda’s Experience in complying with private standards.**

Uganda is a predominately an agricultural country with agriculture contributing close to 40% of the GDP and employs over 85% of the population. Over 95% of the farmers are small holders living in rural areas.

The agriculture sector accounts for over 90% of all export earnings dominated by traditional crops like coffee,cotton,tea,Tobacco but over the last 2 decades there has been intensified production of horticultural products ( fruits and vegetables) and flowers for export ,with the sector growing at about 33% per annum in the last 5 years. Europe remained the main export market for the horticultural products accounting for 70% of all the horticultural exports, the bulk of them going to whole sale and ethnic markets.

Uganda's experience in adjusting to private standards in key export markets can be summarized in findings of two recent studies carried out by UNCTAD (*Reflecting National circumstances and development priorities in National codes on Good Agricultural Practices that can be bench marked to EUREPGAP: The case of Uganda- JUNE 2006*) and FAO (National Consultation on the Development and Implementation of a National Gap programme in Uganda – UGA GAP Jan 2007).

The two studies highlighted the following important findings:

- 1- That Horticultural exports are growing at an average of 30% per annum and represent a major source of income and livelihood to smallholder farmers
- 2- About 99% of horticultural export products in Uganda (and about 70% in Kenya) come from small holder producers.
- 3- There is increasing difficulty of both the small holder producers and the export companies to comply with the EU and other international Market requirements.
- 4- Almost all exporters working with the smallholder farmers had met the minimum legal requirements regarding traceability under EU regulation (EC/178/2002), largely through the support from the EU Pesticide Initiative Programme (PIP).
- 5- There was no export company in Uganda by the end of 2007 that had attained EUREP GAP ( now Global GAP) certification (now 2 companies are certified)
- 6- The above explained the reason why entirely all horticultural exports from Uganda were destined for whole sale markets (such as the New Spitafield market in the UK) and other ethnic outlets. They could not meet the supermarket requirements of a minimum of a Global Gap Certification.
- 7- There was generally low levels of awareness among the stakeholders in Uganda about food safety requirements ad GAP, and quite often there was a lot of mix up in knowledge with regards to mandatory requirements (e.g. EC 178/2002) and Private standards requirements e.g. Global Gap. This mix up or lack of understanding was prevalent among both the public institutions as well as the private actors.
- 8- Poor or lack of the basic physical and system product handling infrastructure among the small holder farmers and exporters was largely responsible for the inability to meet the private standards especially with regard to both vertical and horizontal traceability, as well as social and environmental requirements.
- 9- The Lack of focused organization among smallholder farmers in Uganda (except in Organic Certified projects), was making compliance to standards and delivery of extension services in line with food safety and GAP difficult.
- 10-Low government investment in food safety and absence of clear and holistic national GAP programmes, making compliance uncoordinated and

- always reactionary, and related certifications expensive to small holder farmers and the entire industry.
- 11-Poor coordination among the public (competent authorities) and private stakeholders on issues related to food safety and GAP ,leaving the competent authorities behind as regards knowledge of current issues, developments and trends in the export markets, and hence unable to develop programmes that respond to the current realities of the market.
  - 12-Some of the private standards' requirements were unrealistic to the local small holder conditions in Uganda making compliance difficult or impossible.
  - 13-Most public/Private sector responses to meeting private sector requirements were reactive rather than being pro-active in addressing the root causes of the non compliances (mainly infrastructurare, organization and building of compliance systems.)

### **Conclusions and lessons learnt from the Ugandan scenario.**

Compliance to private standards by the predominately smallholder farmers require a comprehensive approach, covering;

- Organising smallholder farmers into stable product focused groups to allow coordinated /orderly extension and investment in basic farmer based infrastructure as well as allow group certification.
- There is a need to Design /build simplified /customized farmer based Quality management systems (internal control systems) among the groups to facilitate traceability and overall compliance to standards.
- Develop /invest/improve quality assurance /product handling infrastructure right from the farmers groups. And along the entire chain. (Both physical infrastructure and system infrastructure including establishing reliable and internationally accredited inspection, certification and laboratory services.
- Provide and establish focused trainings and extension services in food safety and GAP, targeting the small holder farmers and other actors along the entire chain.

### **The question is who should make these investments?**

The other challenge was that Private standards like Global GAP did not offer additional incentives like a premium if compared to other environmental standards such as organic.

It was also noted that there was a need to explore and consolidate other opportunities for smallholder farmers such as organic and the emerging regional markets that were less stringent. Although these are also catching up fast on requirements as the consumers become more aware.

In conclusion, a close partnership between the public and the private sector is important in realizing the required improvements for compliance in developing countries. The example exhibited in the development of the regional Organic sector in East Africa, where the East African Organic Products standard was developed by very active coordination and partnership of public and private sector supported by the joint UNCTAD-UNEP-CBTF project can be emulated.