

# **Industry Self-Regulation models for improving food safety compliance in regional grain trade value chains**

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# Outline



1. The Food Safety Problem

2. Proposed Solutions: Industry Self-Regulation

3. Roadmap for Execution of Solutions

4. Expected benefits of ISR to value chain players





# 1. The Food Safety Problem



1. Limited aggregation and adequate handling of commodities



Food trade is predominantly unstructured and informal.  
This is characterised by:

2. An opaque market



## Farmers stare at bleak season in face of maize price drop

SUNDAY SEPTEMBER 9 2018



3. Inefficient linkage between farmers and downstream off-takers



## Trucks queue outside closed NCPB maize depots



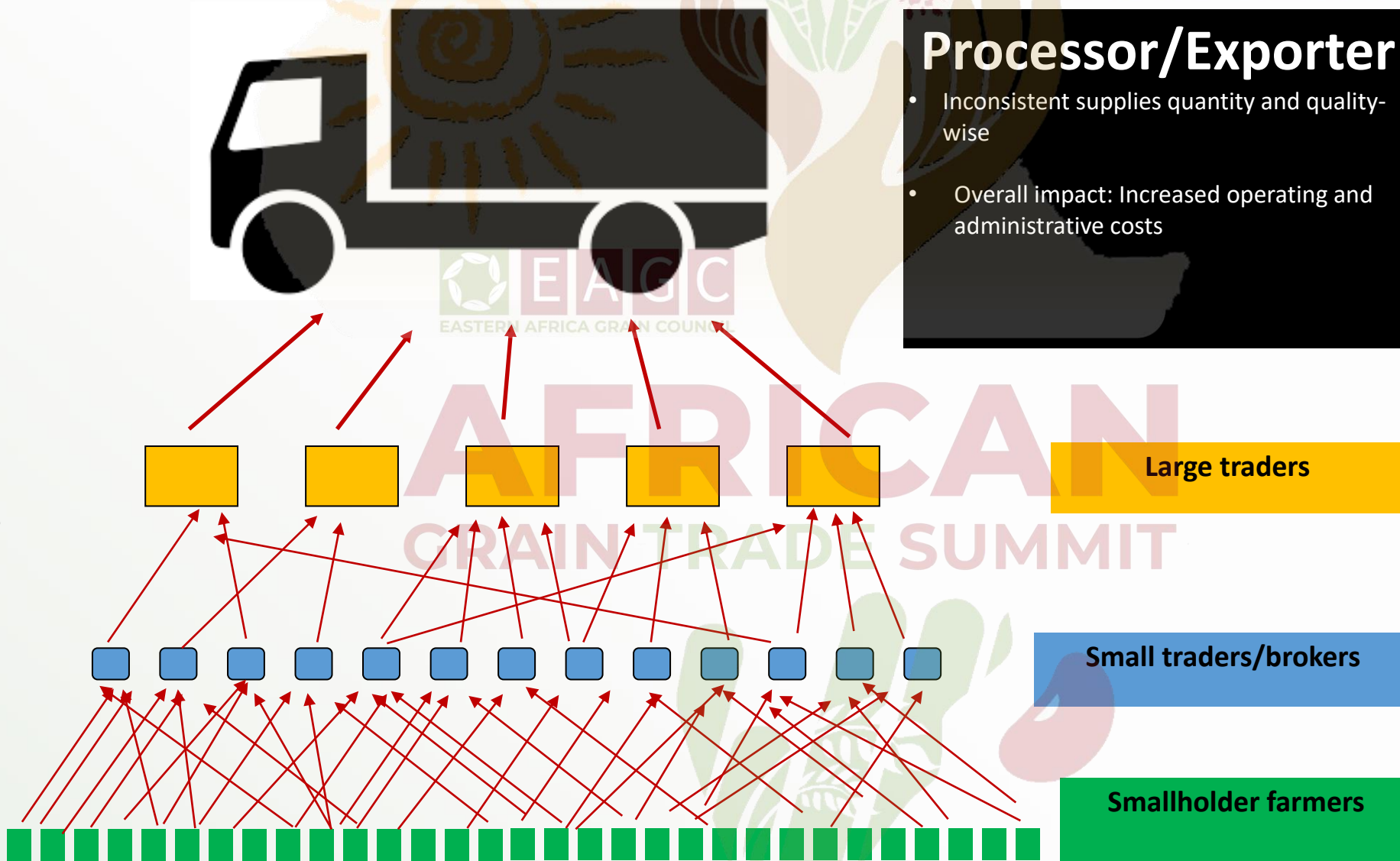
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## A typical supply chain

