

STDF PROJECT PREPARATION GRANT

APPLICATION FORM

PPG Title	Enhancing the capacity of the fruits and Vegetable Sector to comply with European Phytosanitary requirements
Budget requested from STDF	USD \$The 35,000
Full Name and Contact details of the Requesting Organization	Ministry of Agriculture Animal Industry and Fisheries, P.O. Box 102, Entebbe
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Background and Rationale to improve compliance of fruits and vegetables to European market

The purpose of this preparation grant application (PPG) is to develop a project proposal, for consideration by STDF and other donors. Of recent, fruits and vegetables have faced extremely high non-compliance levels in the European market especially due to detection of quarantine pests. Notable Capsicum with False codling moths and Fruit Flies, Curry leaves due to *Trioza* sp. among others.

The phytosanitary import requirements of destination market regionally and internationally for fruits and vegetables must be met to continue trading and sustain livelihoods. During the period 2013- 2015 Uganda's export of edible fruits, vegetables nuts, roots and tubers increased from USD\$ 38 million to USD 82 million world over (ITC, 2015). There has been an increase in exports of the mentioned commodities by over 100% of which capsicum contributed 70% of this growth. The EU market share of Uganda's exports of fruits and vegetables, roots and nuts is estimated at 40% of the total volume. However, the European market has become so stringent during the same period and these good foreign exchange earning commodities have been intercepted due to harmful organisms. During the year 2015, 86 % of the fruits and vegetable consignments were intercepted with harmful organisms while in 2014, 81% were intercepted with harmful organism in EU. Therefore the EU market is threatening to ban exports of fruits

and vegetables due to non-compliance to the phytosanitary requirement), with United Kingdom and Netherlands as the main importers (Export certification, Phytosanitary Service, 2015). Several fruits and vegetable cannot access this market due to pests and diseases that are widely distributed in Uganda. For example, mangoes, *Murraya* sp, *Momordica* sp are exported in very small quantities due to the fruit flies.

Fruits and Vegetables exported to EU have to comply with EU Directive 2000/29/EC and annex IV A1 and the lists of harmful organisms mentioned in Annexes 1A1 and 1A2. The most important phytosanitary requirement for fruits and vegetables exported to EU specifies that all consignments are accompanied by the phytosanitary certificates. The phytosanitary Certificate should state absence of a number of quarantine organisms including false codling moths.

The European Commission identified False codling moth (*Thaumatotibia leucotreta*) as a quarantine pest after a pest risk analysis. The number of interceptions for various fruits and vegetables were 112 in 2013, 138 in 2014 and 179 in 2015 and likely to increase if phytosanitary measures are not improved. Interceptions are categorized as follows.

Annual interception record for some of Uganda fruits and Vegetable in the EU

Commodity	<i>Momordica</i> <i>spp</i> Bitter Gourd	<i>Murraya</i> <i>Spp</i> Curry trees	<i>Mangifera</i> <i>indica</i> Mango	Amaranthus Spp Dodo	Capsicum spp. Hot pepper/Chilli	Passion fruit	Solanum spp.
2012	0	0	2	0	2	1	3
2013	3	0	0	0	8	0	2
2014	0	20	1	0	62	0	3
2015	18	5	4	3	84	2	1

Uganda could have realized the implication of False codling moth on trade before the regulation was put in place. However, previous studies such as integrated frameworks diagnostic study and Trade Integration indicated weaknesses in the management of plant health system. This is evidence that there was lack of capacity to undertake effective epidemiological surveillance and to conduct rigorous risk assessments. As a result the country had no data to defend the status quo. Inspection provides no guarantee to phytosanitary security of fruits and vegetables regarding this pest. The full project would identify phytosanitary measures that would ensure pest freedom.

According to the Crop Protection Compendium 2010, the False Codling moths and Fruit flies are widely spread in Africa and beyond. Even Uganda's neighboring countries of Kenya, Rwanda, Tanzania and Burundi has had reports of these pests. In fact the bio- pesticide used to control false codling moth was obtained from River Bio-Science in South Africa indicating that even South Africa has had similar challenges. Studies have also indicated that both pests caused interception of produce from those countries including South Africa's citrus commodities.

Different levels of interceptions have been recorded in different countries but Uganda exceeds all other countries by more than 40%.

Previous attempts to explore other markets have achieved less success because the prices offered cannot cover the expenses on production and marketing.

