

# Kenya Horticultural Development Program

## Impact of EurepGAP on Smallholder Incomes in Kenya

June 19, 2007

**Trade Standards Practitioners Network (TSPN) Workshop**  
*“African Smallholders and the Challenge of Assured Compliance:  
What Have We Learned From Our Interventions?”*

Washington, D.C. June 19-20, 2007

# USAID-funded Kenya Horticultural Development Program (KHDP), 2003-2008

## Goal

- To increase incomes through smallholder production and employment in the horticulture industry.

***So our main interest in EurepGAP relates to it's 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

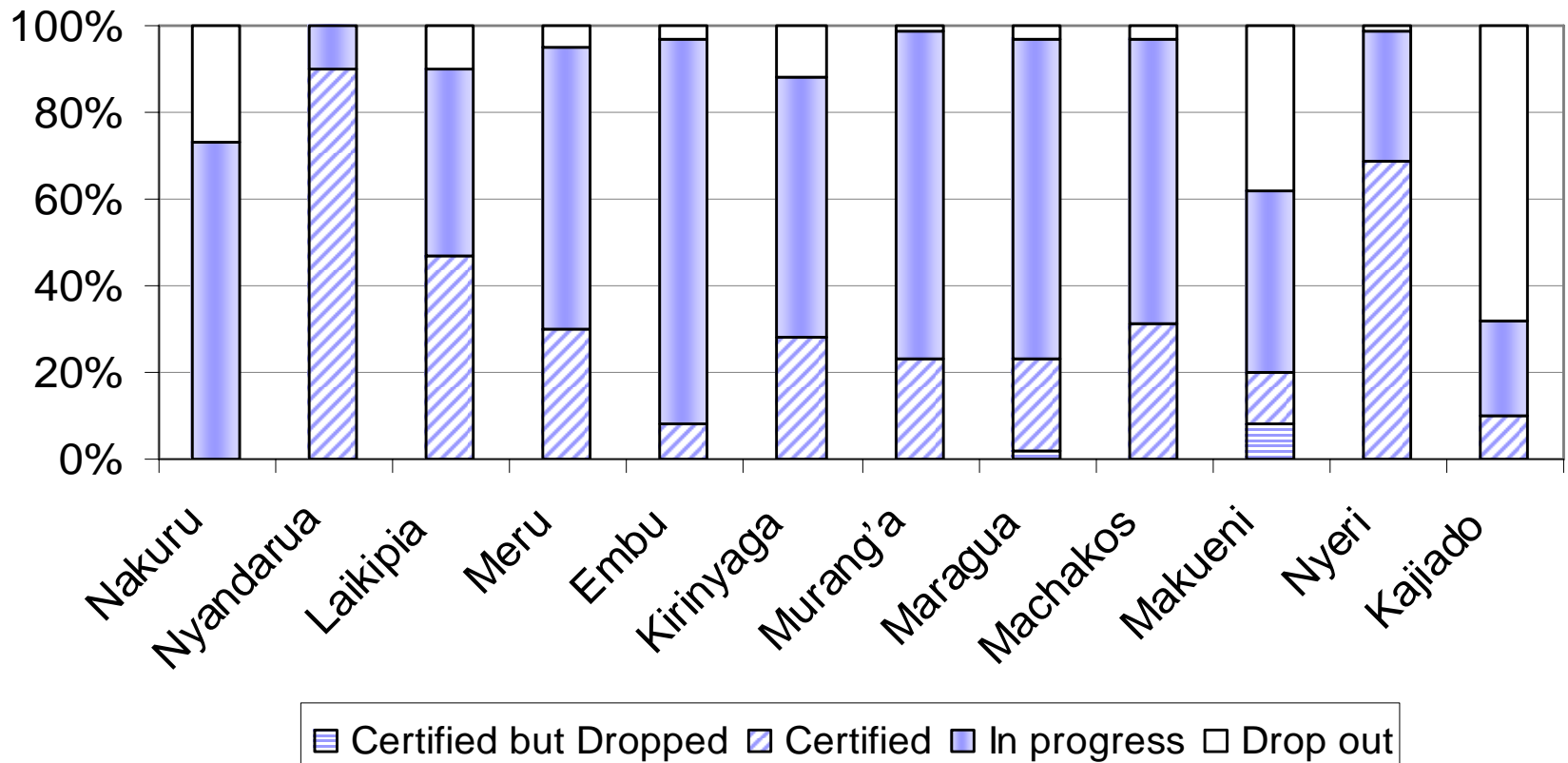
- Eight KHDP field agronomists working directly with growers and exporters
- Six EurepGAP partnerships with major export companies
- Continuous interaction with the industry in Kenya and the EU
- Survey of 1020 growers by Farm Produce Technology in September 2006
- Survey of 23 brokers and 15 export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