- Multiple handling costs
- Limited quality checks upstream
- Cash-based transactions upstream
- Increased transaction costs
- Higher PHLs



### Processor/Exporter

- Inconsistent supplies quantity and quality-wise
- Overall impact: Increased operating and administrative costs

**Large traders**

**Small traders/brokers**

**Smallholder farmers**



## 1. The economic cost

- Suppression of intra-regional trade. UG and TZ lose approx. US\$ 16 million and 5.3 million respectively due to the reduced value of agricultural exports resulting from aflatoxin contamination.
- High levels of grain rejection by off-takers: KE millers on average rejected 19% of maize deliveries to their factories (EAGC, 2015). Rejections by millers are as high as 60% on some occasions

## 2. Cost to food security and public health

- **Kenya:** fatalities recorded in Machakos due to aflatoxin
- **Tanzania:** 14 people were killed by aflatoxin contamination through maize meal in Dodoma.
- **Uganda:** Aflatoxin-induced liver cancer cases are estimated to cost the economy US\$ 577 million annually (using the transferred value per statistical life (VSL) method).
- It is estimated that aflatoxin reduces the amount of food available for consumption (in terms of caloric value) by 18 percent, 15 percent and 11 percent in Kenya, Uganda and Tanzania, respectively thus creating a food security gap (Mayong, 2018).



**The EastAfrican** NEWS BUSINESS OPINION SCIENCE & HEALTH MAGAZINE SPORTS REST OF AFRICA KUSI IDEAS Search

### Kenya clears air on toxic maize 'ban' after EAC partners condemn action

MONDAY MARCH 15 2021

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Trucks with imported maize from Tanzania waiting to offload outside Mombasa Maize Millers in Mombasa in this picture take in August 2019. PHOTO | FILE | NMG

**Summary**

By **LUKE ANAMI**  
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## 2. The Proposed Solution: Industry self-regulation



# Proposed Solutions

## Overarching solution: Industry Self-regulation

Promoting good  
agronomic practices

Registration of Value  
chain players

Promoting good  
manufacturing  
practices

Certification of  
warehouses and  
warehouse operators

Awareness creation  
and capacity building  
of value chain players,  
including consumers

Incentivizing food  
safety compliance



# Basic components of an ISR Framework





# Rationale for Industry Self-Regulation



Deficiencies  
in the current  
public sector-  
led regulatory  
arrangements  
for food  
safety

