

Dutch sector potential and interest in participating in HCoE activities in Kenya

The Dutch horticulture sector is an innovative industry that has developed a very high level of know-how and expertise. Through cooperation with local partners, sector development can be supported by technological innovations offered by the Dutch. For instance optimisation of production levels and quality can be realized by applying the best suitable technologies, improved seed varieties and management practices. Also reduction of inputs and outputs will support the efficiency of a sector. When it comes to environmentally sustainable technologies, the Dutch sector can create added value in the Kenyan sector through technological innovations in the field of water saving technologies, clean energy solutions, waste management and solutions in the field of data management and ICT.

The Dutch sector is highly active in the Kenyan sector with activities ranging from supporting local smallholders to trade support for Dutch companies that wish to penetrate the market of the medium to large scale professional producers and exporters. All interviewed companies and knowledge institutes expressed their interest in further expansion of their activities in Kenya and reacted positive to participate in joint activities such as an HCoE.

Interviewees were usually not very interested in general business support activities, but preferred cooperation in an HCoE for technology demonstration, training and networking activities. Sometimes with a specific focus on a subsector (flowers or vegetables) or theme within the sector (*e.g.* post-harvest handling, ICT solutions, production technology).

None of the interviewees is expected to be taking the lead in developing new HCoE initiatives, only follow-up to current or recently finished activities can be expected. Almost all interviewees will be interested to link up to an HCoE initiative in case the option arises and the initiative falls within their line of business.

Based on all the interviews an effort has been made to categorize the Dutch sector interests into a selected number of themes that have potential for follow up:

- Sustainable flower value chain
- Sustainable production technologies
- Test centre for new technologies (SME)
- Knowledge and information platform
- Laboratory services/platform (MRL)

Besides this, Dutch exporters of capital goods experience problems with clients that have trouble financing their products. Some efforts have been made to work with the Dutch Good Growth Fund facilities and Atradius but the success of that appears to be very limited.

Kenyan sector survey

The survey of the Kenyan industry showed that there was a huge amount of technical innovation and training already available to the growers and producers. The survey only revealed the “tip of the iceberg” of what is currently going on within the industry. This is partly due to the industry being well established, strong, entrepreneurial and growing.

Technology is not confined to inputs from Holland, and this fact was commented on throughout the survey. If the HCoE is purely Dutch sponsored it would limit the technical growth of Kenya and would also limit the centre being able to run profitably.

It was difficult to summarise any particular area that is “lacking” in the sector as focus area for HCoE development, but there are some points that can be considered for HCoE initiatives:

- Training of workforce – There was an overwhelming desire by many to have trained graduates, trained managers, and experienced qualified trainers. With a labour intensive industry it is essential that the sector has trained managers in “man management, business management and critically in leadership skills”. This is an area that is not well provided for within Kenya. This challenge could be met by a central training centre for managers in management skills, a horticulture management business school that can also give practical skills to graduates who mainly receive a theoretical education.
- Technical information for the industry – There is no current collaboration which brings together all the data and ideas in one place to make it easy for the grower and supplier to have a full and detailed overview of what is available. There are many incomplete sources, e.g. shows, exhibitions, trainings, newspaper articles and farmers clinics. These challenges can be dealt with by a central website, collating all information from a varied sources, a place to advertise, a place for growers to find relevant information, and follow leads.
- Several challenges that growers and suppliers experienced are mainly concerned with government bureaucracy, taxation, import restrictions, export challenges, tariffs and EU legislation and rules and regulations. These challenges can only be dealt with internally through lobby groups such as KFC, FPEAK and when fully established, the KHC. These sector representative bodies may need international government support in their lobbying.

Advice for the set-up of the Centre of Excellence given the Kenyan context

From the survey it became clear that the industry likes the idea of a HCoE, but opinions differ on how it might work, what topics it should address and how it should be organized. What is clear is that it needs to be international, which means that technical suppliers from countries other than The Netherlands should be included. This will enable Kenyan growers of disparate backgrounds to benefit from world technology, putting the requirements and needs of the Kenyan Industry as a priority.

There are very strong feelings among the interviewees that a HCoE should be independent, funded and managed privately as a business, and should not be controlled by government in any way. A board of directors could be set up with representatives from various backgrounds. The most efficient management structure would be private and commercial stakeholders - whose needs have to be met - as the majority stakeholder, with education institutions and financial management parties as advisory roles. Suppliers to the industry would need to take minority roles so as to keep the centre independent.

The survey suggested that working with an established or partially established local partner would reduce set up and capital expenditure costs, and make the process more efficient. There are a number of existing companies and farms who could take steps to become, fairly easily and economically, HCoEs. The range of existing companies and institutions, spread across the various climatic zones and activities provide a strong base for a number of HCoEs which cover many of the needs raised by the stakeholders interviewed. Main areas to consider are Western Kenya, Nakuru – Eldoret region, Naivasha, South Eastern Kenya, Thika - Timau area.

There are already many new technical and training initiatives in place. Ideally a new HCoE should support and speed up development of advanced and innovative practices. Some of this could come through Dutch technology providers, but others could come from knowledge parties on the “soft” topics, such as the “man management” training and development in logistics. Some of these issues would not even need a physical centre.

All in all, the conclusion is that the ‘business case’ will be the leading guideline for the exact shape and function of any HCoE, in combination with the background or core business of the local partner that wants to set it up.

Is there is enough common ground to start the process of setting up an HCoE for horticulture in Kenya?

Based on the information collected in this study several topics can be identified where Kenyan horticulture sector development needs and the interest of the Dutch sector can meet. These topics can be addressed through the actual development of a new HCoE, through support of already existing local organizations that are or can become an HCoE, or by individual projects targeting a specific aspect. The below listed recommendations are the directions for follow-up activities that seem most beneficial for both the Kenyan and Dutch sector, and are supported by several of the interviewed organization.

1 Training of workforce

The very strong need of the Kenyan sector for trained graduates, trained managers, and experienced qualified trainers on technical knowledge and skills and - in combination with that - “man management, business management and leadership skills” could well be linked to (HCoE) initiatives that already have the support of the Netherlands.

2 Technical information for the industry

Explore the possibilities for the development of a website or platform to collate every initiative and technical advancement that has a relation to the Dutch horticulture sector in one site; this could be an online or Virtual HCoE. Important is to develop the full ‘business case’ for the online environment. From the perspective of how the Dutch sector can create the most added value, the approach of the platform could best involve strong points of the Dutch sector such as environmental sustainability, value chain improvements, greenhouse technology and laboratory services and perhaps trade. Possibly a separate initiative could be developed to best serve SME vegetable farmers, or support can be given to existing initiatives, or available online technologies that can be customized for Kenya.

3 Demonstration and testing of technology

From the survey it became clear that the Kenyan sector strongly feels that any HCoE where new technologies are being demonstrated and tested should be international, which means that technical suppliers from countries other than The Netherlands should be included. Also suppliers should best have a small role or limited decisive power in the centre.

In this set-up the willingness of Dutch suppliers to invest in development of a new HCoE will most probably be fairly limited. However, if consortia would be brought together that can find a way of working together that deals with competitive issues, this could still work very well as long as everyone benefits. Some Dutch suppliers already work with Kenyan agents that also represent other nationalities. Small demonstration projects involving new technology and training can be supported via the

HortIMPACT program. This is already being done, but for the final years of the programme it is still possible to support new 'business cases'.