

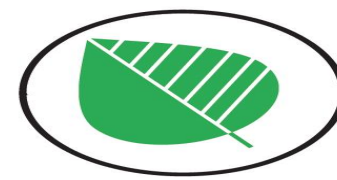
**FPEAK**  
Fresh Produce  
and Exporters Association of Kenya

# HORTICULTURE INDUSTRY IN KENYA- THE SMALL HOLDER FARMER INCLUSION- FPEAK PERSPECTIVE

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## INTRODUCTION - **FPEAK**

- The Fresh Produce Exporters Association of Kenya (FPEAK) is Kenya's premier trade Association representing growers, exporters and service providers in the horticulture industry.
- Formed in 1975, when export horticulture was in its infancy
- Members of the Association are involved in growing and/or exporting fresh cut-flowers, fruits, and vegetables
- FPEAK provides a focal and coordination point for the horticulture export industry



# FPEAK ACTIVITIES;

- **Timely Market information:** Industry members benefit from FPEAK's information services on relevant industry info.
- **Training/Capacity Building Programs:** training for technical staff and smallholder farmers to comply to acceptable standards on Good Agricultural Practices.
- **Pre-certification appraisals.** Farmer groups in preparation of GAP certification
- **Advocacy and lobbying:** FPEAK continuously monitors the domestic and international policy environment and lobbies relevant institutions and governments for actions

# Overview of The Agriculture Industry

- Agriculture- The mainstay of Kenyan economy
- Contributes 30% of GDP and accounts for 80% of the employment
- Horticulture provides; income, foreign exchange, employment and raw materials
- Occupies an area of 662,835 Ha



## KENYA HORTICULTURE –SMALLHOLDER ROLE; A GLANCE

- Horticulture in Kenya: No price guarantees, No subsidies, No quotas.
- Over 500,000 growers, over 240 exporters,
- about 1.5 million people directly employed and 4.5 million directly or indirectly dependent on horticulture 95% production is traded domestically,
- Largest number of small scale in export value chain
  - 150,000 farmers, direct and indirect dependency
- Large Scale -Small scale linkages as a driving force:
- Standards Compliance – a Marketing strength



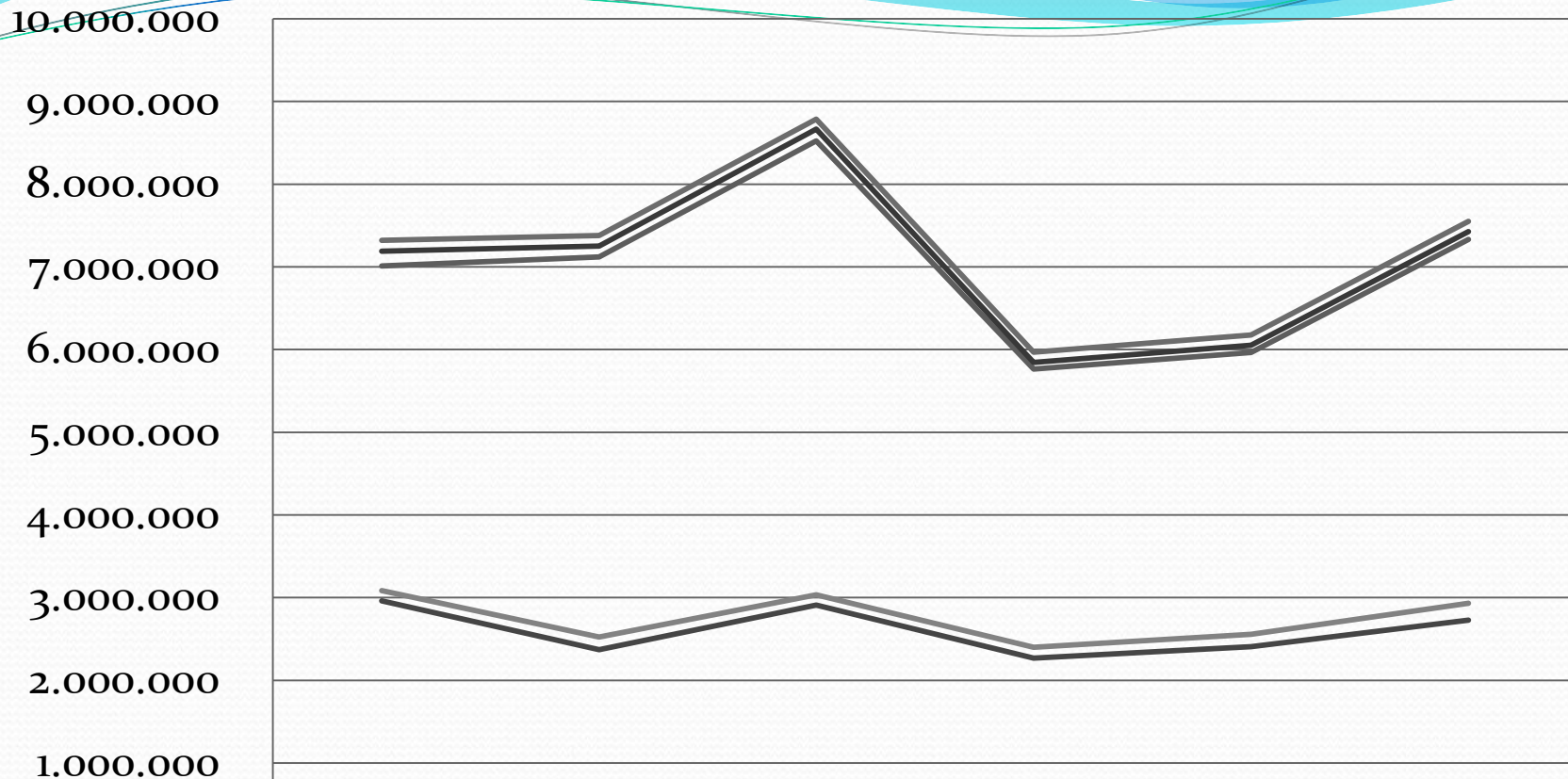
## KENYA HORTICULTURE – A GLANCE cont'

