

FIT FOR MARKET

STRENGTHENING
COMPETITIVENESS AND
SUSTAINABILITY OF THE ACP
HORTICULTURAL SECTOR

APRIL
2019



**FIT
FOR
MARKET**



Duration

5
YEARS



Countries

ACP
GROUP OF STATES



Budget

25
MILLIONS

€

What is Fit For Market and how can you benefit?

KEY POINTS

- 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.
- At the core of FFM is sustainable intensification – increasing production while minimising negative impacts on the climate, ecosystems and the productive environment.
- FFM focuses on the business case so that adopting good practice not only facilitates market access, but genuinely helps suppliers run more efficient, profitable and resilient businesses.
- The programme provides training through a cascade approach (training-of-trainers). It focuses on building up producers' business skills, strengthening links throughout the value chain, and improving the capacity of competent authorities.
- FFM aims to strengthen the ACP voice by building ACP stakeholders' capacity to lobby and advocate with regulators and standard-setters.

CONTEXT

The past decade has seen growing investment in ACP countries by both local and international companies. This has been encouraged by improved governance and business environments, and globalisation driven by trade liberalisation and expanding communication and transportation networks. However, local and international agribusiness companies seeking to partner with ACP suppliers often lack the capacity and experience needed in the local context.

Micro, small and medium enterprises (MSMEs) – including smallholders – often lack both business skills and fair, inclusive means of accessing finance. Meeting markets' expectations in terms of reliability, quantity, quality, and compliance with regulations and standards requires information and skills that are rare among MSMEs.

Globally, buyers and policymakers often lack knowledge of the ACP context, leading to demands that exclude ACP players because of inappropriate regulations, private standards and demands. Inherent unfairness in supply chains (such as procurement practices and distribution of benefit), and a lack of opportunity and inclusiveness for vulnerable groups, need to be addressed. In addition, in some ACP countries institutional weaknesses and poor governance among public authorities and private institutions (such as professional associations) limit their ability to support the development of their agricultural sectors.

THE FIT FOR MARKET PROGRAMME

Duration	Countries	Budget
5 years	ACP Group of States	€ 25 million

COLEACP's Fit For Market (FFM) programme is working to enable smallholders, farmer groups and MSMEs to access international and domestic horticultural markets by complying with market and sanitary/phytosanitary (SPS) requirements. The programme aims to increase the resilience, inclusiveness and sustainability of ACP horticultural value chains by emphasising the participation of smallholders, young people and women, who are frequently the most disadvantaged by the changes taking place in local and global supply chains, and who often have most to gain from improved conditions of production, employment and trade.

FFM is supported by the framework of COLEACP's Sustainability Programme, which focuses on the business case so that adopting good practice not only facilitates market access, but genuinely helps suppliers run more efficient, profitable and resilient businesses.

"... tackling sustainability challenges provides new opportunities for sustainable growth: it creates preference for our brands, builds business with our retail customers, drives our innovation, grows our markets and, in many cases, generates cost savings."

Paul Polman, Unilever CEO

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

BENEFICIARIES

Direct beneficiaries include:

- producers:
 - horticultural MSMEs (including outgrowers, brokers/intermediaries and transporters linked to the value chain in formal markets);
 - farmer groups/cooperatives;
 - smallholders linked to formal markets.
- support services:
 - consultants and consultancy companies;
 - farmer organisations/associations with a representative function;
 - professional associations;
 - training centres (technical and educational institutions, universities);
 - certification bodies, auditors;
 - smallholder support structures (NGOs, public or private extension services, local support programmes for small producers);
 - national/regional technical working groups.
- national competent authorities for inspection and control services;
- regional economic communities;
- public–private stakeholder platforms.

Indirect beneficiaries include:

- local and EU purchasing and retail companies (stimulating investment);
- local and EU consumers;
- rural communities.

ACTIVITIES

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 | ▪ protecting the environment |
| ▪ behaving as good corporate citizens | ▪ ensuring high product quality |
| ▪ being good business partners | ▪ using best agricultural practices |
| ▪ ensuring good labour conditions | |

Training for access to markets

FFM 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.

Building up business skills

FFM is developing 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.

