Improving compliance with SPS measures to boost oilseed exports

The purpose of the project was to increase export revenues of farmers, processors and exporters along the oilseed value chain through improved food safety and compliance with SPS measures for market access.

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STDF/PG/486

Status
Completed

Start Date
17/08/2015

End Date
16/02/2019

Project Value (US$)
$977,658

STDF Contribution (US$)
$825,071

Beneficiaries
Myanmar

Implementing Entities
International Trade Centre (ITC)

Partners
Myanmar Trade Promotion Organization, Ministry of Commerce
Food and Drug Administration, Ministry of Health and Sports
Department of Agriculture, Ministry of Agriculture, Livestock and Irrigation
Department of Research and Innovation, Ministry of Education
The Myanmar Pulses Beans and Sesame Seeds Merchant Association

Background

Myanmar is one of the world's largest producers of oilseeds, which account for the most significant portion of agricultural activity after cereals and pulses. For its potential to contribute to the Myanmar economic and social development, the oilseeds sector has been included within the priority sectors under the National Export Strategy (NES) framework. However, like in other developing countries, the non-compliance with food safety international standards and inadequate quality control mechanisms
have been identified by the public and private sector as a major issue affecting human health, export capacity and competitiveness in the sector. The issue of non-compliance with food safety standards is due to SPS factors that impact the entire value chain, from agricultural production to processing, thus hindering access to foreign markets.

Myanmar oilseeds exports rely on a few key markets including Japan, China and Chinese Taipei. Over 91% of total oilseeds exports are destined for these three markets, of which sesame seeds account for roughly 94%. With rising concerns over consumer health, implementation of food safety throughout the food chain becomes critical, and for export markets, compliance of SPS requirements becomes mandatory. Non-compliance with food safety standards and inadequate quality control mechanisms have been identified by the public and private sector as a major issue affecting human health, export capacity and competitiveness in the sector.

The major food safety concerns related to oilseeds include aflatoxins, rancidity of oil, and pesticide residues, all of which can be developed anywhere along the value chain and can be controlled by implementing hygienic practices at all steps. Therefore, a number of SPS and conformity assessment issues have been identified at every level of the value chain, in particular:

For farmers and producers:
- Lack of availability of quality seeds
- Improper pesticide/fertilizer use
- Lack of implementation of good agricultural practices, pest controls, and poor harvest/post-harvest practices

For processors and millers:
- Lack of systematically implemented food safety and quality control systems
- Product contamination in oil milling

For exporters:
- Mycotoxin and other product contamination across the sector value chain
- Lack of stakeholders' awareness and knowledge of international SPS measures

For government institutions:
- Insufficient qualified local expertise, extension officers and inspectors that limit SPS-related knowledge transfer to stakeholders along the value chain, and the
- Lack of a consistent approach and system to implement Good Agricultural Practices (GAP), Good Hygienic Practices (GHP), Good Manufacturing Practices (GMP), Hazard Analysis and Critical Control Points (HACCP) across the value chain.

Results

The project was one of the first in Myanmar that applied a value chain approach (oilseed products: sesame, grounduts, sunflowers – seeds, oil, cake) from farmers to market, covering four regions (Mandalay, Sagaing, Magway and Yangon) and raised high level of awareness of the urgent need to address food safety issues. It applied a new approach of building capacity across the chains through a pool of local experts and within institutions. It built an important foundation of skills and competences related to food safety and compliance with international standards in both public and private sector built for more than 900 stakeholders. The project helped raise awareness on the importance of food safety for human health and responsible production among Myanmar citizens, not only for export but also for local consumption, as was the case for oil millers, who joined the programme to implement food safety systems to improve the quality of their products also to supply local consumers.

Strengthened capacity to improve compliance with GAP and SPS measures (including pest control, harvest and post-harvest practices and pesticide use) by farmers

Activities were focussed on knowledge transfer and strengthening local capacity. More than 20 extension officers were trained to assist farmers to implement GAP. The Department of Agriculture (DoA) is now equipped with a strong pool of 11 extension officers that changed their approach to assist farmers and proved to be able to advise farmers. In-depth Food Safety training program supported nearly 500 beneficiary farmers to implement GAP. Training of Trainers (ToTs) assisted farmers in implementing GAP and monitored the progress made. As a result of the strengthened capacity to improve compliance with GAP and SPS measures, 150 farmers (31%) obtained the national GAP certification for their sesame crops and, as proven through the final crops’ sample testing, the quality and safety of farmers’ oilseeds have overall improved.
The project supported DoA in promoting the newly introduced GAP national protocol (based on ASEAN GAP) and aligned the training materials to these guidelines. Furthermore, the project promoted the use of the Plant Protection Department Mobile application for growing techniques and pest management of oilseeds crops.