- Value in the horticulture sector in 2013 amounted to Ksh.244 Billion up from 217 Billion in 2012
- Total value of exports was Kshs 94 Billion exported
- Contribution on total value;- Flowers (48%), Fruits (28%), Vegetables(18%), Nuts (3%) and Medicinal and Aromatic Plants (Maps) (2%)
- Main export markets are Europe (Netherlands, France, UK, Belgium, Germany, Sweden) middle East, USA, Japan, Russia, S. Africa. Middle East
- **Competitiveness** - modernization of supply chains to reduce costs and improve quality (exporters, supermarkets, traceability, fewer players, more organized systems)



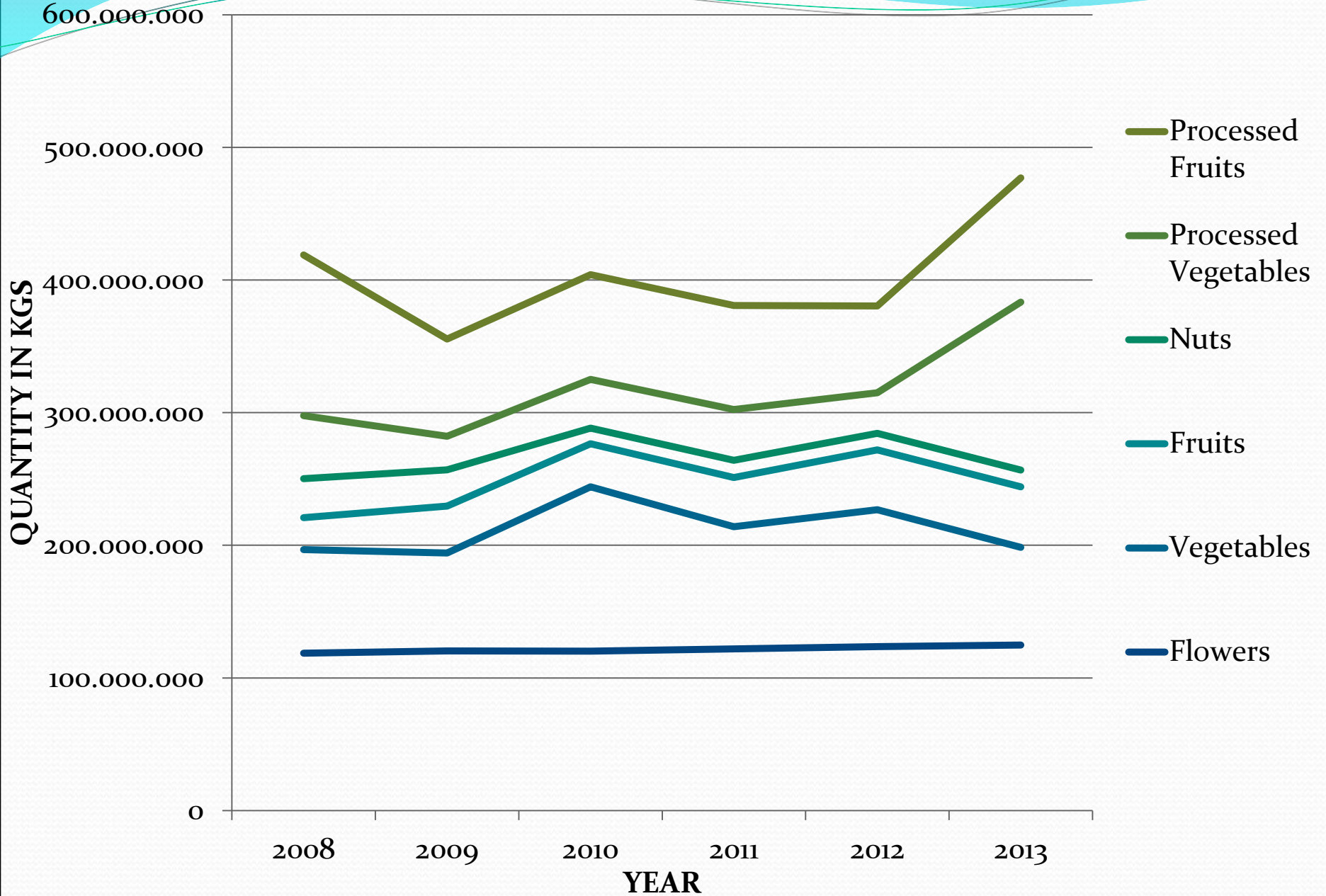
# NATIONAL PRODUCTION TRENDS IN METRIC TONS