Strengthening links in the value chain

FFM 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. FFM develops generic solutions that can be customised according to the local context.

Improving the capacity of competent authorities

FFM aims to strengthen the role of national ACP competent authorities in developing and enforcing food safety and plant health-related regulations in horticultural value chains. It focuses on improving the capacity and effectiveness of ACP authorities in implementing official controls according to EU regulations and international standards, facilitating the establishment of national public–private stakeholder platforms that can address SPS and food safety issues, and advocating for any necessary reforms to national (ACP) regulatory and governance frameworks.

Most fruit and vegetables are classed as ‘minor use’ in the context of plant protection products (PPPs) – on a global scale, pesticide usage is low. For these crops there are sometimes no CODEX or other pesticide maximum residue levels (MRLs) in force, making trade across borders difficult. The problem is becoming more serious as the number of PPPs available for these minor use crops is declining, and MRLs are being lost. It is particularly difficult in ACP countries, where little data is generated to support the setting of MRLs.

In addition, ACP exporters of fruit and vegetables to the European Union face growing challenges in light of the new EU plant health rules coming into force in 2019, and the changing regulations affecting the use of PPPs and MRLs.

Recognising the importance of these SPS challenges, an additional COLEACP programme, Fit For Market SPS, was launched in 2019 to support all players in the ACP horticultural value chain to access international and domestic horticultural markets by complying with SPS issues and market requirements. FFM SPS supports National Plant Protection Organisations, inspection services, border controls, pesticide regulatory authorities, plant health laboratories and extension services.

Monitoring and lobbying

FFM is working to identify and monitor decisions, policies and trends that have a potential impact on competitiveness and market access for ACP suppliers, covering regulations (food safety, plant health, environmental, organic); the business and commercial environment (international standards, regulations, private standards, buyer practices, competing origins); and the donor environment (development programmes and practitioners). This helps to ensure programme support remains in line with evolving market demands and trends, and triggers preventive actions and troubleshooting in the event of problems.

Through FFM, COLEACP advocates and lobbies to regulators, policymakers, standard-setters and value chain stakeholders, on behalf of the ACP horticultural sector. When necessary, ACP interests are represented by challenging unnecessary or unfair demands, practices or market access barriers.

The programme also aims to strengthen the capacity of ACP stakeholders to lobby and advocate by facilitating the establishment and functioning of national technical working groups, and supporting their direct engagement with regulators and standard-setters.

Robust mechanisms will follow value chain performance to generate evidence of programme impact on poverty reduction and economic growth – evidence that building the 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.

POLICY CONTEXT

- FFM operates in accordance with the UN [Sustainable Development Goals](#) (SDGs). It specifically targets poverty (1); hunger, food security, and sustainable agriculture (2); sustainable management of water (6); decent work and economic growth (8); and responsible consumption and production (12). It is also expected to have a substantial impact on gender equality (5); climate action (13); and life on land (15).
- COLEACP is fully committed to the food and agriculture business principles of the [UN Global Compact](#) in the areas of human rights, labour and the environment.
- FFM addresses the Food Security and Nutrition thematic area of the African Union New Partnership for Africa's Development ([NEPAD](#); now the AU Development Agency), and takes into account the principles and values that guide the Comprehensive Africa Agriculture Development Programme ([CAADP](#)).
- In *A Decent Life for All* (2013), the EC reflects UN policy and adopts the goal of sustainable and inclusive economic development for its Post-2015 Development Programme. The EC's *Agenda for Change* (2011) sees agriculture as a priority area and important driver of inclusive and sustainable growth, and highlights the need to address a lack of competitiveness in the context of growing EU assistance for business, Economic Partnership Agreements and other free trade agreements, regional integration, and strengthening of regional trade blocks. The Agenda for Change recognises the role of the private sector in creating growth and stimulating local and EU investment in ACP countries.
- In *A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries* (2014), the EC identifies engaging the private sector in sustainable agriculture and agribusiness as a priority area, in particular linking farmers to markets and building the capacity of agri-business, MSMEs and smallholder farmers.

COLEACP's Fit For Market (FFM) 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 European Development Fund, 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.



COLEACP

GROWING PEOPLE

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