

Making GLOBALGAP smallholder friendly: Can GLOBALGAP be made simpler and less costly without compromising integrity?

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Key messages

- **Small-scale growers (SSG) in sub-Saharan Africa (SSA) have found sustained GLOBALGAP compliance challenging, with over half exiting formal involvement in export horticulture**
- **The most successful GLOBALGAP-compliant SSG schemes are highly committed to a commercial farming approach, well organised in well-managed producer groups and linked to a large well-resourced export company.**
- **Most small-scale production for export in SSA would fall into low-risk categories for food safety.**
- **Costs of compliance could be reduced if the standard were revised based on a clear understanding of the food safety risks associated with different crops and production practices.**
- **Adopting SSG-friendly recommendations will reduce GLOBALGAP compliance costs to SSG by 45 per cent in the first year and 11 per cent over a five-year period.**

GLOBALGAP has become the most successful family of PVS for primary production of a wide range of agricultural products with over 80,000 certified producers in 80 countries. Overall the content of the fruit and vegetable modules (all-farm, crop-base and fruits and vegetable) is well-designed and fit for purpose when applied to large-scale commercial growers; however the experience for SSG in SSA has been less positive. In Kenya, over half of the SSG have dropped out of the GLOBALGAP-compliant supply chain in a single year. This paper reports research examining the potential to support the sustained participation of good smallholders in supply chains governed by GLOBALGAP without compromising food safety.

GLOBALGAP and smallholders in SSA

Smallholder experiences of GLOBALGAP have been far from uniform. Yet, the most successful GLOBALGAP-compliant SSG schemes have several common factors. Farmers in the scheme are highly committed to a commercial farming approach, being organised in well-managed producer groups and linked to large well-resourced export companies. Here, the exporter does more than just buy the produce; they provide extensive technical support and co-invest in compliance. Typically the exporter both meets the bulk of the compliance costs and manages the more complex elements of the standard, such as operation of the Option 2 QMS scheme, risk assessments and much of the organisation behind the documentation and traceability components of the system.

It is significant that SSG not well supported by their exporter struggle with GLOBALGAP. Evidence from Kenya has shown that most either fail to certify or drop out of the compliance system within one to two years of being certified. The most common cause of individual grower withdrawal from GLOBALGAP is an inability to deal with the complexities of the standard and the high costs associated with compliance. Even growers linked to large export companies have lost out, as high costs for testing pesticide residues on every farm site or plot can make continued procurement from SSG unattractive. In these cases the exporter changes their procurement strategy and tends to focus on a

small number of large commercial farms.

What do smallholders and exporters think about GLOBALGAP and smallholder compliance?

Surveys of SSG in Kenya showed that virtually all SSG saw many advantages in being GLOBALGAP compliant and wanted to be certified if problems with high costs and complexity of some control points could be resolved. Similarly exporters said that SSG were a valuable part of their export strategy and did not wish to stop procuring from them. One exporter summed up the general level of concern as follows "We must put up a strong case for changes to the standard, otherwise we are going to wipe out the supply chain."

Can GLOBALGAP be made simpler with reduced compliance costs?

To produce a truly SSG-friendly standard that SSG could operate cost effectively without external support is probably impossible. To make compliance content requirements specifically address the needs of SSG would undermine the integrity of the standard thus making the modifications unacceptable to the buyer of the end product. Rather, a balance is required between the desire of the production end of the supply chain for simplicity and reduced compliance cost, and the buyers' desire for high levels of control and guarantees of integrity.

During our interviews with exporters and producers in Kenya the following suggestions for improvements to GLOBALGAP were provided.

Risk based assessments

Overall costs of compliance could be reduced if the standard was revised so that the level of control was based on a clear understanding of the risks associated with different crop types and production practices. Most small-scale production in SSA would fall into low-risk categories and thus merit a reduced level of control with consequent savings on compliance costs.

The biggest single cost-reduction measure could be achieved by reducing the requirements for pesticide residue testing to a realistic level on the basis of a practical understanding of the level of risk on the farm. Costs could also be reduced by reducing the frequency of inspection to every two years and/or reducing the number of farm sites visited under Option 2 for growers with low risk operations who have a proven track record of compliance for at least two years.

Safety and traceability

Costs could be reduced if sharing of first aid kits and trained first-aiders were permitted in areas where large numbers of farm sites are clustered together.

Allowing vertical traceability to the level of the producer group rather than to individual growers, who may produce very small volumes, would also decrease costs. The cost of plant protection product stores could be reduced by removing the fire resistant requirement for SSG chemical stores. For instance, locked metal cabinets may be appropriate for producers handling such small volumes of chemicals.

The cost of field toilets could be reduced by 60 to 80 per cent by providing clearer guidance on the design of toilets permitted under the standard and making provision for low-cost options.