QUANTITIES IN MTS



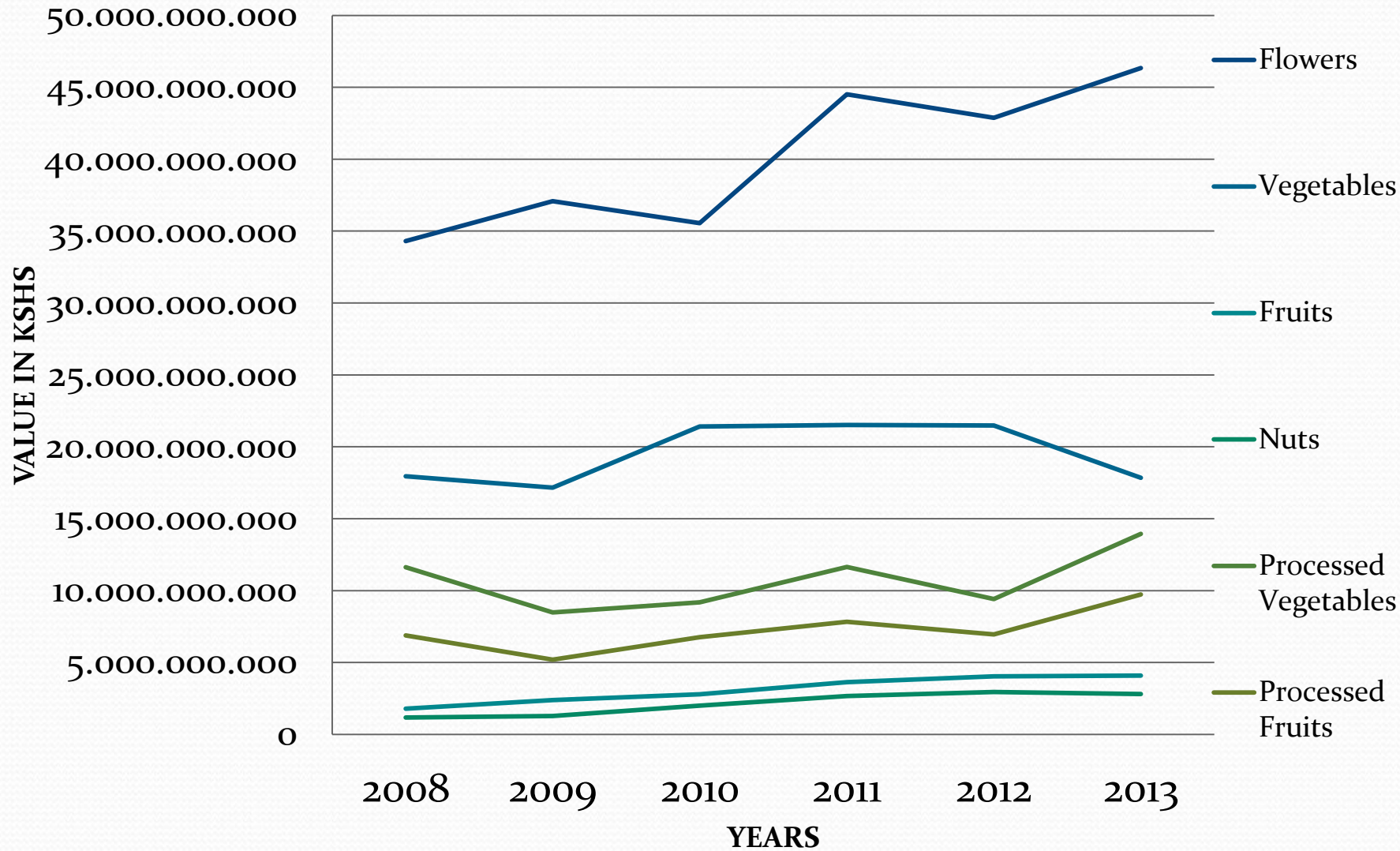
	2008	2009	2010	2011	2012	2013
— Flowers	131.163	126.732	120.221	121.891	123.510	124.858
— Herbs and Spices	179.682	131.372	141.994	80.980	85.885	95.307
— Vegetables	3.925.23	4.599.39	5.487.02	3.364.67	3.407.10	4.397.26
— Nuts	125.037	152.276	125.124	133.544	152.224	204.338
— Fruits	2.959.73	2.369.62	2.910.07	2.266.87	2.405.75	2.728.27

# HORTICULTURE EXPORT TRENDS KGS 2008- 2013





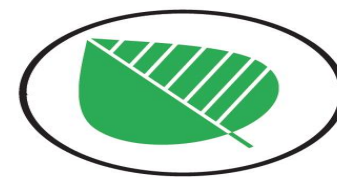
# NATIONAL TRENDS, HORTICULTURE EXPORT VALUES IN KSHS



# Participation of Smallholders in fresh produce value chains- Challenges; FPEAK Perspective

- Market Standards Compliance; The Standards Challenge
- Maximum Residue level Challenges
- Value-Chain Challenges
- Credit Challenges
- Production challenges
- Opportunities in Horticulture
- Way forward