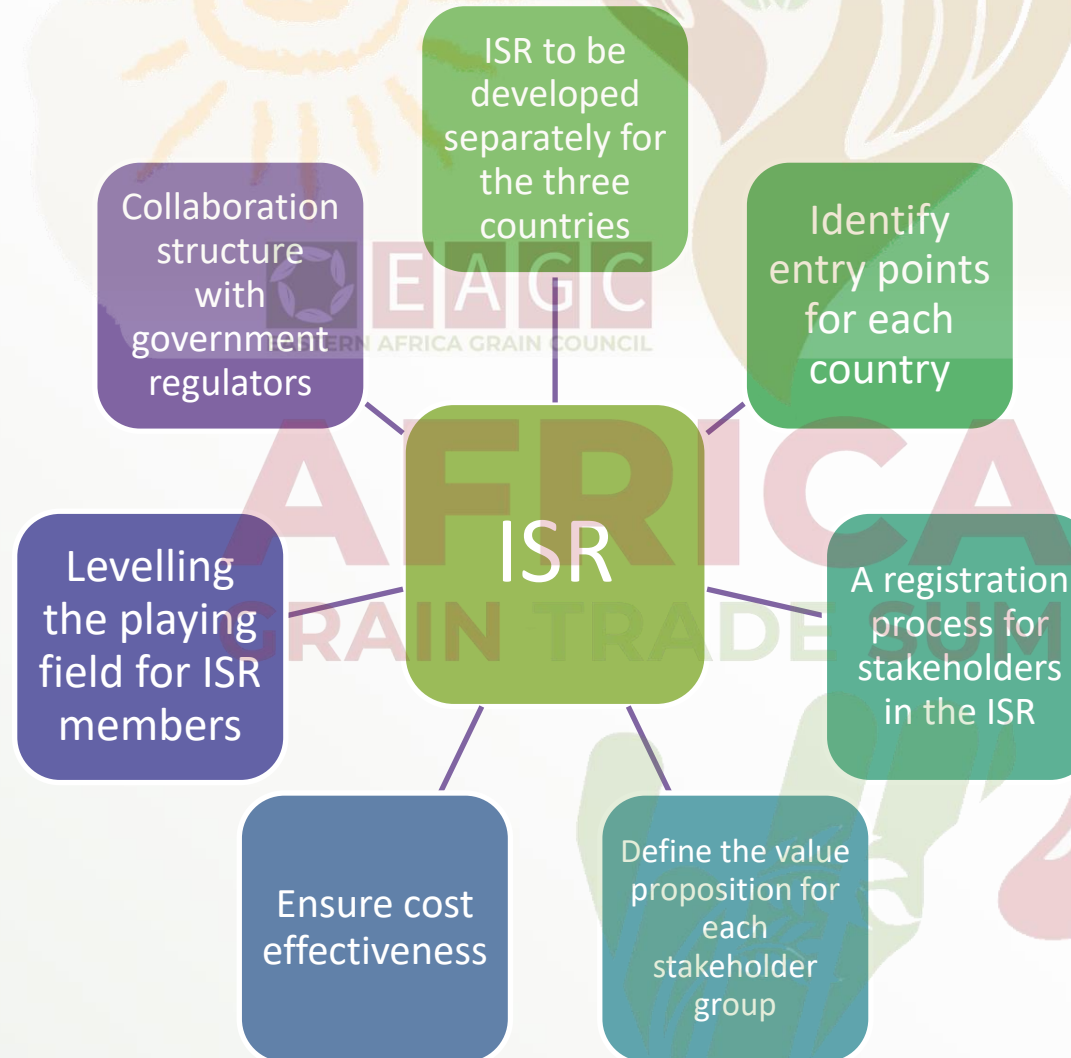
To level the  
playing field  
in staple food  
value chains

Reducing the  
risk of ad-hoc  
costly  
enforcement  
action by  
regulators

Reducing the  
cost of  
compliance  
by sharing the  
cost along the  
value chain