There is potential for some simplification of GLOBALGAP and significant reductions in cost if modifications are made to some control points and ***the level of control applied is related to evidence-based assessments of the real risks associated with particular crops and production practices***. However, there must be willingness for change on the part of the standard owners and capacity to make compromises where suggested modifications could result in small reductions in the integrity of the standard. Even with the suggested modifications SSG groups will still need a well-resourced exporter who can assist in managing complex areas such as the Option 2 QMS system

.What will be the advantages for SSG if the proposed modifications to GLOBALGAP are accepted?

To give an idea of the potential scale of savings a 'before and after' comparison has been made for a hypothetical group of Kenyan SSGs growing fine beans for export to the EU (based on real field data). This group consists of 750 growers in a GLOBALGAP Option 2 scheme with an average plot size of one hectare of which 0.01 hectares is dedicated to an export crop of green beans. There are 60 collection centres and a single exporter. A few of the key savings are shown in Table 1¹.

In this example with a SSG-friendly version of GLOBALGAP, implementation costs in the first year would be reduced by £241,425 to £1,017,993 - an overall reduction of 20 per cent when compared to the current version of GLOBALGAP. The total cost per individual grower would be £1,357 but in practice the grower contribution would be £180,492 which equates to £241 per grower for the initial investment. ***This is a 45***

per cent reduction in the first year when compared to the individual cost of £435 per grower for the current version of GLOBALGAP.

Over a five-year period overall costs would be 11 per cent lower (a saving of £578,395 over five years) for the SSG-friendly version of GLOBALGAP when compared to the conventional version. These costs might be further reduced if the detailed risk assessment indicated potential for a reduced level of management and control. However, there are limits to the level of cost reductions as many of the most significant ongoing costs (such as outgrower management and operational costs) are inherent in ensuring management and control of the system.

The cost saving measures recommended is intended to ensure the spirit of GLOBALGAP from an integrity perspective is not compromised. With minimal changes, start-up and running costs for SSG over the first year can be reduced by 45 per cent and over a five year period by 11 per cent. Even with these measures, successful SSG groups need to be highly committed to a commercial farming approach, well organised in strongly-managed producer groups and linked to a large well-resourced export company that can assist in managing complex areas such as the Option 2 QMS system.

How are these recommendations for change being taken forwards?

To have a chance of success it is essential to work within the GLOBALGAP system to demonstrate to food retailers that change can benefit all parties without undermining the integrity of the existing standard. For this reason close links have been maintained with the GLOBALGAP African Observer and the GLOBALGAP Smallholder Taskforce. The proposals for change outlined in this document were submitted as part of the GLOBALGAP Smallholder Taskforce call for proposals for change to GLOBALGAP in February-March 2008. Under this call the proposals have been independently reviewed and submitted to the relevant sector committees of GLOBALGAP for further discussion and final approval. Representatives of the retail sector dominate the sector committees and there are food industry representatives within the GLOBALGAP Smallholder Taskforce thus ensuring that any proposal approved via this process will be acceptable to the retail industry.

¹ Further details of this study can be found in the full version Fresh Insights 16: Making GLOBALGAP Smallholder Friendly Available at <http://www.agrifoodstandards.net>

Table 1: Financial savings for a SSG-friendly GLOBALGAP

GLOBALGAP v3.0-Sep07	Cost £:	SSG friendly GLOBALGAP	Cost £:	Saving £:
Field and collection centre toilets - concrete base, brick/block walls and iron sheet roof, wooden door, Blair type with ventilation pipe	120,000	Field and collection centre toilets - concrete platform made from two bags of cement with pipe aperture and renewable walls/roof of thatch, walled overlap to ensure privacy, thatch replaced annually	10,500	109,500
Full first-aid kit for every farm site	6,000	Basic first-aid materials consisting of plasters to deal with minor cuts at every site, full kits held at each collection centres	1,500	4,500
Pesticide store - Brick built walls, cement base, bunded entrance, wooden door with lock, metal roof with spaces for ventilation, H1 .7metres (m) / W1 .2m and D1 .5m approximately	36,000	Metal box with lock, wall mounted, coated with fire resistant paint, two shelves with upturned edges to contain spillage and ventilation holes at top and bottom, minimum capacity three to five litres of fluids and 25 kilograms of powders. Box located in outbuilding away from house, produce, fertiliser, harvesting equipment and protective clothing	7,800	28,200
Pesticide MRL analysis - one test per farm site on an annual basis MRL cost was taken from a real example but note that costs varied widely for different schemes in Kenya according to who was doing the analysis (from £80-£150 per sample)	88,200	A risk assessment of this scheme showed a relatively low-risk crop, no history of MRL violations and good control of pesticides by grower and exporter. On this basis random sampling of the $\sqrt{\text{of the total number of growers}}$ is recommended ($\sqrt{750} = 27$ samples). If violations are detected this could be increased to one in ten growers	3,175	85,025