



## Strengthening food safety and quality compliance in select Sri Lankan spices

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This PPG aimed to formulate a project proposal to establish an ICT-based traceability system to strengthen food safety and quality-related (FSQ) compliance with international standards (e.g. Codex Alimentarius) and market requirements. Covering a select Sri Lankan spice supply chain, an ICT-based traceability system is expected to reinforce compliance with SPS requirements and technically capacitate downstream supply chain actors to harmonize their practices under a common framework, including the rules of production, control procedures, and cueing quality. The selection of the Sri Lankan spices which were included in the project proposal was based on preliminary value chain analyses of pepper, clove, and nutmeg conducted during the PPG implementation phase, which helped in determining the relevance, opportunity, and feasibility of the selected spice concerning its potential for market development via export promotion.

### **STDF/PPG/721**

#### **Status**

Completed

#### **Start Date**

01/12/2020

#### **Project Value (US\$)**

\$45,836

#### **STDF Contribution (US\$)**

\$45,836

#### **Beneficiaries**

Sri Lanka

#### **Implementing Entities**

United Nations Industrial Development Organization (UNIDO)

#### **Partners**

Ministry of Agriculture

State Ministry of Investment Promotion

Associations of Producers, Processors, Exporters of Agri-food Products

National and Regional Chambers of Commerce, Industry and Exporters

#### **Background**

Sri Lanka is well-known for producing exceptionally good spices, thanks to its soil and favourable climate. Pepper, cloves, and nutmeg (PCN) are among the main spice crops cultivated on the island. The sector plays a vital role in the Sri Lankan economy, providing employment and supporting the livelihoods of thousands of small-scale farmers and their families. Over the last couple of decades, spices have become the leading cash-earning enterprise of many farmers in the country's spice-

growing areas. Smallholders dominate the sector with over 70% of cultivated land consisting of smallholdings and home gardens of less than one hectare on average.

Sri Lanka exports around 30,000 tons of different spices annually. Over 90% of these spices and other allied products manufactured in Sri Lanka are used by the global food and beverage industry, the pharmaceutical sector and companies manufacturing personal care products. The country is among the top ten exporters of cloves and nutmeg, and the world's 12th exporter of pepper. There is a huge and untapped potential to increase exports of Sri Lanka spices, especially to niche and high-end markets, to support income generation and socio-economic development of the sector.

To seize this potential, however, the country must address a range of sanitary and phytosanitary (SPS) challenges that currently prevent the spice sector from reaping the benefits of trade agreements and accessing international markets. Concerns include risks of aflatoxin contamination, non-compliance with maximum residue levels, and risks of lead contamination due to inadequate quality control of soil and water. Farmers and manufacturers lack capacity and knowledge to apply good agricultural practices, minimize agro-chemical use, and comply with safety and quality regulations and standards. Laboratories are not accredited, and food safety inspectors lack technical capacity and regulatory knowledge.

## **Results**

### **Increased coordination among national stakeholders**

The PPG convened leading spice exporters, conformity assessment bodies, national quality infrastructure institutions, trade support institutions, international organizations and NGOs in the country thanks to a number of workshops and consultations. For instance, the project proposal and the report on the value chain analysis that resulted from this PPG was presented and validated at a final stakeholders' workshop which took place on 4 November 2022. Each stakeholder had the opportunity to present their feedback, recommendations, and their strategic role and contribution to the prospective project.

### **A report presenting the findings a value chain analysis of pepper, clove and nutmeg**

The value chain analysis, conducted by two external experts, was the basis for the formulation the project proposal on strengthening the food safety quality-related compliance with international standards, technical regulations, and market requirements along each stage/node of the supply chain of the PCN spices.

### **A project proposal titled Ceylon spices: Tracing excellence back to origin**

A project proposal was developed under the leadership of UNIDO, in close collaboration with PCN value chains' stakeholders and based on the findings of the value chain analysis. The proposed project aims to replicate and build on the success of the [STDF-funded Ceylon cinnamon project](#) by strengthening compliance with international food safety and quality standards for pepper, cloves and nutmeg. The project will also establish an ICT-based traceability system is expected to reinforce compliance with SPS requirements and technically capacitate downstream supply chain actors to harmonize their practices under a common framework, including the rules of production, control procedures, and cueing quality. This will enable access to high-end markets and boost the country's export volumes and revenues, beyond the Cinnamon value chain. This will ultimately benefit smallholder producers, particularly women and youth, through job creation and improved livelihoods.