# Can Small-scale growers comply with EurepGAP?

- Yes
- Currently, 1,900+ outgrowers have achieved certification for fresh produce and 6,500+ who supply a bean processor for local and regional markets

# EurepGAP Standard Status

EurepGAP status of farmers (%) in the 12 districts

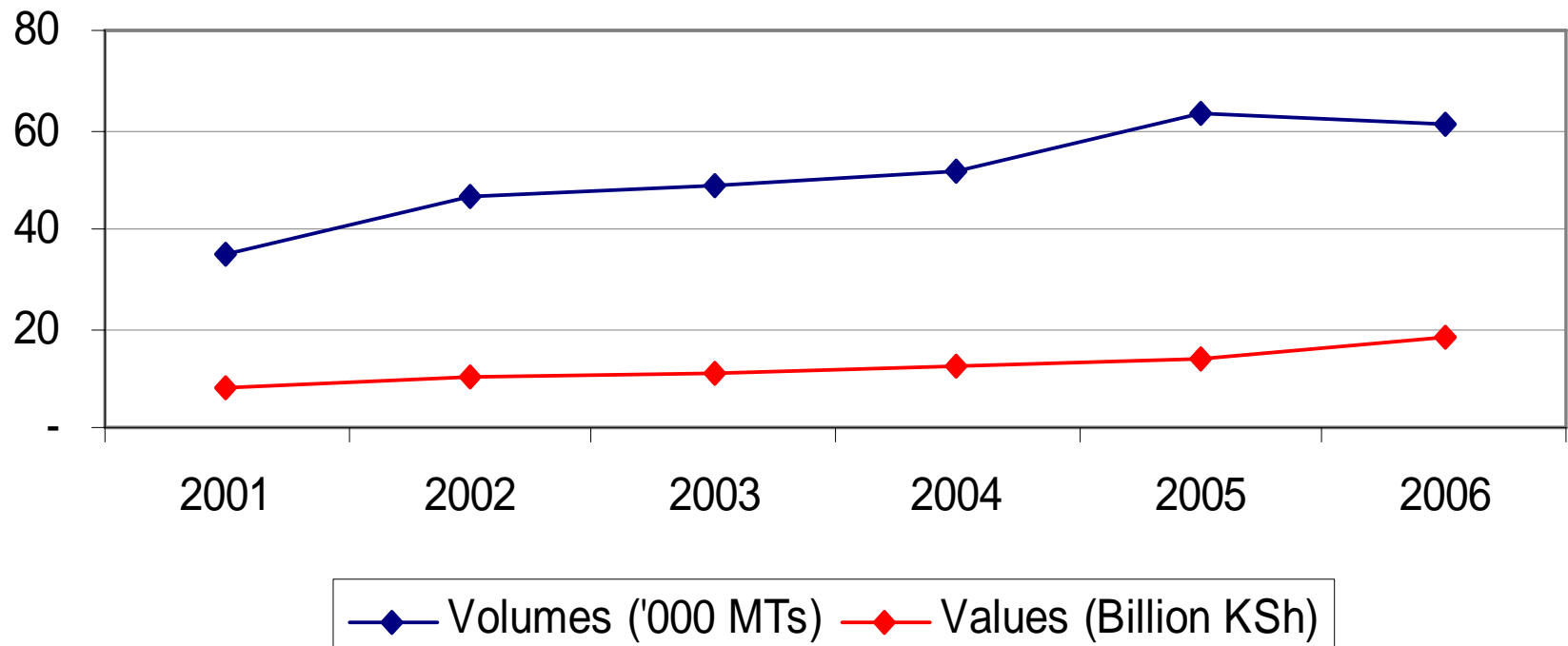


# Has Kenya lost its market share and have fresh produce exports dropped since 2003?

