

# Kenyan horticulture sector stakeholder survey

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Prepared by Green Works Consultancy

## Introduction

A survey of the Kenyan horticulture industry was carried out during April and July 2017 for the study "Establishment of a Centre of Excellence in Kenya". Over 30 stakeholders were interviewed, including growers and grower groups, suppliers, educational establishments, government agencies and interested media parties. The selection of growers varied from large commercial rose producers, to medium and small scale summer flower producers. Two growers groups were surveyed to widen the viewpoint. For vegetables, large exporters, who buy produce from several medium and small scale growers, were surveyed as well as individual growers.

## Challenges for the industry

A great number of challenges were cited; however each group of respondents raised different challenges. Many of those surveyed listed taxation, VAT, lack of access to capital, bureaucracy of banking as the major challenge for the industry, none of which can be addressed by a HCoE.

Growers and grower groups saw the main challenge to the industry as finance. They would like easier access to capital investment – Kenyan banks do not operate fast enough, interest rates are prohibitive, and bureaucracy hinders access.

Government taxation and VAT were mentioned as very bureaucratic and punitive, corporation tax being 30%. Cess, is being paid twice, to counties as well as to central government as export levy.

Freight costs were stated to be too high, and there no subsidies on fuel in Kenya for agriculture, transport and export freight lines.

The proportion of costs that is paid for transport/freight is therefore extremely high.

According to the interviewees government could improve trade agreements, and increase access to new markets.

Due to the current climate and changing rainfall patterns, inadequate water supplies was mentioned several times as well.

Suppliers experienced different challenges, though some overlapped with growers. Water was mentioned often, as restricted water access restricts the size of the industry. Post-harvest technology is poor; the lack of technology is causing excessive crop losses after harvest, or reducing quality, and therefore prices of product.

The education system was mentioned to be faulted – this is a common theme with industry in Kenya. The education system produces large numbers of graduates and trainees with little or no technical and practical skills. Government bureaucracy prevents and hobbles importation and registration of bio- products, varieties, new technology and machinery.

Government agencies saw varied challenges stemming from having no control over progress, as they cannot change existing protocols and procedures. They need more finance and skilled labour, and see government subsidies for inputs as a way of assisting the industry. An HCoE could assist in formulating new protocols and procedures, and provide them with the skilled labour to effectively carry out their roles.

## Colophon

This sector survey is taken from the full report "Study on the Establishment of a Centre of Excellence in Kenya" that was executed for the Agricultural office of the Netherlands Embassy in Nairobi, Kenya and the Netherlands Enterprise Agency in The Hague, The Netherlands.



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Educational establishments saw a challenge in encouraging youth to enter this technical industry. The average farmer is 59 years old, mostly in small scale subsistence and semi-professional agriculture, or as semi-skilled labour in large scale production.

The sector has a negative image among the youth, who prefer to enter the industry in the service or manufacturing side of agriculture, rather than production. The establishments need an enabling environment, skilled and professional staff for training students, and funds to be able to set up demonstration farms with all the latest technology so the graduates they produce have the practical, technical and up-to-date skills required by the industry. The latter could be undertaken by an HCoE as partner to training and education institutions. The universities could develop into Centres of Excellence themselves if given support.

The general consensus in the media was that Kenya lags behind Ethiopia in creating an enabling environment for modern agriculture, especially export oriented activities. The media also see the need for engaging youth into the industry, and providing them with the skills to do so.

### **Technical needs**

Large flower growers appear to be fairly self-sufficient; they either travel overseas or employ consultants to keep them in touch with the latest technical innovations. Vegetable growers on the other hand are looking for assistance with testing for MRLs among others. But the need for an independent testing centre was mentioned several times by all groups. Individual areas mentioned: MRL testing, packaging analysis, farm machinery, vegetable processing technology, lighting LED, heating and computer controlled irrigation equipment. Many Kenyan suppliers are technically advanced and bring technology to the industry very successfully. They offer training and being in Kenya they understand Kenyan climatic conditions. Many could be considered centres of excellence in their own fields.

There is a great deal of entrepreneurial initiative going on in the universities and colleges. This needs harnessing and developing. The universities are definitely places of forward thinking and experimenting. The Netherlands and its partners could offer exchange programs to increase the professionalism of the Kenyan university staff and the quality of the training provided. Looking at training needs, many interviewees spoke of the difficulty in getting practically experienced graduates. This is an area that an HCoE could fulfil.

There is a very large and strong need for media (including internet-based) to be used to bring together all the concurrent activities going on in Kenya. The Netherlands could assist in setting up a web site that could become a Virtual Centre of Excellence, where the industry could access the answers to all its needs.

### **Training needs**

Growers are looking for supervisory and management skills and training. The industry is over 25 years old and as farms are getting larger the need for management training increases. Interestingly whether the respondent was small, medium or large scale, financial management, budgeting and running a business was mentioned by many interviewees. Farms need trained trainers for on farm training of workers, but need off farm training for managers.

Suppliers have highly qualified specialist staff and trainers, and train their staff to their own standards. In addition many suppliers offer high quality technical training to their customers. On many occasions the need for university graduates to have an intensive off farm training in practical skills was referred to. This issue could be taken up by the universities themselves, or an HCoE. The Netherlands could assist in setting up a school or unit for practical skills in horticulture.

The government's needs were more geared to administration and data analysis, to enable them to communicate with the industry.

