

Kenya Horticultural Development Program

Impact of EurepGAP on Smallholder Incomes in Kenya

March, 2007



USAID-funded Kenya Horticultural Development Program (KHDP), 2003-2007

Goal

- To increase incomes through smallholder production and employment in the horticulture industry.
- *So our main interest in EurepGAP relates to its impact on income and employment*

Five Strategic Areas of Activity

- SPS compliance including EurepGAP
- Domestic market growth
- Product Development
- Kenya-US Trade
- Productivity enhancement in Coast Province

Implementation Partners

- MOA, KARI, KEPHIS and other GOK agencies
- Input suppliers
- Local and export market brokers
- Processors
- Export companies
- Other NGOs and trade associations

Potential Problems with EurepGAP

- Small-scale growers would be unable to comply
- Kenya would lose market share leading to a drop in fresh produce exports and reduction in incomes of suppliers and employees
- Exporters would maintain market share by establishing large scale farms, and buy less from outgrowers, leading to income loss in rural areas

Sources of Information for EurepGAP Impact Analysis

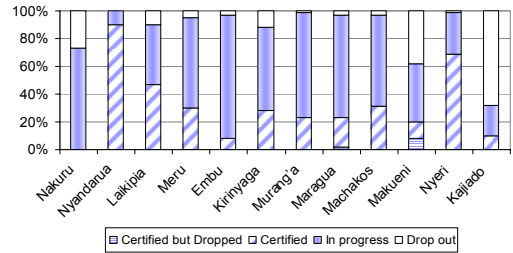
- Eight KHDP field agronomists working directly with growers and exporters
- Six EurepGAP partnerships with major export companies
- Continuous interaction with the industry in Kenya and the EU
- Survey of 1020 growers by Farm Produce Technology in September 2006
- Survey of 23 brokers and 15 export companies by KHDP in February 2007

Can Small-scale growers comply with EurepGAP?

- Yes
- Currently, 1500+ outgrowers have achieved certification for fresh produce and 6,000+ for processing

EurepGAP Standard Status

EurepGAP status of farmers (%) in the 12 districts

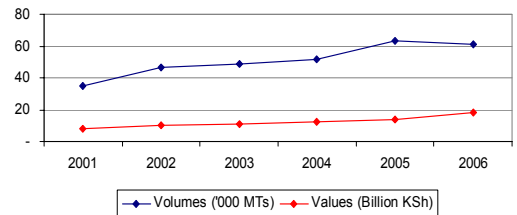


Has Kenya lost its market share and have fresh produce exports dropped since 2003?

- No, Kenya has not lost its market share.
- No, Fresh produce exports have continued to increase

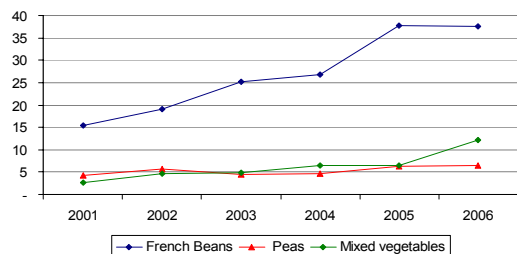
Overall vegetable exports

Trends (Values and Volumes) of Vegetable Exports (2001-2006)



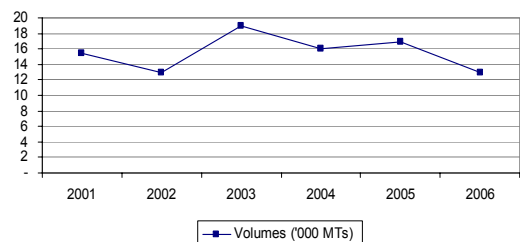
Specific vegetable exports

Export trends (volumes in '000 MTs) of some vegetables



Avocado Exports

Trends (Volumes) of Avocado Exports (2001-2006)

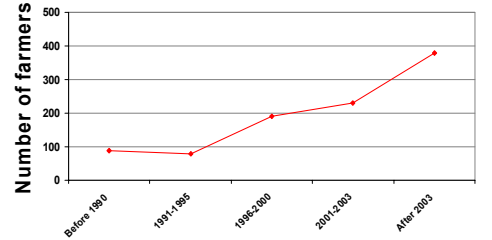


Are export companies producing more vegetables in their own farms?

- No, they have invested in flower production and improved high care packing facilities but not in vegetable production on their own farms
- Outgrower production has actually increased

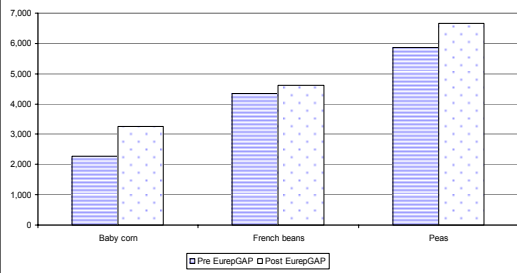
Horticultural Experience

Horticultural experience of sampled farmers in the 12 districts



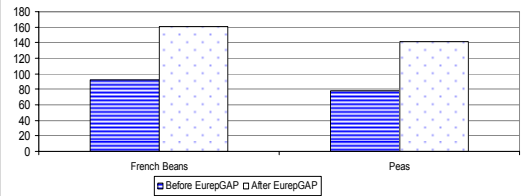
Annual production (Kg) pre and Post EurepGap

Average annual production per grower in the 12 districts



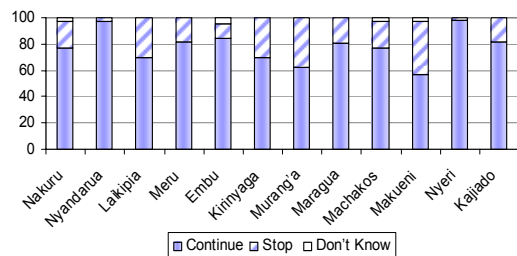
Average annual net incomes pre and post EurepGAP

Average annual net Income ('000 Ksh) per grower in the 12 districts



Future of Eurep GAP Standard

Farmers (%) views on the future of EurepGAP



Main Conclusions

- EurepGAP certification can be achieved by small-scale growers but only if their production is high enough to absorb the recurrent costs
- Compliance with pesticide and food safety requirements has reached a relatively high level
- Low levels of certification have not caused a reduction in fresh produce exports
- There has been an increase in average production per grower
- Incomes from export horticulture have increased on a national level and post-EurepGAP smallholders are earning more than ever before