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

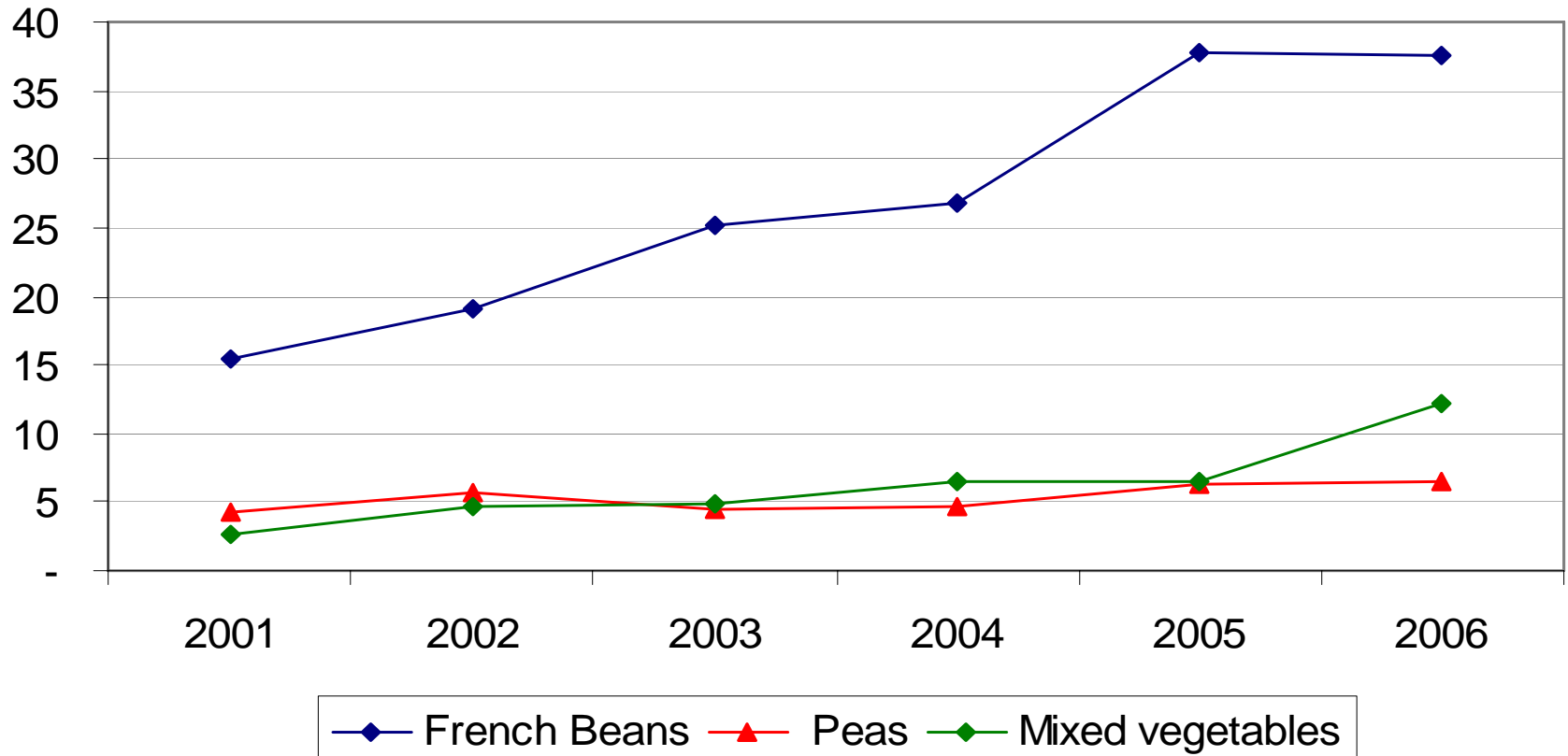
# Overall vegetable exports

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