The increased interception has led to the destruction of over 28,000 kg of fruits and vegetables in EU during 2014-2015. The destruction of the fruits and vegetables due to non-compliance are estimated at USD\$ 265,292 in 2015. Since 2013, over 70,000 growers abandoned production of Capsicum leading to loss of USD\$ 10.2 million of income calculated at 0.5 acres/100 boxes per grower during 2014-2015. The abandonment came as result of reduced number of buyers at country level, non-conforming capsicum to phytosanitary requirement, drought and poor yields due to poor seed. This has impacted heavily on households that derived their livelihoods on capsicum. This action could have also led to increased population of the pests especially fruit flies which proliferate on ripen fruits.

Increased costs of inspection of growers, and packing sites and consignments after a notification on non-compliance from European Union has increased the cost of doing business by USD\$ 10,149 per hectare per year based on government rates. The cost includes system audit mileage for team of inspectors and profit foregone during the audit period. Other indirect impacts include; closure of production system that were established purposely for export and increased costs of inspection in EU. For example, two companies producing capsicums for export in Glass houses closed 3 hectares production sites after having invested USD\$ 510,000.

The cost of controlling the pests on farm by capsicum growers is estimated at USD\$ 1,765/hectare per year in chemical pesticides (based on 2015 data). The use of pesticides could be having several impacts in the medium and long term. The efficacy and maximum residue limits of the various pesticides and other management practices used in the country to control fruits flies and false codling moth will need further investigation.

The project preparation grant benefits will include;

- Identify areas that need intervention to reduce the number of interceptions
- Create an insight into what needs to be done to increase sellable fruits and vegetables
- Integrate sanitary and phytosanitary issues along the value chain for fruits and vegetables
- Capacity gaps within the public and private sector players will be identified
- Stakeholders will be able to interact and compile strategies and recommendation for sustainable production and export of fruits and vegetables to various markets.
- Ways and means for export companies reduced costs of doing business and expand their business to support the rural farming communities will be highlighted

In Uganda several agencies and private Organizations play key roles in the management of agricultural health. They include, Department of Crop Protection in the Ministry of Agricultural

Animal Industry and Fisheries (MAAIF), Department of Crop Inspection and Certification (MAAIF), National Research Organization, Uganda Fruits and Vegetable Producers and Exporters Association (UFVPEA), Fresh Handling LTD, Uganda Export Promotion Board, Ministry of Trade, Industry and Cooperatives. These are directly involved in the adoption and enforcement of phytosanitary standards for fruits and vegetables. These entities collaborate most often to ensure requirements are met.

Support to the Departments to work with other stakeholders in public and private sector will be needed in the project preparation phase. Other Non-Governmental Organizations and private Sector involved in promoting horticulture will be crucial since they work in rural areas with small growers. These include VECO East Africa, Uganda Fruits and Vegetable Producers and Exporter Associations, Uganda Horticultural exporters Associations, KK Fresh Produce Export LTD and National Research Organization, the Entomology Department.

The activities to be carried are related to those which were handled in Uganda, Department of Crop Protection, Phytosanitary Division, in the STDF project "Strengthening the Phytosanitary Controls in the Floriculture Sector" (STDF/PG/335). The project resulted into strong partnerships between industry and the department, self-regulation capabilities, improved farm level detection and control of the pests and constant dialogue based on the communication strategy developed for the industry. The intervention has achieved less than 1% interceptions in cut flowers due to *Spodoptera littoralis*. The Kenya Plant Health Inspectorate Service project on capacity building in the detection and inspection of *Bemisia tabaci* helped in the development of early warning systems for the management of white flies. The two systems development for Uganda and Kenya reduced the flower interceptions of non-compliance in the EU market. The tremendous positive outcomes of the previous projects were due to the fact that highly organized farming systems for the floriculture sector with good agricultural practices would contain the pest. In contrast, the current problem is aggravated by the farming systems that challenge at farm level interventions such as small growers, variable surveillance procedures, and lack out grower schemes and Good agricultural practices.

Overall Activities

The following activities will be undertaken during the project preparation phase.

1. Stakeholder discussions including growers and related out-grower schemes
2. Preparation of the project outline
3. Stakeholder workshop to further specify the objectives and implementation arrangements
4. Finalization of the project proposal for submission to the donors and government

Activities of the International Expert

- Determine the strength of the current inspection and pest management system for fruits and Vegetables to contain the pest (s)

- Study current approaches to pest management, surveillance and monitoring procedures of the endemic pests that affect market access ie *Trioza erytreae*, *Thaumatotibia leucotreta*, Oriental fruit fly (*Bactrocera* sp), *Ceratitis capitata*, *Bemisia tabaci* in capsicums, *Mormodica charanta*, *Murraya* sp. respectively.
- Study the existing out grower scheme for efficient management of production and supply chains
- Study the current traceability system to track the fruits and vegetables consignments along the supply chain
- Study practices used for detection of pest at production sites and ensure the quality of the products
- Establish the capacity of the growers and the public sector to detect and identify the pests and assess whether the current structure can enforce the phytosanitary requirements for fruits and vegetable to the EU
- Determine whether the neighboring countries, Kenya, Tanzania and Rwanda have similar pest problems and identify best practices. Surveillance system to identify whether similar arrangements can apply in Uganda's situation.
- Assess the current knowledge levels among the farming communities about the harmful organisms.
- Prepare a project outline.
- Discuss the findings with stakeholders at a workshop
- Formulate the project proposal

Links with national/regional development plans, policies, strategies, etc.

