



# ANTI-COUNTERFEIT ACTIVITIES REPORT FOR THE THIRD QUARTER 2018



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The Anti-Counterfeit Steering Committee (ACSC) was established in the year 2014 by the Agrochemicals Association of Kenya (AAK) with a mandate to combat counterfeiting and other dealings in counterfeit pesticides in the agrochemical industry in Kenya.

The work of the committee focuses on the following areas:-

- Raising awareness to the public on matters relating to counterfeiting
- Cleaning supply chain through Accreditation
- Building collaborations and linkages with relevant actors of the industry.

The ACSC presents the following as the report of the activities during the third quarter 2018.

The following companies have undergone accreditation sensitization during the third quarter 2018.

Sr.#	COMPANY	DD/MM/YYYY	staff Accredited
1	Bell Industries Kenya Ltd	10/08/2018	8
2	Agrichem Africa Ltd	08/10/2018	34
3	Highchem Marketing & Essentials	11/10/2018	18
<b>TOTAL</b>			<b>60</b>



Bell Industries Accreditation Training

## 1. CLEANING THE SUPPLY CHAIN THROUGH ACCREDITATION

The fight against counterfeits has received new impetus with the Accreditation Scheme, where players in the supply chain (Member companies and Agro dealers) undergo accreditation. For the member companies, the scheme targets sales, marketing and technical teams. ACSC has increased its effort in dealing with this menace through collaboration with the government law enforcement agencies and other relevant actors of the industry.



Highchem Accreditation Training

Member companies are encouraged to consider adopting the following strategies in order to boost the scheme.

- Each member company to accredit all their staff as a good example to the other actors to undergo accreditation. Members should also take opportunity during their quarterly sales meetings to train their sales teams.

- Members to consider having the message "buy from accredited dealer only" in their promotional materials – posters, banners and radios advert. This is to support the initiative by increasing its visibility.

- Distribution in vans has been identified as one of the key perpetrator of counterfeiting and as such should be discouraged.

- During appointment of distributors by member companies, the company should demand for an accreditation certificate from a distributor as part of mandatory documents.

- In the event of change of employer, the accreditation card issued to sales staff becomes invalid. It can be reissued through the new employer after verification by AAK.

- The accreditation card and accreditation certificate issued to accredited sales personnel and stockiest respectively should have a validity of 2years.

## 2. RAISING AWARENESS

### Anti-Counterfeit Awareness Campaign – Meru County 18 October 2018

During this quarter, the Anti-Counterfeit steering committee (ACSC) in collaboration with the Pest Control Products Board (PCPB) and Meru county Department of Agriculture conducted an Anti-counterfeit awareness campaign meeting in Meru County. The committee has embarked on creating awareness to the public to minimize illegal trade on pesticides in the country. This campaign is one of the strategies the committee has adopted to establish specific counterfeit challenges and way forward for the industry regarding this vice.

The objective of the meeting was to sensitize key stakeholders of the industry in the county on counterfeiting of agricultural pest control products. The forum majorly targets farmers who are the end users of these products.

Sr.#	Organization	Delegates
1	CDA-Meru Office	2
2	PCPB	2
3	KEPHIS	1
4	AAK Member Companies	11
5	Farmers	95
6	ACA	1
7	AAK	3
<b>TOTAL</b>		<b>115</b>

During the meeting farmers were taken through a discussion session where they had the opportunity to air the challenges they are faced with. Numerous challenges were noted some of which are not related to pesticide industry. Those related to the industry were captured as shown:-

The forum explored these challenges and came up with the way forward.

#### Challenges Identified during the meeting

##### a) Counterfeit agricultural inputs

Counterfeiting of agricultural inputs i.e. seeds, fertilizers, pesticides is still a major problem to farmers and the industry at large. Farmers reported that adulteration of products is high and tenders for supply of PCP's by county governments is not being done through registered dealers rather being directed to stationery dealers, general merchants who do not possess PCPB licenses. In addition, an unconfirmed report by farmers shows that subsidized fertilizer introduced by the government to farmers is ineffective, therefore doesn't improve yield in crops.

- In order to reduce the percentage of all counterfeit Agricultural inputs, Farmers

recommend the adoption of scratching and SMS technology in PCPs which is similar to that used by seed companies.