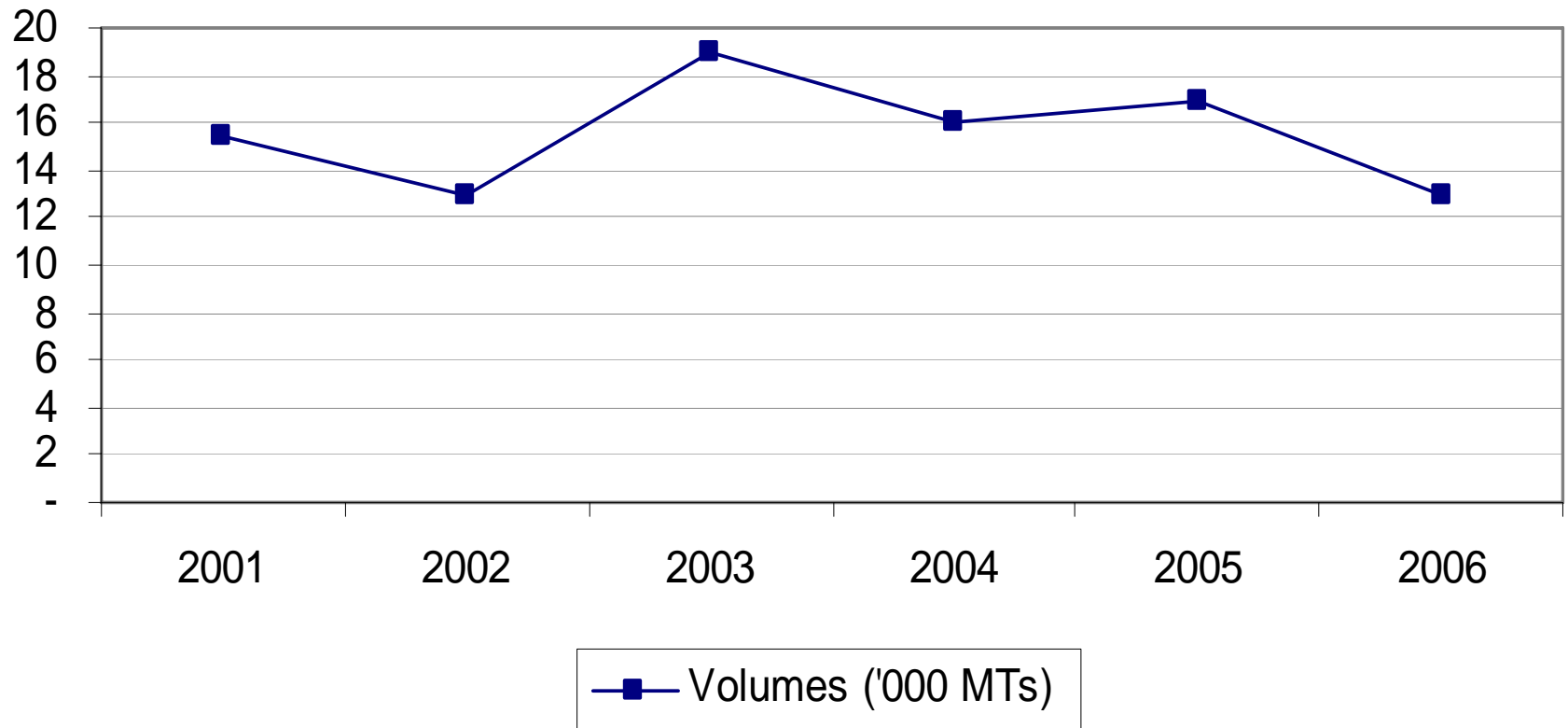
# Specific vegetable exports

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



# Avocado Exports

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