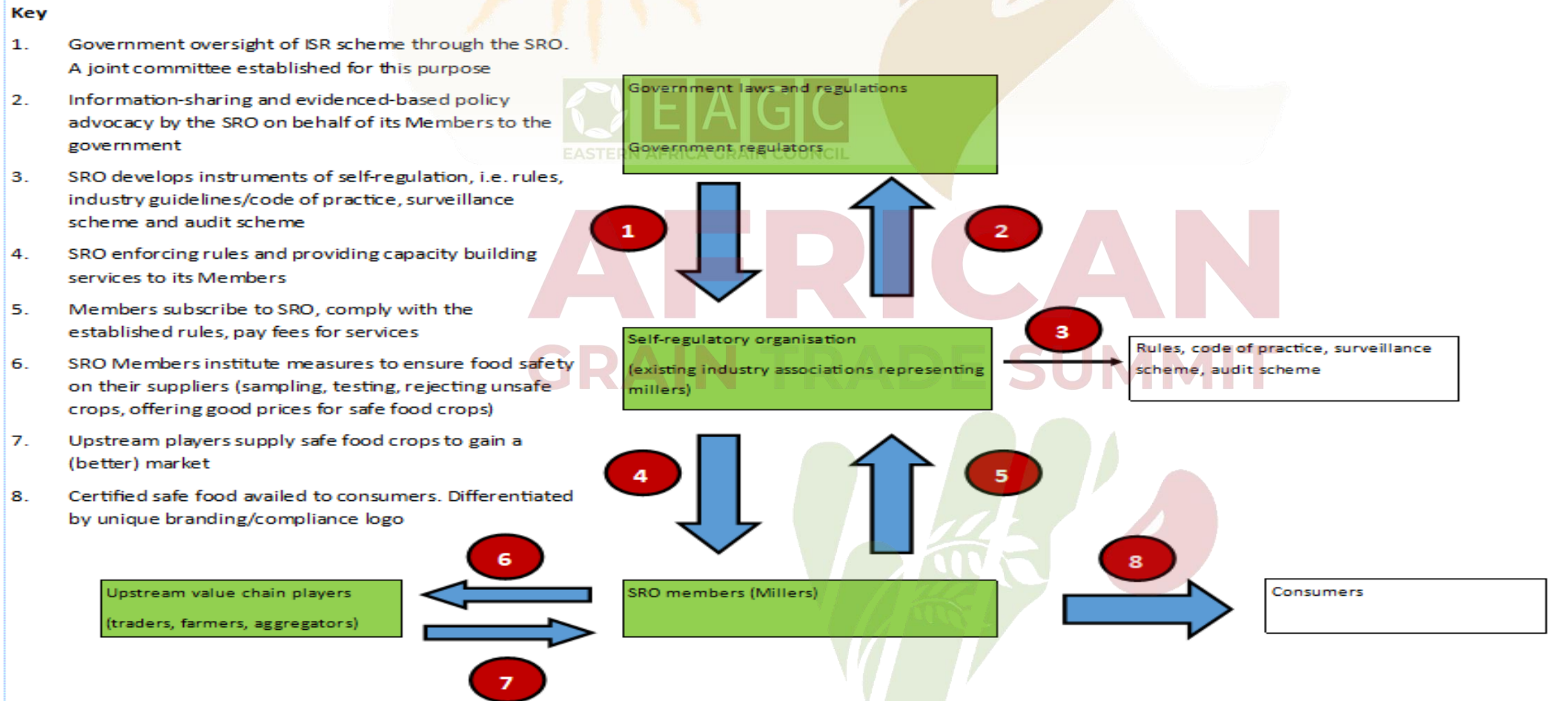
# Key Considerations for establishing industry self-regulation for SFVC