As a means of enforcing the law, PCPB to carry out a thorough inspection to all dealers of PCPs to ensure they abide by the law. This will eliminate cases of unregistered stockiest in the country.

##### b) Training on safe Use of pesticides and pest management

Farmers reported an emergence of a pest that is associated to miraa plant which they call for intervention of the government and private sector involved in promotion of agricultural best practices to cheap in and helps curb this invasive pest.

- As a preventive measure to this, the forum suggested farmers to be trained on an Integrated Pest Management (IPM) method, coupled with safe use i.e use of proper hygiene and personal protective equipment when handling pesticides.

##### c) Industry Code of practice

It was noted those involved in stocking of PCPs flouts the industry code of practice, which is the international standard of practice on pesticide management. For example some of the PCPs stockiest

are not technically qualified to deal in pesticides.

- To eliminate this, PCPB has included in the new PCP Bill, a minimum qualification required in order to operate an Agrovet outlet.

- Publicity of the accredited stockiest in AAK website will also ensure a clean supply chain starting from the manufacturer to the stockiest.

##### d) Knowledge on soil fertility

Knowledge on soil fertility and soil testing is quite low among the farmers in Meru according to the participants of the meeting. Most farmers are not aware of their soil fertility status like soil PH. Despite the fact that the soil lacks the right nutrients, they continue to grow their crops in such soils thus leading to low and poor yield.

- The county ministry of Agriculture to intervene to ensure farmers gets the right education on farming practices. This will boost agricultural production in the region.



Farmers during the meeting



### 3. BUILDING COLLABORATIONS AND LINKAGES WITH RELEVANT ACTORS

#### Agro-dealer Associations Forum 2 October 2018

Agrochemicals Association of Kenya (AAK) through its Anti-Counterfeit Steering Committee (ACSC) on 02 October 2018 held a forum for regional agro-dealer associations at Jacaranda Hotel Nairobi. The forum was meant to focus on:

- Strengthening self-regulation in the industry by working in collaboration with regional agro-dealer associations.
- Addressing the challenges faced by the industry stakeholders in the supply chain.

- Discussing the possibility of affiliating regional agro-dealer associations in AAK Membership.
- Building the capacity of agro-dealer Associations and;
- Creating a forum for lobbying with the government.

-This forum brought together more than twenty (20) delegates from different agro-dealer associations and was also attended by AAK Chairman and Anti-Counterfeit Steering Committee (ACSC) members.

#### County Agro-dealer associations

Sr.#	County	Delegates
1	Busia	2
2	Kakamega	2
3	Trans-Nzoia	2
4	Vihiga	2
5	Siaya	2
6	Embu	2
7	Kilifi	3
8	Kajiado	2
9	Kericho	2
10	Taita Taveta	1
<b>TOTAL</b>		<b>20</b>

#### Remarks by the Chairman, Patrick Amuyunzu

- Applauded the Anti-Counterfeit Steering Committee (ACSC) for their efforts in fight against counterfeits in the agrochemical industry in Kenya.
- Stated that the impending Pest Control Product (PCP) Bill shall address the issue of counterfeits by meting out punitive measures to counterfeiters as a deterrent.
- On the code of conduct within industry, he noted that naturally,

there exists competition at the agro-dealer level but this can either be fair/unfair competition. Their associations were therefore important in ensuring there is healthy competition among the members in the respective counties by adherence to a code of conduct.

- Urged the regional agro-dealer associations to actively take part in the accreditation scheme.

Deliberations were made during plenary discussion on the **challenges** facing the agrochemical industry and the following were noted as potential threats:-

**1. The introduction of VAT** on pest control products has impacted negatively on the purchasing power of consumers/farmers. This will lead to an influx of counterfeit pesticides especially in the border counties.

Areas with seasonal business due to weather patterns such as Kilifi, suggested taxation should be collected at distributor level and above.

**AAK responded** by informing participants that it had done extensive lobbying to revert back to zero rating of pesticides through judicial, legislative and political avenues. The process is still on course despite the setbacks.

**2. Counterfeits and illegal products** are still a major problem and by the estimation on the ground, it stands at 30%. The participants reported that adulteration of granular formulations is high and tenders for supply of PCP's by county governments is not being done through registered dealers (being given to stationery dealers, general merchants who don't have PCPB licenses).

- Unconfirmed reports are that some of these merchants are supplying counterfeits alongside genuine products. They requested that PCPB take immediate action on this matter.