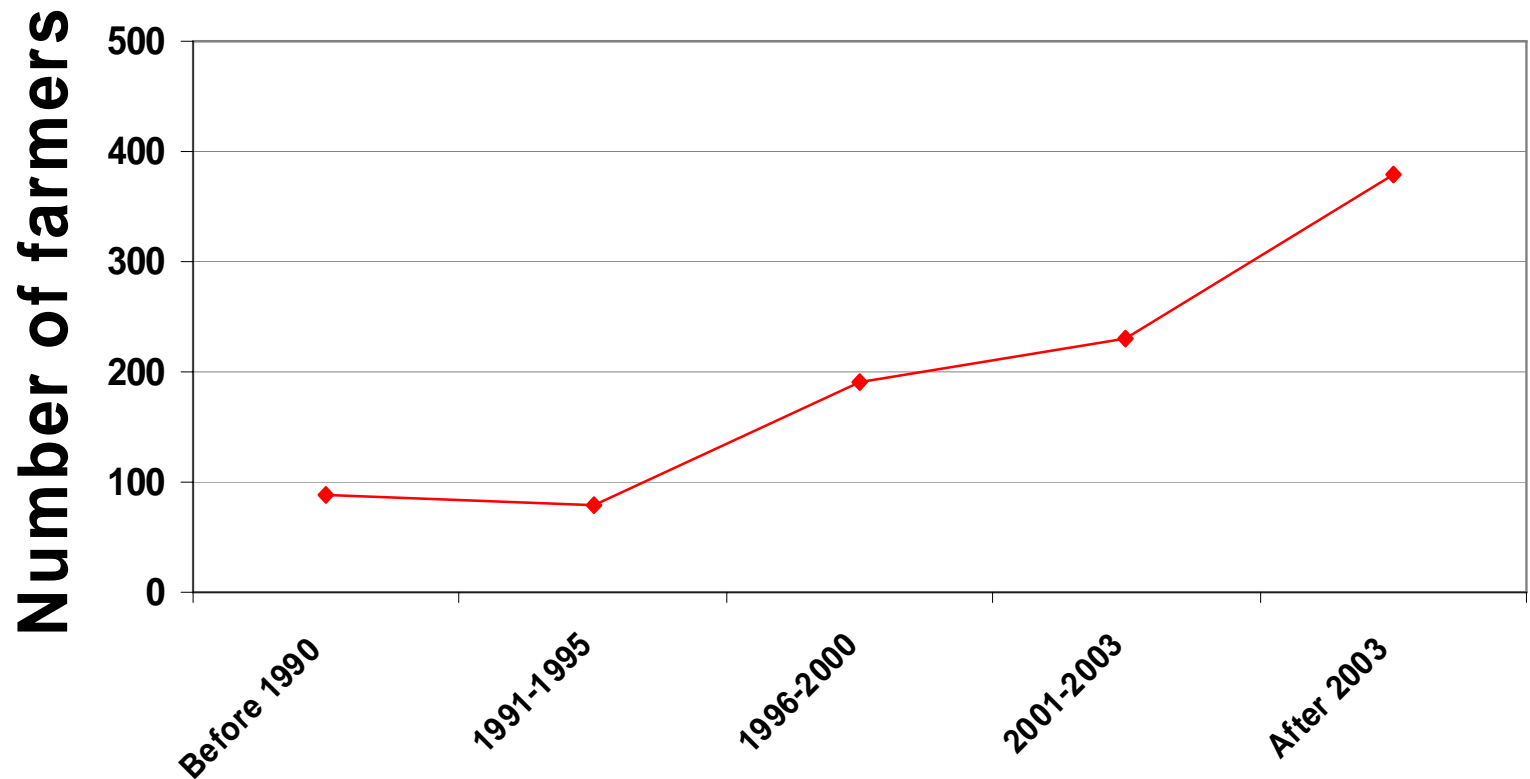


# Are export companies producing more vegetables in their own farms?

- 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

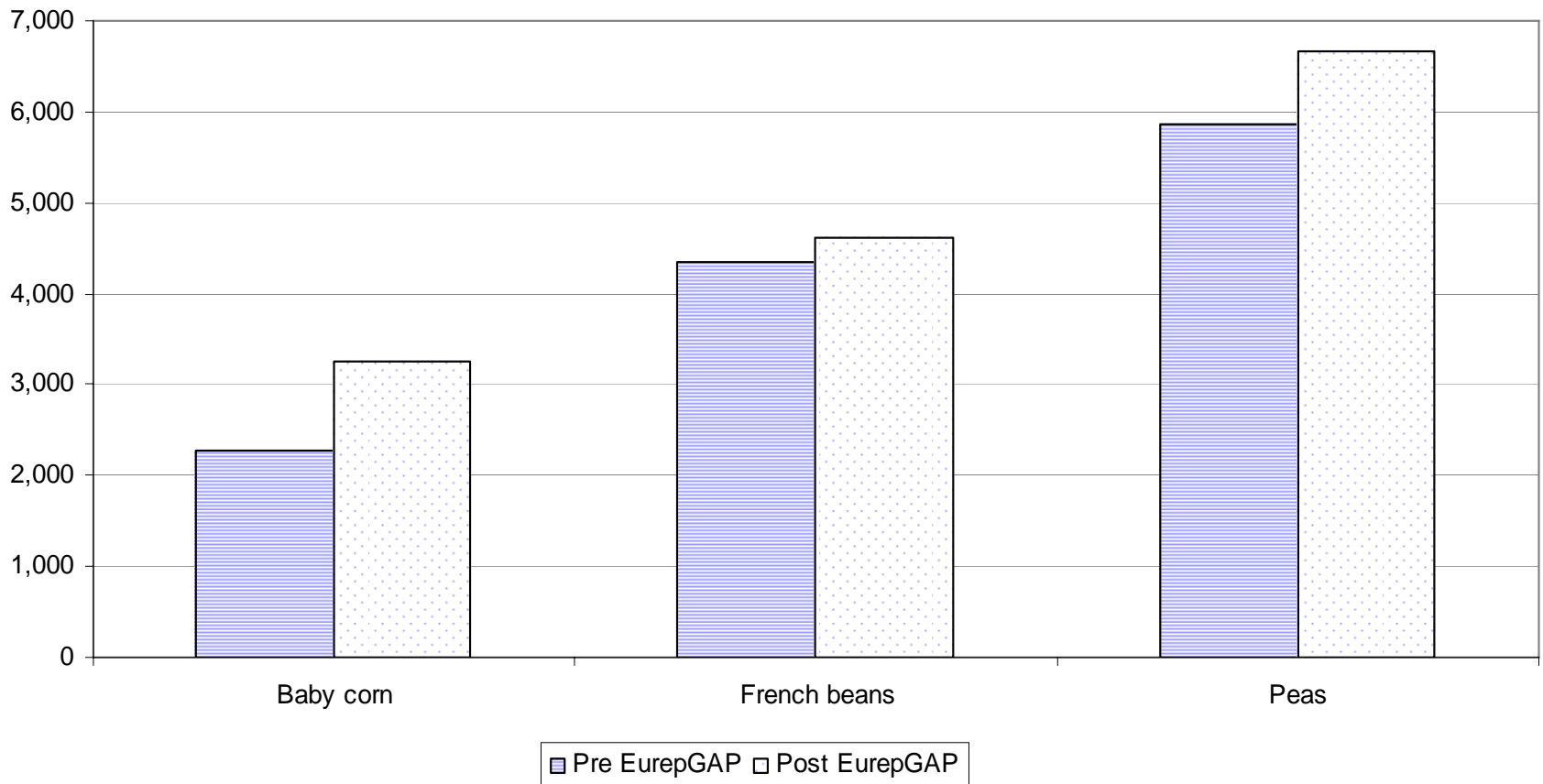