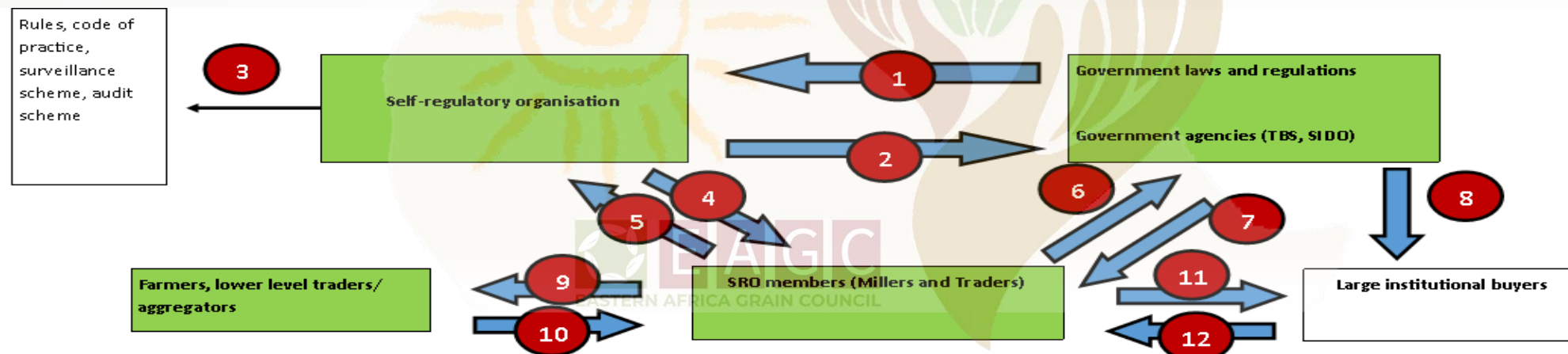


# Envisaged Country Level iterations of ISR

## i. Kenya



## ii. Tanzania



### Key

1. Government oversight of ISR scheme through the SRO. A joint committee established for this purpose
2. Information-sharing and evidenced-based policy advocacy by the SRO on behalf of its Members to the government
3. SRO develops instruments of self-regulation, i.e. rules, industry guidelines/code of practice, surveillance scheme and audit scheme
4. SRO enforces rules and providing capacity building services to its Members
5. Members subscribe to SRO, fulfil registration requirements and comply with the code of practice, pay fees for services
6. SRO comply with existing requirements established by govt bodies
7. Govt bodies offer technical assistance to SRO members to facilitate compliance
8. Govt regulators mandate large institutional buyers (and later retailers) to only purchase and/or stock food from compliant millers/traders (SRO members)
9. SRO Members institute measures to ensure food safety on their suppliers (sampling, testing, rejecting unsafe crops, offering good prices for safe food crops)
10. Upstream players supply safe food crops to gain a (better) market
11. Certified safe food availed to consumers. Differentiated by unique branding/compliance logo (and compliance documents for large institutional buyers)
12. Large institutional buyers offer an exclusive market to compliant millers and traders (SRO members)

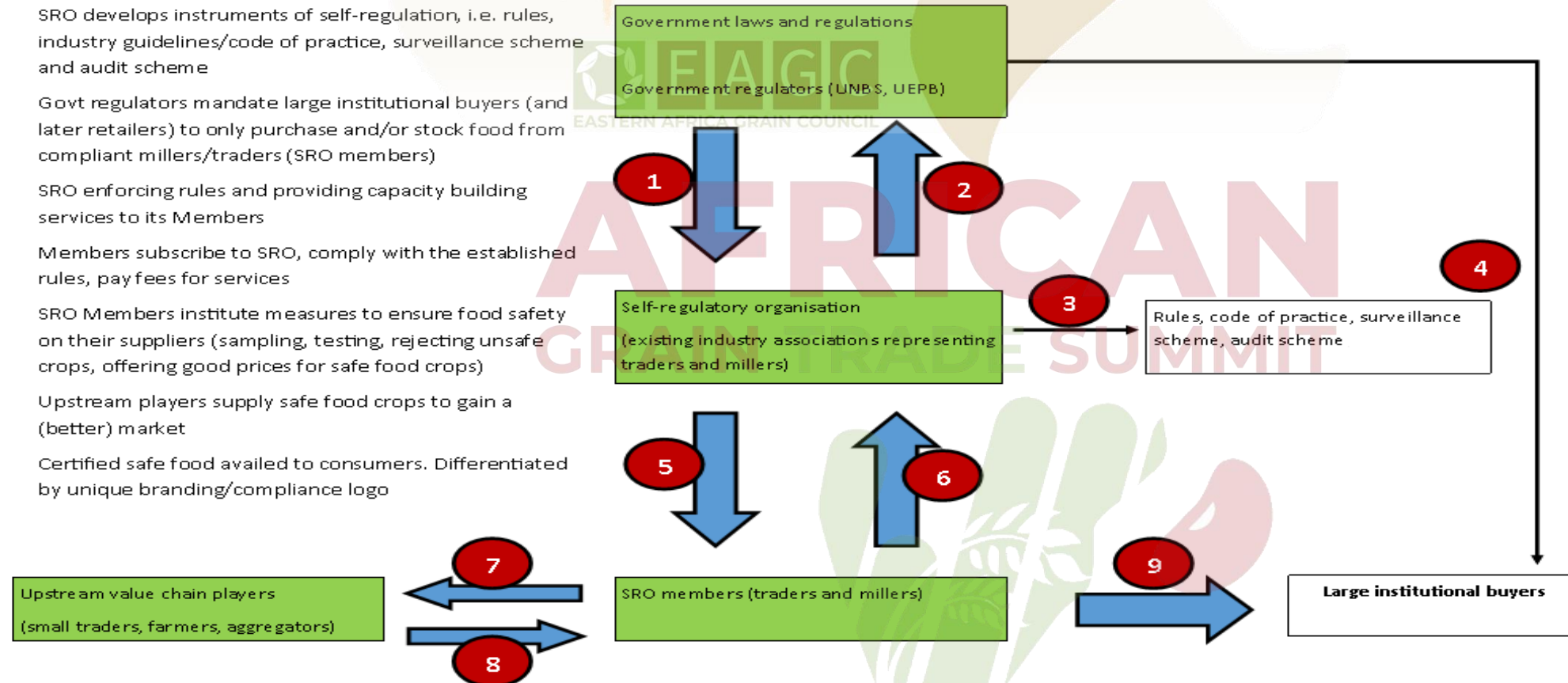




# iii. Uganda

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# Coordination of ISR at regional level



