

# AID-FOR-TRADE: CASE STORY

## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

### Traceability of agro-industrial products for the European market

**Date of submission:** 14.02.2011

**Region:** Northern Africa

**Country:** Arab Republic of Egypt

**Type:** programme/project

**Author:** United Nations Industrial Development Organization (UNIDO)

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# ANNEX I

## CASE STORY TEMPLATE



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### **Executive Summary**

Goal: Traceability of Egyptian food products

MDG: 8. Develop a Global Partnership for Development

Donor: Italian-Egyptian Debt-for-Development Swap Programme

Partner: Italian Development Cooperation

Egyptian Ministry of Trade and Industry of Egypt

Budget: USD 7.600,000

Project status: completed

Duration: October 2004 – June 2009

Launched in July 2004 in Cairo, Egypt, ETRACE was established by UNIDO as a joint project with the Egyptian Ministry of Trade and Industry and the private sector, through the Italian-Egyptian Debt-for-Development Swap, promoted by the Italian Development Cooperation. Since the Centre's establishment, it has been very successful and developed its reputation as a domestic and South-South centre of excellence on traceability, food safety and quality enhancement and supplier development.

The project has assisted Egyptian farmers, food producers and packing houses to meet international food quality, safety and traceability standards, ensuring that projects are safe for consumers in both domestic and international markets and do not encounter barriers to trade. This was achieved through technical assistance in applying traceability systems and upgrading technology and management systems, thereby enhancing productivity, increasing quality and safety and reducing post-harvest losses. ETRACE has also helped farmers to reduce the use of chemicals and to acquire certification for their exports. Moreover, the project has addressed key pro-poor developing issues by fostering the participation of small growers in formal supply chains and by building local food safety, quality and productivity enhancement capacity.

## **1. Issues Addressed**

Ever since the time of the pharaohs, Egypt has pioneered and perfected farming methods in the fertile Nile Valley. Once the bread basket of Ancient Rome, the country has, for more than five thousand years, remained a vital producer and exporter of various crops to Europe, North Africa and the Middle East. Today, the agro industrial sector accounts for 20 per cent of the country's total exports; most of which are exported to the European Union (EU). Due to the different times of harvest, the Egyptian farmers are able to offer a wide range of produce at times when these are not available on the European market, thus posing no competition to local farmers.

However, due to the EU regulation on food safety and circulation introduced in 2002 (178/2002), Egyptian exporters have encountered trade barriers because of the lack of compliant traceability and quality control systems. The Egyptian Ministry of Foreign Trade requested UNIDO's assistance to address this problem and help Egyptian farmers and producers overcome barriers to trade.

## **2. Objectives Pursued**

The main objective of the project was, through financial and technical assistance, to make Egyptian agro-industrial export safer, more competitive and capable to comply with stringent market standards and regulations. In response to this challenge, UNIDO has established the Egyptian Traceability Centre for Agro-Industrial Exports (ETTRACE) – a project funded through an Italian-Egyptian Debt-for-Development Swap programme.

## **3. (For projects and programmes: Design and Implementation)**

In setting up the local capacities, a great deal of attention was put on training national experts so that they could support Egyptian farmers and producers in the development and

implementation of traceability schemes. The focus of the training was to assist fresh produce exporting companies to adopt the procedures necessary to conform to international quality and safety standards.

#### **4. Problems Encountered**

- Stakeholders' lack of awareness about the relevance of traceability and supply chain management
- Resistance to change among employees (due to the perception that the new system required more work)
- Resistance to control (traceability reveals mistakes and carelessness)
- Resistance to change due to cost implications

#### **5. Factors for Success and Lessons Learned**

Essential for the programme's success proved to be its pro-poor approach (the inclusion of small growers and producers in formal supply chains), a highly qualified and dedicated team of local experts, and the adaptation of best practices and training material to local requirements and the socio-cultural context.

The main success factors were:

- Locally recruited staff with strong technical expertise (no use of long-term international experts)
- Combination of technical cooperation and financial assistance
- Access to international best practices
- Strong links with counterpart - and research institutions
- Inclusion of all stakeholders in project activities
- A highly effective awareness strategy
- Strong collaboration with international stakeholders and institutions
- Strong scientific backbone of activities
- Cooperation with other initiatives in the sector
- Participation and ownership by beneficiaries
- Policy support
- Appropriate technologies
- Adaptation of training methods and materials to the Egyptian socio-cultural context
- Consideration of gender equality
- Environmental sustainability
- Institutional and management capacity
- Economic and financial viability

#### **6. Results Achieved**

During its lifespan, the project has trained over 1,500 nationals, including 52 experts who were trained as trainers. A large number of producers and exporters across the entire food chain were involved, as well as food transporters and various other service providers. Assistance was provided to about 90 of the total 200 packing houses in Egypt, accounting for approximately 85 per cent of fresh produce exports. The project has reached over 45,000 farms, and almost five million people!

Moreover, the Egyptian *Agriculture and Agro-Industrial Technology Centre* was established as a sustainable domestic and South-South centre of excellence on traceability, supply chain management and supplier development (directly affiliated to the Technology Development Sector of the Egyptian Ministry of Trade and Industry).

Furthermore, an additional US \$6 million funds (non-governmental) to continue and expand the ETRACE's activities were mobilized.

Traceability systems have helped Egyptian exporters to:

- Timely overcome possible barriers to trade, ensuring continuity of exports of food products and minimizing risks for businesses and employees
- Improve management of the food supply chain
- Reduce recall expenses
- Mitigate contagious diseases and protect food chains Increase demand and competitiveness of Egyptian Products
- Attract new foreign direct investments in the agro--industrial sector, creating more jobs and sustaining livelihood

## **7. Conclusion (applicability to other programs)**

ETRACE has had a substantial impact on the development of Egypt's agro-industrial sector. Today, the Egyptian *Agriculture and Agro-Industrial Technology Centre*, which since 2009 is directly affiliated to the Technology Development Sector of the Ministry of Trade and Industry, has become the delivery hub for an important number of other UNIDO development projects in Egypt and in the entire region.

The success of the project has triggered the development of a series of new projects (together amounting to US \$6 million), with ETRACE as their delivery mechanism. Currently, the Italian Development Cooperation is financing the project *Programme to increase availability of high quality and safe food and reduce post-harvest losses in ACP countries: Establishment of ETRACE as a Centre of Excellence* (it started in July 2009 and was thanks to its tremendous success extended until August 2013). Its objective is to extend ETRACE's activities and provide assistance in establishing similar structures in other developing countries and countries in transition. The project has already achieved its goals far beyond expectations! In the framework of this project, ETRACE has already provided and/or currently provides technical and advisory support to 13 countries: Algeria, China, Costa Rica, Ecuador, Ghana, Jordan, Lebanon, Moldova, Morocco, the Philippines, South Africa, Tanzania and Tunisia!

Furthermore, ETRACE is now also the implementing partner for three Technical Assistance projects funded by the MDG funded project (Spain), the Dutch Embassy in Cairo and the METRO Group and by The Swiss Development Agency SECO.