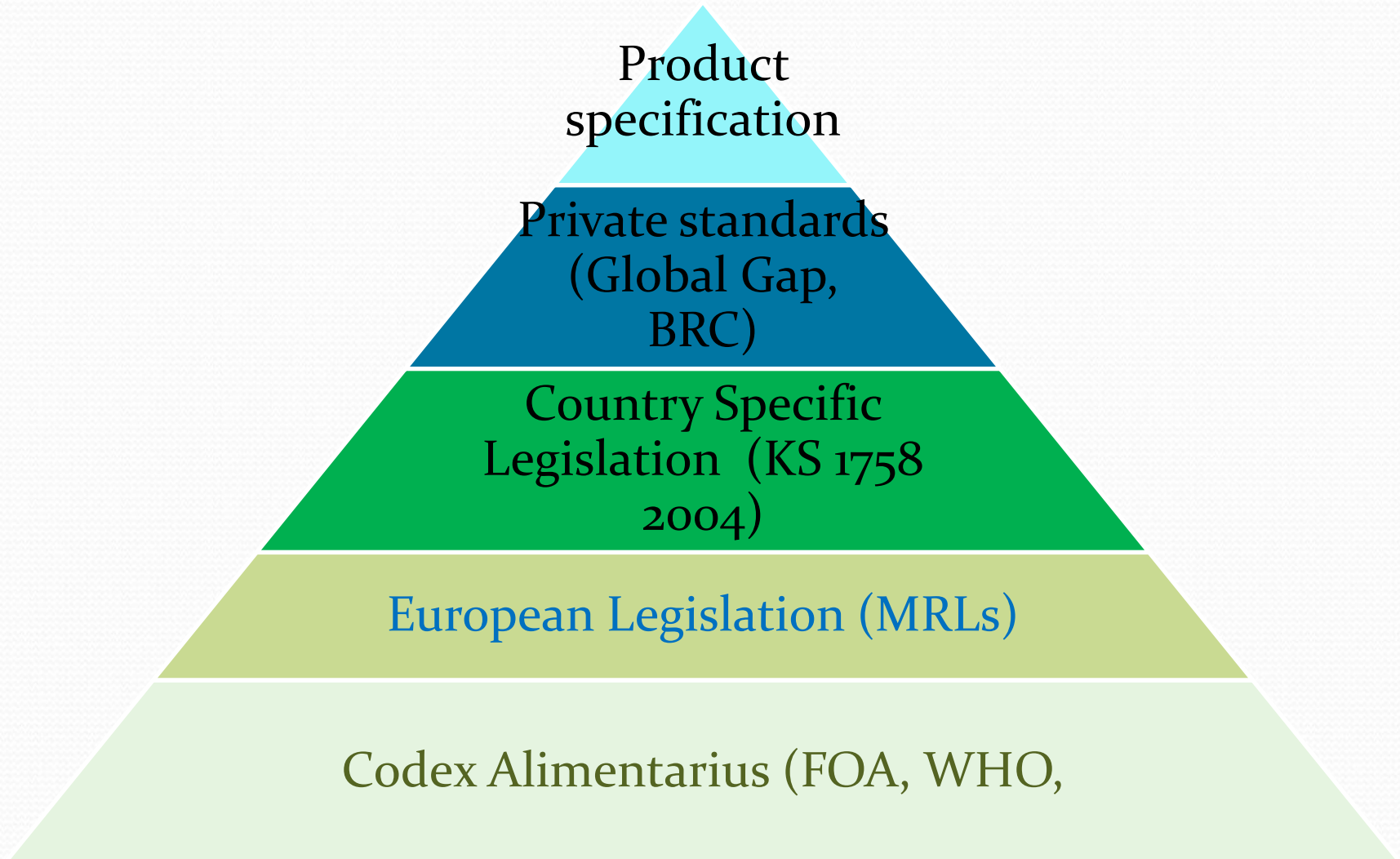


# Emerging Market Requirements for Fresh Produce-

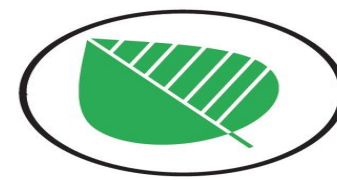
- **Why standards requirements?**
  - Guarantee safe and quality food for consumers
  - Prevent food scares
  - Build consumer confidence/ guarantees
  - Worker safety and health
  - Environmental issues/concerns
  - Broaden market access/local/regional /international



# Product/Produce Requirements levels

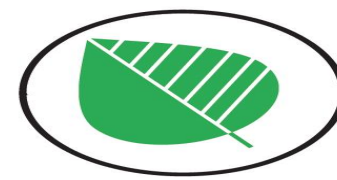






## STANDARDS- KENYA EXPERIENCE

- Horticulture Sector Standards Dependent on EU Directives ( Major market for horticulture)
  - An Industry Code – Self Regulation
    - Meet Regulations and market expectations
  - Domestication of International Standards
    - Benchmarking to Market standards
    - Tough but worthy process
    - Stakeholder collaboration
  - Kenya-GAP in Domestic Market
    - Kenya Bureau of Standards Recognition/ Fruits and vegetables (Public Notice 2009)
    - Supermarkets in Kenya, and Municipal Markets
  - Overall aim:
    - Whole sector compliance, increased market access for domestic fresh produce.