Developing a harmonized capacity building process

Mutual Recognition of each country's ISR schemes

A regional dispute resolution mechanism

Establishing a periodic regional food safety dialogue forum



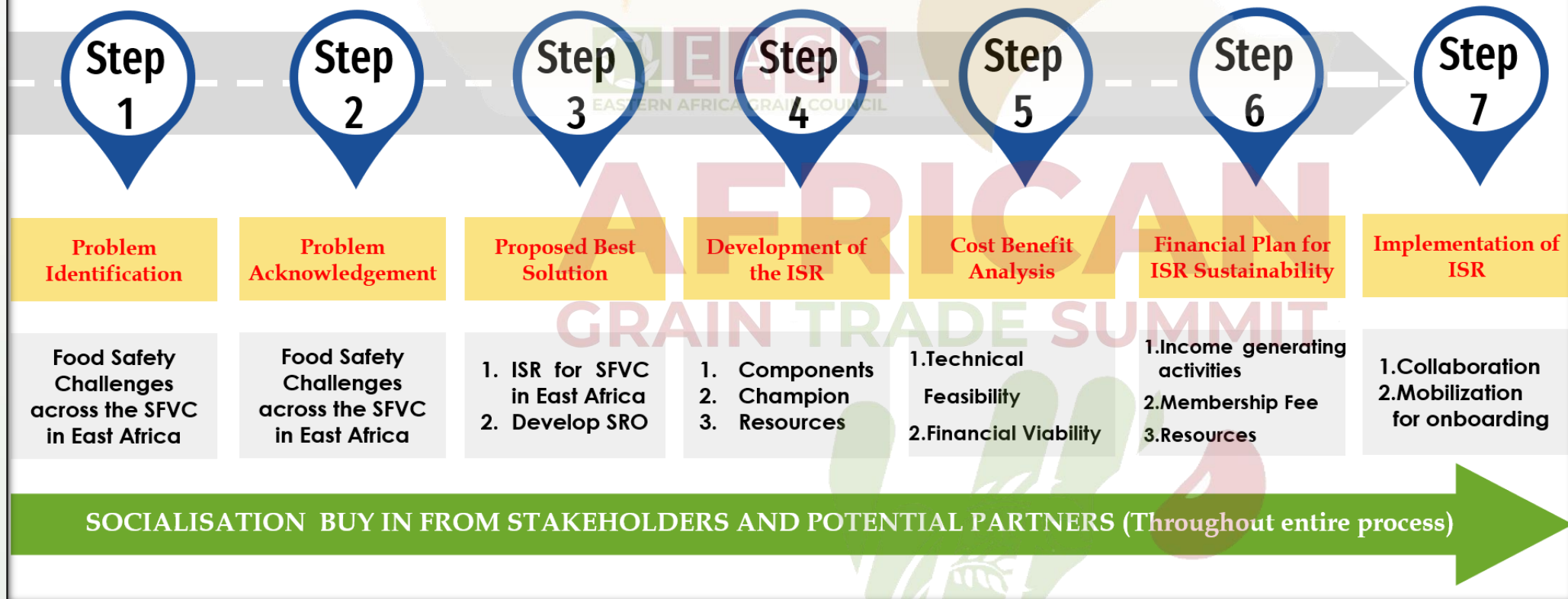


# Potential Partnerships



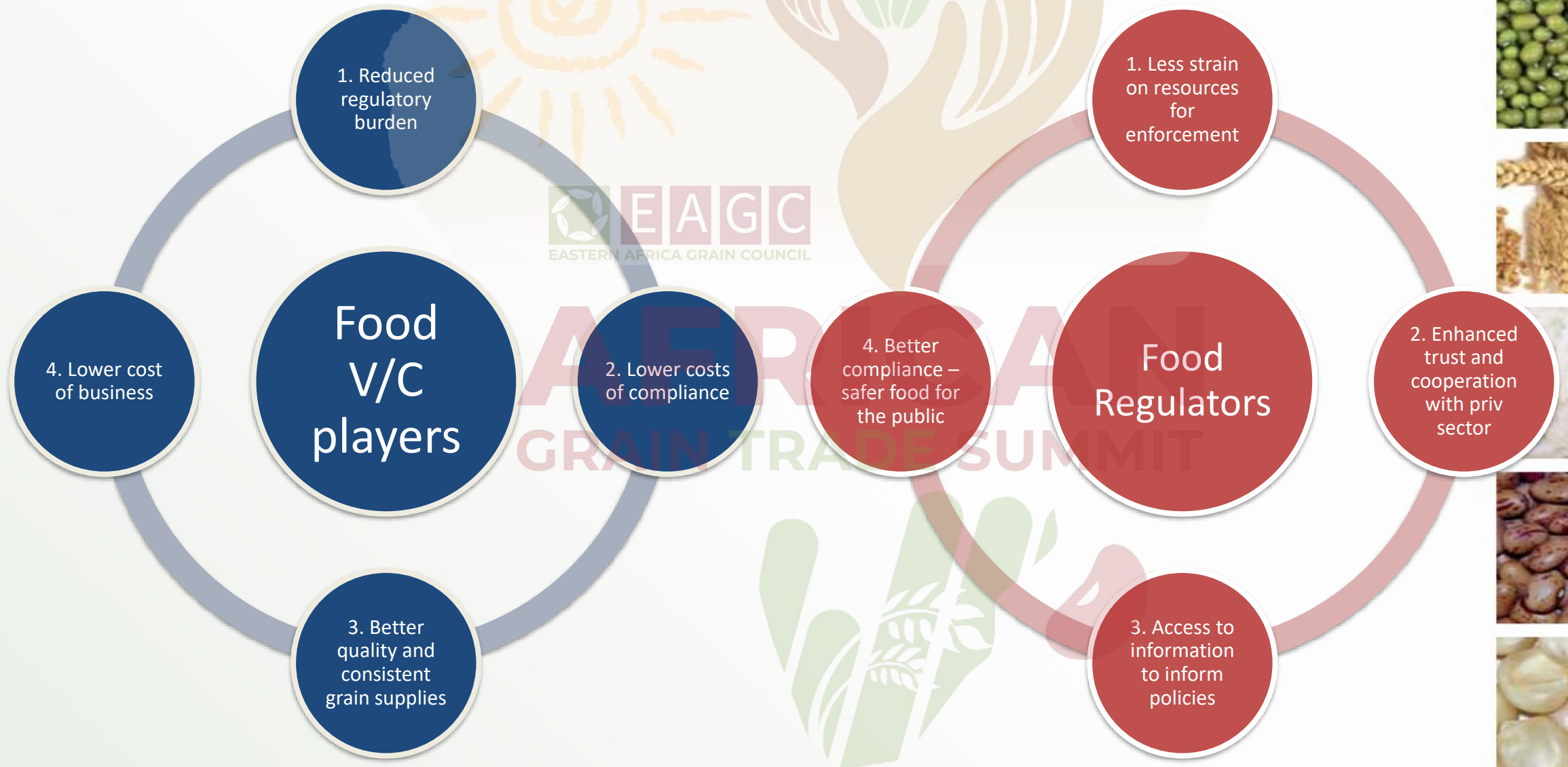
# 3. Roadmap for Executing Industry Self-regulation

## Roadmap to ISR for SFCV in East Africa





## 4. Expected benefits of ISR to value chain players



# EAGC Efforts in establishing ISR



EAGC in partnership with USAID PolicyLINK undertook several engagements to establish ISR:

1. Hosted a virtual Strategic Partners Group meeting in November 2021 where ISR was proposed as a holistic regulatory measure to help address food safety challenges.
2. Short synopsis paper on food safety and the room for ISR in the grain sector
3. Country level consultations for ISR in Kenya, Uganda and Tanzania in April 2022
4. Regional level consultations, hosted in Nairobi in April 2022
5. Published a White Paper on ISR and technical brief







With support from AGRA, EAGC and TGPU jointly implemented the Improving Compliance with Maize Quality Standards along Trade Corridors in East Africa project from 2021 to 2023. The project supported efforts towards ISR by:

- Trade conducted under supervision of industry bodies (EAGC GSoko process)
- Establishing a mechanism for sampling, testing and grading at source and destination;
- Establishing traceability of commodities
- Capacity building exporters on standards compliance





# The End

## AFRICAN

### GRAIN TRADE SUMMIT

