

## Report of the Utafiti Sera (research-policy) community forum on employment creation in the horticulture sector in Kenya

The Partnership for African Social and Governance Research (PASGR) in collaboration with the Centre for African Bio-Entrepreneurship (CABE) hosted a one-day forum on 'Employment creation in the horticulture sector in Kenya and the role of Utafiti Sera' in Nairobi on 19 January 2017 to encourage the use of research evidence in the formulation of employment creation policies. The forum brought together 35 policy actors, practitioners and researchers including representatives of the Ministry of Agriculture, Livestock and Fisheries, the Agriculture and Food Authority, county governments, development partners, civil society organizations, horticulture sector organizations, and institutions involved in employment creation policies and research in Kenya. The objectives of the forum were to:

- present the policy-relevant findings of the study commissioned by PASGR on employment creation potential and challenges in the horticulture sector to policy actors
- provide a panel of experts with the opportunity to discuss how the findings of the study could be used to inform policy discussions on employment creation in Kenya

The forum consisted of five presentations, a roundtable discussion and a plenary session. The key messages that emerged are outlined below.

### Introduction

Utafiti Sera is a community of thought and practice, which is driven by members and facilitated by PASGR. Since 2015, it has been promoting use of research evidence on the potential of the agricultural sector for employment creation, particularly of youth. The government objectives for the horticulture industry are stipulated in many policy documents including the Kenya Vision 2030 and the Sessional Paper No. 3 of 2013 on National Productivity. These policies focus on food security and employment creation. Horticulture is one of the leading foreign exchange earners in Kenya and contributes substantial to the country's gross domestic product. The sub-sector also employs over 10 million people, mostly women and youth.

### Features of the horticulture sub-sector in Kenya

The key features of the sub-sector that emerged from the discussions are as follows:

- Although growth of the horticulture sub-sector has declined compared to the 1990s, the sub-sector continues to play an important role in the economy.
- The sub-sector is a largely private-sector driven; for example, the production of cut flowers is driven by market forces. Hence, the sub-sector is almost entirely commercial in its orientation, with little, if any, subsistence farmers.
- Cut flower production in Kenya is dominated by politicians and multinational investors. This is partly why the sub-sector has not generated negative sentiments from the government. Furthermore, regions where cut flowers are grown have always supported, or had support from, the ruling regime. For example, these areas have better access roads than sugarcane growing areas. Moreover, the sub-sector is devoid of cartels and barons, as are found in the sugarcane sector. At the same time, although a large number of smallholder are involved in the production of products such as summer flowers, they have little voice in the sector because they are not organized to lobby for their interests.
- The horticulture sub-sector offers better pay and terms of employment than other agricultural sub-sectors, although these vary along (and among) the value chains.

## Strategies initiated to support the development of horticulture

There are many state and non-state agencies, such as the Kenya Flower Council (KFC), the Fresh Produce Exporters of Kenya (FPEAK) and TechnoServe, which work with producers to enhance the performance of the sub-sector. For example, KFC works with groups of farmers to improve productivity as well as meet the required standards and FPEAK trains farmers on Good Agricultural Practices.

## Challenges to job creation in the sub-sector

- Changes in agroclimatic conditions in Kenya mean that producers have to invest a lot of resources to maintain production.
- Compliance with standards set in the domestic market remains a challenge. So far, the focus has been on the external market: Producers work towards complying with export standards, but do not apply the same standards to the produce that they sell locally.
- There is insufficient uptake of appropriate technology, especially by smallholder farmers, due to high costs.
- The high costs of compliance with standards in the sub-sector pose a challenge, especially to smallholders.
- Most multinationals and large private players are reluctant to collaborate with local universities and firms on marketing, innovation and research. Some multinational corporations are opting out of the country and some onion producers have resorted to buying onions from Tanzania and selling them in Kenya. This has been attributed to the high costs of production in Kenya and few incentives. In Kenya, horticultural firms are expected to adhere to numerous regulations, set by both county and national government, and the levies can be as high as 10% of the farm gate value.
- Due to the low quantities produced by smallholder farmers, aggregation becomes necessary, but there are difficulties in doing this, especially with the formation and management of farmer groups. Smallholder farmers are also involved in numerous value chains, which makes it difficult for them to satisfy any single value chain/market.

## Proposals to enhance employment creation in the sub-sector

The following proposals were made to enhance employment creation in the horticulture sub-sector:

- **Develop sector specific policies:** Develop sector specific policies aimed at promoting employment creation in horticulture. In addition, there is a need to ensure that appropriate policies already in place are actionable and implemented.
- **Demand driven research:** Because consumers drive standards in the sector, research needs to focus on consumers to exploit the opportunities available. Further, collaboration between actors along horticultural value chains to address the common research needs and share findings would enhance the performance of the sub-sector.
- **Learn from other successful value chains:** Efforts for value chain development can be informed by other successful value chains in Kenya, such as the tea value chain.
- **Improve the handling of horticulture produce:** The handling of produce should meet the highest standards at all levels in the chain, from the farm all the way to the consumers, both domestic and abroad.
- **Diversify horticultural produce:** Kenya's horticultural exports to the EU largely consist of roses (about 40% of the EU market share). The focus should be diversified to include other products to enhance job creation.
- **Develop local innovations and technologies:** Local innovations and technologies need to be developed to address the challenges facing the horticulture value chain. Most of the infrastructure and technologies used in horticultural production are imported, which leads to high expenditure on imports and limits job creation in the country. The development of local and affordable technologies to enhance access and use by smallholder farmers can increase job creation. The challenge is to provide appropriate technologies that are cost effective for all kinds of producers. For instance, the mechanisation of production processes at the smallholder farmer

level is crucial for increased productivity. The county government of Nyandarua has seen the benefits of mechanising planting, weeding and harvesting of potatoes, although this is not yet accessible to all farmers.

- **Develop skills and build capacity:** Due to the high level of skills required for successful horticultural production, skills development is critical. This can be achieved, for example, by offering young horticulture graduates internship opportunities locally and overseas. KFC is providing mentorship to young directors in the horticulture sub-sector.
- **Establish appropriate ways of working with smallholder farmers:** The aim is to organize smallholder farmers to aggregate their produce, which will make it easier for them to obtain information, implement standards and access markets. The focus should be on contract farming, out-grower schemes and other approaches that are appropriate to their context.
- **Intensify dissemination of available technologies:** Many agencies have developed technologies that producers can use, but producers are not aware of some of these technologies. Efforts to disseminate these technologies and encourage their use to exploit available and new opportunities can enhance job creation.
- **Enhance coordination between county and national government agencies:** There are many horticultural interventions and efforts by county and national government agencies, which are not integrated, which leads to resource wastage. Addressing the disjointed efforts can enhance coordination in the sub-sector as well as outcomes.

## Way forward

At the end of the forum, PASGR and CAFE agreed to draft a report containing the key issues raised and share it with the stakeholders who attended. Further steps will involve the use of research evidence to engage relevant parliamentary select committees on how challenges in the horticulture sector can be addressed to promote employment creation.

Authors: Obadia Miroro

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