**Increased capacity for quality segregation of seeds and GHP at storage facilities**

Five beneficiary collectors increased their understanding and implementation of the good storage, manufacturing and hygiene practices to be followed in their daily business operations to retain the quality and safety of the product at the collection and traded level. The layout and physical construction of the warehouses were highly improved. Practices applied to receiving, handling, storage and dispatch of products were enhanced which resulted in safe and quality products being traded, including seeds.

To reach out and further incentivize the engagement of collectors to be part of the oilseeds’ quality value chains, the project collaborated with the four regional commodity exchange centres (CEC) and experts from interested institutions and government departments. CEC reached out to more than 200 collectors and other intermediaries on improving Good Hygiene Practice and Good Warehouse Practices. The Quality and Food Safety Manual for oilseeds storage produced by the project was the first of its kind in that it was developed with large contributions of a pool of locals and largely disseminated to users. This resulted in the dissemination of more than 2,000 manuals providing information on quality and food safety for oilseeds storage. The project also donated 48 pieces of 8 different raw material quality control equipment to selected collectors to improve their sorting and food safety control practices.

**Enhanced capacity to apply food safety control systems based on GHP, GMP, HACCP in oilseed processing**

Eleven companies (5 oilseeds processors/exporters and 6 oil millers) successfully completed the in-depth training and assistance program and improved their overall business performance and compliance with international standards by implementing good hygiene and food safety practices throughout the whole production process based on Codex standards. Seven of them obtained third-party HACCP certification to facilitate market access. An increase in annual export sales was reported by processors/exporters in the oilseeds sector applying pre-requisites programmes and HACCP. As a result of food safety raising awareness in the sector, the Food and Drug Authority (FDA) approved oilseeds processing factories and the certification has been increasing in number every year (2 oil mills in 2015, 7 oil mills in 2016, 28 oil mills in 2017, 50 oil mills in 2018).

The companies were assisted throughout the HACCP implementation phase by a pool of Trainers cum Counsellors (TcCs) that were trained and coached. Nine of them are now able to advise the companies on GHP and HACCP and passed a final exam. Their profile is included in a booklet to promote their skills and services on food safety. A number of publications were produced and distributed to several organization and during trade fairs, including the SMEs profile booklet. A market guide for oilseeds processors has been developed and handed over to MoC for distribution to other oilseeds businesses.

**Increased linkages along the sector value chain and to export markets**

A number of business matchmaking activities were held throughout the project. Companies were guided to attend international trade fairs and events for establishment of new linkages for export opportunities. Multiple events were organized between farmers, collectors, processors and exporters from different townships, resulting in business deals with higher margin in comparison to the average market price. Furthermore, study tours to neighbouring countries were organized for experience sharing, which improved knowledge and understanding of business deals.

At local level, the project promoted public-public and public-private cooperation. More than 250 farmers created new contacts with local collectors and buyers; 8-linkages between farmer groups, local buyers and respective townships ToTs were established for about two consecutive growing seasons. Four individual value chains are expected to be sustainable beyond the project under the monitoring of DoA township level to facilitate the trading agreements.

**Recommendations**

The following recommendations were identified during a panel discussion at the final project workshop.

**Policy and regulatory affairs:**

- Adopt a master plan for the development of an Oilseeds industry policy for the promotion of local production, import substitution, and food safety improvement.
- Advance the existing policy development activities for the adoption and enforcement of the new National food law and the National food safety policy, and the development, adoption, and enforcement of the Laboratory law.
• Advance the existing policy development activities for the adoption and implementation of the National Quality Policy (NQP)
and develop standards for peanuts (especially for the Commodity Exchange Centre trading) and edible vegetable oil. In
addition, review the law of standardization and set up voluntary product certification scheme for oilseeds.
• Implement a National Residue Monitoring Plan in oilseeds sector for aflatoxin and pesticide residues, and heavy metals.
• Develop regulations and enforcement under the food law for contaminants.
• Expand and enforce the oil requirements in the labelling law adopted by the Department of Consumer Affairs.
• Implement a coordination mechanism to monitor and address specific SPS issues (task force) and enforce controls of
hazards (e.g. Aflatoxin) and phytosanitary certificates for export.

Strengthening testing capacity
• Strengthen the local food laboratories’ network to demarcate the roles and responsibilities for the National Residue
Monitoring Plan and develop Sector labs network Accreditation scheme.
• Support accreditation and extension of scope for the food labs (aflatoxins, pesticide residues and heavy metals).

Strengthening capacity building through trainings
• Expand STDF’s GAP training by committing to use ToTs and TcCs in future trainings.
• Support capacity building for inspectors and expand the enforcement of FDA’s GMP Certification.
• Use and disseminate the STDF collector manual to warehouses and expand STDF HACCP training with the support of
trained TcCs.
• Include ToTs in upcoming project development to help develop close relationships between the assigned farmer groups
and local authorities.