Fruits and vegetables have been promoted by Uganda Government since the 1990 as non-traditional export crops. The Prosperity for ALL is the government campaign launched in 2007 that aims at raising income and employment of the rural poor by encouraging them to engage in commercial production through improved techniques, marketing, and access to a microcredit scheme targeting producer groups with low-interest capital.

The National Export Strategy 2008-2012, recognizes fruits and vegetable sectors as a driver of economic growth. This sector is dominated by small scale producers with poor codes of practice. For Uganda to maintain the market, compliance of fruits and vegetable to food safety, agricultural health, process standards as well as environmental and social protocol is paramount. However, compliance to these standards and protocols require enormous costs. The strategy was designed to address knowledge and skills sharing gaps, awareness creation and training needs, inadequate flow of information to producers/growers and exporters, non-tariff barriers to trade such as phytosanitary, hygiene, environmental controls and standards among others. The project should support alignment of the strategic objectives for the National

export strategy while addressing the weaknesses of the sector. The strategy identified the following challenges: (i) fragmented small holder farmers with limited capacity, (ii) limited availability of planting materials, (iii) Inadequate infrastructure (roads, power, cold storage processing and packing, (iv) Lack of inputs tailored to specific products, (v) Limited skills and knowledge of production, processing, and marketing requirements among Ugandans and (vi) Weak institutional support on quality and standards, market trends, and on reducing market barriers. The above listed still challenge compliance to SPS requirements.

The Diagnostic Trade Integrated Study of the Integrated Framework (DTIS) 2013 identifies challenges and recommendation that affect trade of horticultural produce. The market entry challenges like poor enforcement of sanitary and phytosanitary measures due to lack of certain capabilities on the ground. The poor enforcement leads to non-conformity to International best practices and therefore poor regulatory governance; and recommends strengthening of the trade support institutions.

The Economic partnership agreement for EU, suggest that assistance to cope with increased competition and rising SPS measures and technical regulations should be negotiated rather than tariff reduction for Uganda to achieve a broad development partnership.

According to the Ministry of Agriculture Animal Industry and Fisheries Policy Statement 2015/2016, it is planned that pest and disease control should be intensified to reduce crop losses. This provides a winning edge for promoting horticulture though there is not clear emphasis of the fruits and vegetables that are facing challenges in the European market.

The National Development Plan 2016-2020 has prioritized agriculture as one of the drivers of development. Nevertheless this development is looked at in terms of increased food security and export earnings emphasizing traditional exports like coffee, tea cotton, while giving little attention to commodities with high sanitary and phytosanitary risks to our trading partners. In the same plan, contract farming and developing capacities of farmers associations/organizations, are being promoted which may form a building block for exportable volumes under the small scale farming mechanisms practiced in Uganda.

In addition, further investment is required in infrastructure and other facilities needed to meet increasingly stringent retail market requirements, and to develop private nurseries for planting material. The need to boost horticultural production and export during the offseason period for European community led to the Horticulture Promotion strategy increasing levels of private sector investment to create vertically integrated production and marketing systems. However, the investment climate in Uganda has been seen deficient. Other challenges that were identified several years ago, included, poor planting materials, poor production technologies to meet buyer requirements and very weak post-harvest systems, such as pack houses and cold stores.

The National Trade Policy tries to streamline export competitiveness of Uganda's products and contribute to overall development. In particular the theme of *trading out of poverty, into wealth and prosperity* aims at developing and nurturing private sector competitiveness, and

supporting the productive sectors of the economy to trade at both domestic and international levels. The ultimate objective. The ultimate policy objective is to create wealth, employment, enhance social welfare and transform Uganda from a poor peasant society into a modern and prosperous society.