- They urged AAK member companies to investigate at county level if county institutions were supplied with genuine

products after tenders have been finalized.

- It was also noted that some products have the KEBS diamond mark of quality which is being used to convince consumers that the counterfeits are genuine.

- The agro dealers complained of PCPB inspection only targeting agrovets while other entities dealing in pesticides (hardware shops, hawkers etc.) are not touched) and they are the main source of counterfeits. County governments should be approached to deter hawkers of pesticides in the local markets.

- Border counties complained of competition from products sourced from neighboring countries which was denying them business opportunities. Some agrovets are actually almost dealing exclusively in these products.

- The response by AAK was that PCPB were financially constrained and could not adequately cover the whole country. Agro dealers were urged to however report cases where they have concrete evidence to the nearest PCPB office. The supply chain needs strengthening to weed out counterfeiters and this was being done through accreditation.

- Agro dealers recommended the adoption of scratching and SMS technology similar to that used by seed companies. Negotiations are underway between AAK members and the service provider. AAK intends to use naming and shaming in mass media to deter unscrupulous agro dealers. Agro dealers should be very wary of pricing differences and unfamiliar marks.

- Loopholes in public procurement are

being used to procure substandard goods especially for products such as pesticides. AAK intends to support the County Agro dealer Associations to lobby for changes in the procurement laws in the various counties. The same lobbying shall be extended to the council of governors and the public procurement oversight authority.

**3. Supply constraints** for some products were creating a conducive environment for counterfeiters.

The manufacturer of the counterfeited products such as Gladiator® are taking measures such as changing the packaging, creating awareness on where to get genuine products and strengthening the distribution network to reduce scarcity of the product.

**4. Business management training** was identified as a key resource that's needed by agrovets. AGMARK have previously done a lot, but further training needed to keep up with technology (Point of sales systems, tax deductions etc.) and stock management among other topics.

- They are also facing challenges of access to **finance** especially where business is seasonal and banks are reluctant to offer credit. This handicaps small businesses which are key in the supply chain since they reach out to farmers in the most remote areas.

**5. Unfair competition** through undercutting was rampant in most areas. This affects new entrants who are pushed out of business by established entities. They suggested that member companies issue price guidelines especially with the new VAT coming into effect.



CEO, Evelyn Lusena, addressing the meeting



ACSC Chairman, Patrick Ngugi giving remarks

## WAY FORWARD

The sustainability of associations was identified as a key output of interaction between the County agro dealer associations and AAK. In the recent past, many national agro dealer associations had failed to reach their objectives. By having a long history since 1958, AAK agreed to step in and fill this gap. This is achievable through;

- a. Incorporating the individual County Agro dealer Associations (CAA) as affiliate members of AAK.
- b. Sensitization of agro dealers at county level to recruit more agro dealers to the CAA's
- c. Linkage of training by AAK/PCPB to issuance of licenses.
- d. Lobbying for linkage of licensing by PCPB to membership of a CAA so as to ensure all agro dealers are known and adhere to code of conduct.
- e. Training of agro dealers on accreditation at County level. This is to be done with support of existing CAA which shall identify potential agrovet after a mapping exercise.

f. CAA's to be empowered to have a national outlook at a later stage.

g. All agro dealers to be issued with unique identifiers which can assist in tracing products. The same is being done through accreditation where each agrovet gets a unique number.

h. AAK to facilitate forums at county level and priority given to the 10 counties who were present in the forum. The focus shall be on business, responsible use, VAT and recruitment.

i. Regulation to start at the entry points i.e. at importation points

j. AAK to involve AGMARK in its activities

k. SSPs to be capacity build for accreditation and should work closely with agro-dealer associations

l. PCPB to make it mandatory to all distributors dealing in pesticide products to join existing agro-dealer associations before involving in distribution of agrochemicals



## UPCOMING ACTIVITIES

### a. Anti-Counterfeit Awareness Campaign

Sr.#	County	DD/MM/YYYY	Venue
1	Kisii	21/11/2018	Nyakoe Hotel-Kisii

### b. Agro-dealers sensitization forum

Sr.#	County	DD/MM/YYYY	Venue
1	Busia	04/12/2018	
2	Bungoma	05/12/2018	
3	Kakamega	06/12/2018	
4	Vihiga	07/12/2018	



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