# Horticultural Experience

Horticultural experience of sampled farmers in the 12 districts



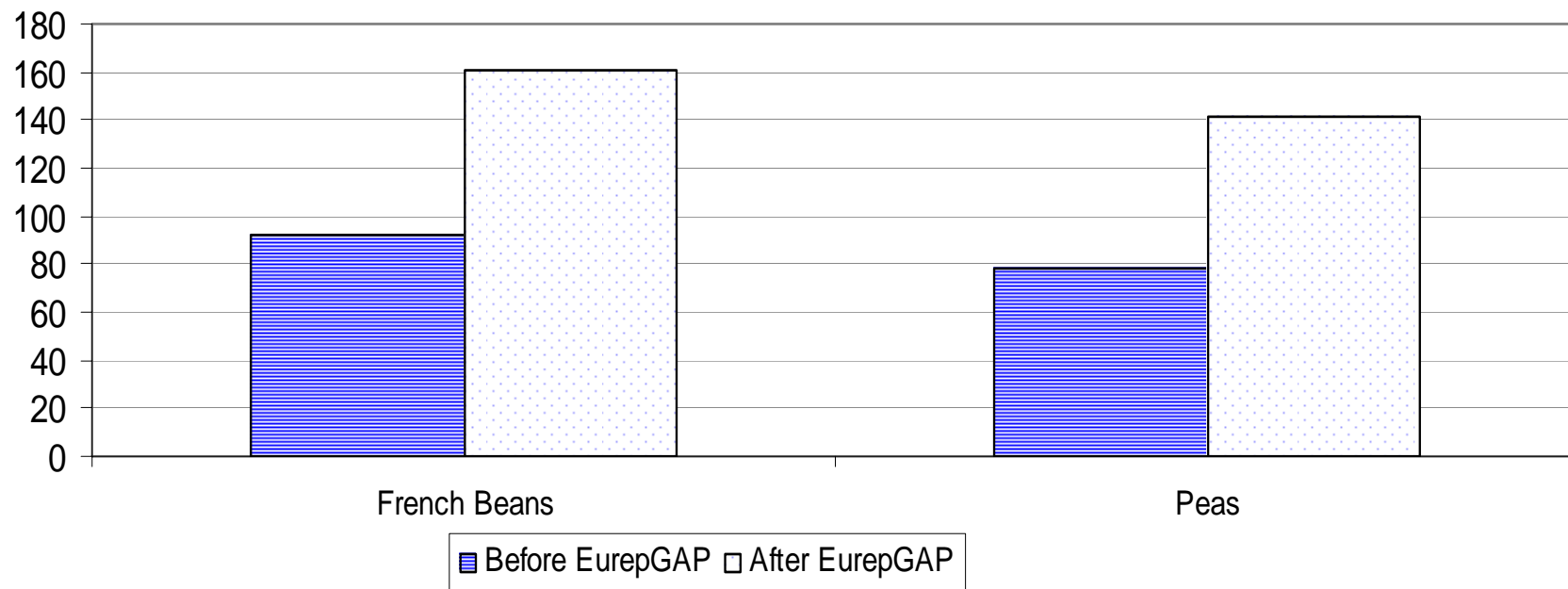
# Annual production (Kg) pre and Post EurepGap