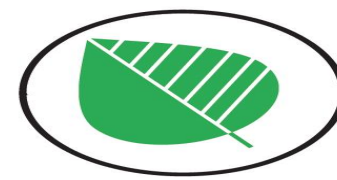
## Horticulture Industry Perspectives – Need For Standards Compliance,

- Creating transparency and structured participatory structures
  - Participation in standards setting-
- Reducing Duplications
  - Benchmarking to each other
    - GFSI/SQF/GLOBALGAP /Kenya Gap/ ETC
  - Domestication/ Local interpretations
    - Base-standard approach
  - Combined checklists
- Official Control Systems/Industry Standards (KS1758)
  - Coordination- through protocols
  - Certification: batch/company...public/private



# The Standards Challenge (GAP)

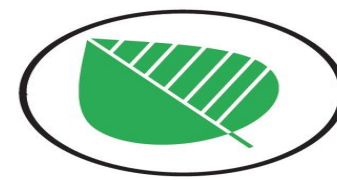
- Standards key to small scale participation in export trade Standards/structured markets ( supermarkets)- (large number of smallholder farmers involved).
- Without standards, there is no bulking, Without bulking there is no tradable volumes from small scale farmers, Without tradable volumes (economies of scale), smallholder farmer is out of the value chain
- BUT: standards are:
  - Complex...knowledge intensive
  - Often used as Non Tariff Barriers to trade
  - Expensive to meet, requiring a standards infrastructure



## Maximum Residue level Challenges

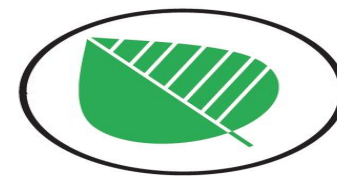
- Kenya is facing a major challenge of pesticide residues (MRLs) on the fresh produce (beans and peas) in pods to the European Union (EU)
- In November 2012 the EU increased control on these produce to 10% sampling
- A number of exporters suspended from shipping on beans/peas in pods
- Costs of sampling and analysis- expensive
- Small holder farmers supply schemes falling off?.. Due to compliance issues...
- 10% sampling on beans in pods off by July 2015.. Can we sustain compliance?





## Value-Chain Challenges:

- Value-Chain Challenge Current practice: Selling about 3-4 steps from consumer
- Globalizing local production (vertical integration)  
Competing out small-scale or integrating them? some fallouts happening
- Increasing value addition captured at community /producer level; commercial presence?
- Effective producer engagement in trade negotiations; contract farming?
- Logistics issues- roads and consolidation due to Numbers,
- Production issues- aspects of Glut, seasonality e.g. Mangoes, technologies
- Market dynamics/ Uncertainties' ?



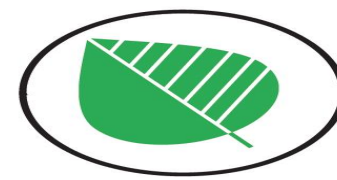
# Credit facilities Challenges:

- Credit Challenge, no cost-effective financing, no development The reality...the game is for those who have access to affordable credit ( anything above 8-10% is a killer
- ) Rates are unrealistic (15-40%) Microfinance, unless reformed, is becoming a REAL threat to poverty alleviation
- Issues of collateral, security, really available?
- Agribusiness/ Credit management skills, adequate?



# Production Challenges

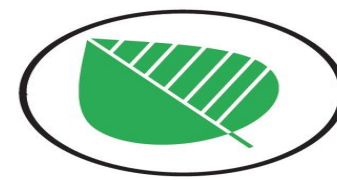
- Cost of inputs- seeds/agro inputs/labour
- Weather conditions, dry/wet,
- Irrigation costs- high investment costs
- Pest and disease pressure
- Infrastructure, logistics
- Production skills, not adequate



# Opportunities in Horticulture

- Pre-production:- supply of green house structures, dam construction and linings, irrigation systems, pack houses
- Propagation – nurseries, mother blocks
- Production;- planting materials, seeds, fertilizers, agrochemicals, packaging,
- Marketing;- exporters, transporters, pack houses e.t.c
- Post production- processors, packers etc





# Way forward

- A value chain approach Its about marketing...not production ‘
- You don't make money growing food, but by selling it
- Are producers playing at their optimum value chain level? Chain transparency? Enhance productivity
- Capacity building on production/Agribusiness /standards
- Affordable/available credit
- Enhance logistic infrastructure
- Decrease value chain actors brokers/middlemen- form groups/cooperatives etc !



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**Thank You**

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[www.fpeak.org](http://www.fpeak.org)