Implementation

Start Date January 2017
End Date May 2017

Activity	Responsibility	Completion date	Expected output
Stakeholder Discussion	International Expert	February 2017	Status report drafted
Project Proposal Outline	Departments of Crop Inspection and Certification and Crop Protection	April 2017	Project activities specified
Workshop with Stakeholders to further Project Objectives	Department of Crop Inspection and Certification, Ministry of Trade Industry and cooperatives Uganda Fruits and Vegetable Producers and Exporters Association	April , 2017	Project proposal (objectives and implementation arrangements finalized
Completion of full project proposal	Consultant	May 2017	Project document

Stakeholders

Departments Crop Inspection and Certification, Crop Protection. The two departments are responsible for phytosanitary regulations and pest and disease control, respectively. The agencies support market access and Quarantine services as well as control pest outbreaks. Therefore, they will be involved in assessing the capacity of the Plant Protection Officers at district and headquarter levels to carry out surveillance in the small grower's schemes as well as the medium scale producers under protected environments. Enforcement of the systems approaches to pest management will follow international standards. Previous discussion papers and notes with the exporters, growers and input suppliers will form a basis for further consultations in a workshop setting.

Uganda Fruits and Vegetable Producers and Exporters Association

This is an umbrella organization of over 40 companies that export fruits and vegetables. Some of the companies have employed agronomists that help to advise growers on pest management. The association will mobilize the company agronomists and organize trainings in best production practices including crop pest management. The company agronomist also provides a link to the out grower schemes with district production staff and Commercial officers.

Ministry of Trade Industry and Cooperatives/Export Promotion Board

The National SPS and TBT Notification Authority for Uganda reside in this ministry. They will ensure that compliance of Uganda fruits and Vegetables with export and import requirements in the international markets are well coordinated.

Fresh Handling LTD (FHL)

This is a private sector entity charged handling some fruits and vegetables before export. The firm ensures good quality of the fruits and vegetables reach the market and with proper documentation. Of recent FHL has been involved in negotiation to expand the cargo area at Entebbe International Airport to support inspection of fresh produce. They also link with the airlines and exporters in arranging cargo space.

Private Sector Companies

The Ugandan exporters are required to declare quality produce for export. They do this through hiring agronomists to advise growers in Good Agricultural Practices. They also purchase and supply pesticides to the growers of various exportable crops for pest and disease control. They conduct pre- inspection of fresh fruits and vegetables and forward reports to the Agricultural inspectors who carry out final inspection. In addition, some of them build capacity of their growers through trainings and other advisory services with funding support from donors and non-governmental organization.

Horticultural Exporters Association (HORTEXA)

The association supports an out grower scheme for various horticultural crops. They link these growers to the exporters of fruits and vegetables to various destinations. The association ensures that the growers are trained in good agricultural practices, safe use of pesticides, Integrated Pest management (IPM), Farm Hazard Analysis Critical Control Points (HACCP), quality management systems, record keeping, food safety, worker welfare and other social responsibilities. The service covers over 2000 growers and this act as sources of exportable fruits and vegetables through blockers who act as links to the exporters. Major crop that has

received attention are Capsicum, white garden egg, Matooke, Sweet potatoes, Okra and Chilli. However, farmers are still struggling with poor quality seed, fake pesticide and information access.

International Plant Protection Convention (Capacity Development Committee)

The IPPC Secretariat will provide technical advice to the project and build the capacity of the NPPO on sustainability aspects of the project.

National Agricultural Research Organization (NARO).

The organization is a public institution and an Agency mandated to conduct research in all fields of Agriculture, Forestry, Animal resources among others. Through research, technologies are developed and shared by the different end users. They also provide expertise in diagnosis, surveillance and pest management practices. The technologies developed are approved by the various technical committees hosted by the Ministry of Agriculture, Animal Industry and Fisheries including the Top management which provide a secretariat.

The project preparation phase will require a consultant who should be identified by Ministry of Trade Industry and Cooperatives and Ministry of Agriculture, Animal Industry and Fisheries but Crop Inspection and certification and Crop protection will spearhead most of the activities.

Detailed budget

Item	Description of inputs		Estimated budget (USD\$)	Requested (USD\$)	In-kind USD\$
Expertise of the International Consultant	Consultants fees for 30 days@600		18,000	18,000	-
Travel					
International	Flight charges (Round trip economy class and airport transfers, visa		2,600	2,600	
Inland (Local)	Hire of the Vehicles for 30 days@ 100 USD\$		3,000	2,000	1000 (In-kind Vehicle and fuel)
Daily subsistence allowance	30 days @150\$		4,500	4,500	-
Stakeholder meetings and workshops	Travel of participants 30@40\$x3 times		3,600	3,000	600 (in-kind)
	Facilitation allowance for 3 days @40\$ for 4 facilitators		480	480	-
	Hire of venue for 10 days		500	-	500
Catering services	30 participants@ 30\$		900	900	
General Operational Expenses	Telephone calls		450	450	
	Fuel		1,000	600	400
	Coordination		600	600	
	Stationery and photocopying		800	750	50
Other costs	Contingency		720	720	
Total Costs				35,000	2,550