Average annual production per grower in the 12 districts



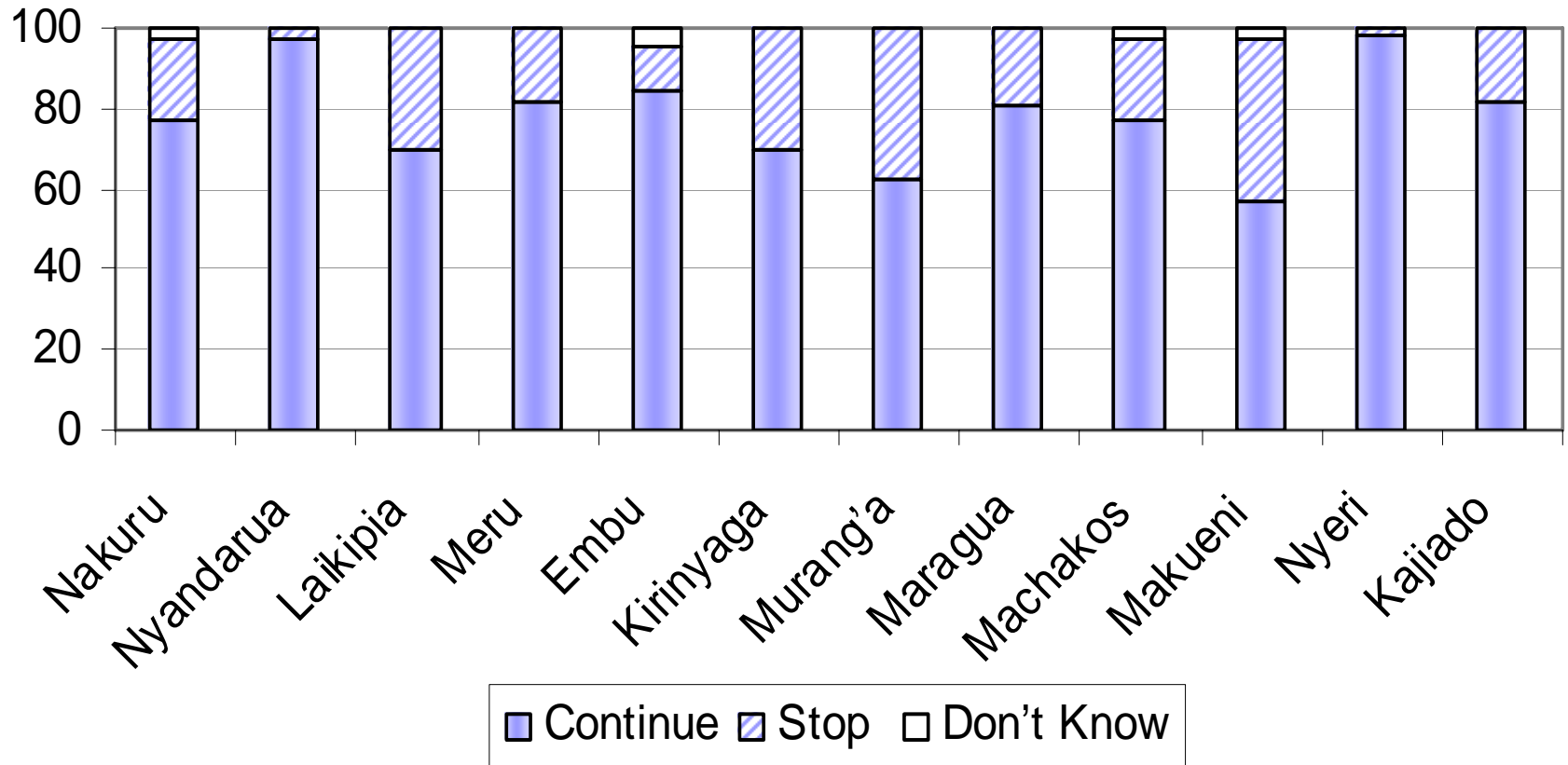
# Average annual net incomes pre and post EurepGAP

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
- Supermarkets are not relying solely on certification, but using the protocol as a tool to raise standards (rather than a weapon to exclude smallholders)