

HORTICULTURE INDUSTRY
IN KENYA 2005



KENYA

EXPORT PROCESSING ZONES AUTHORITY



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TABLE OF CONTENTS

1	INDUSTRY OVERVIEW	1
2	INDUSTRY STRUCTURE	2
3	PRODUCTION	3
3.1	RANGE OF PRODUCTS.....	3
3.2	PRODUCTION AREAS	4
3.3	LIST OF COMPANIES AND THEIR LOCATION	5
4	MARKET CONDITIONS	7
4.1	FRUITS & VEGETABLES	9
4.2	FLOWER EXPORTS	9
5	LEGAL AND REGULATORY FRAMEWORK	10
5.1	STANDARDS AND QUALITY CONTROL.....	12
5.2	INDUSTRY PROSPECTS.....	12
6	REASONS TO INVEST IN KENYA'S HORTICULTURE INDUSTRY	13
7	INVESTMENT OPPORTUNITIES	14
8	USEFUL CONTACTS	14
9	SOURCES OF INFORMATION AND GLOSSARY	15
	APPENDIX 1.....	16
	APPENDIX 2.....	18

List of Charts

		Page
Chart 1:	Quantities of principle horticulture exports 1999-2003	12
Chart 2:	Kenya horticulture exports 2002	12
Chart 3:	Share of cut flower export to Europe	13

List of Tables

Table 1:	Vegetable production areas in Kenya	8
Table 2:	List of vegetable & fruit companies and their locations	10
Table 3:	List of cut flower companies and their locations	10
Table 4:	Main types of horticulture export: 1999-2003	11
Table 5:	Key exporters of vegetable products in Kenya, 2003	20
Table 6:	Key exporters of cut flowers in Kenya, 2003	22



List of Abbreviations

COMESA	Common Market for Eastern & Southern Africa
EPC	Export Promotion Council
EU	European Union
FAO	Food and Agriculture Organization
FPEAK	Fresh Produce Exporters Association of Kenya
GDP	Gross Domestic Product
HCDA	Horticultural Crops Development Authority
KARI	Kenya Agricultural Research Institute
KFC	Kenya Flower Council
KShs	Kenya Shillings

Annual Average Exchange Rates (KShs to US\$)

Year	Rate
1998	60.4
1999	70.3
2000	76.2
2001	78.6
2002	78.4
2003	75.9
2004	80.0 (As at 31st August 2004)

For latest rates click on: <http://www.centralbank.go.ke/cbk/FXrates/archives.html>



1 *Industry overview*

Agriculture accounts for about 24% of Kenya's GDP with an estimated 75% of the population depending on the sector either directly or indirectly. Much of the intermittent strength and overall weakness in GDP and income growth in Kenya can be attributed to changes in agricultural performance.

The horticulture sub-sector of agriculture has grown in the last decade to become a major foreign exchange earner, employer and contributor to food needs in the country. Currently the horticulture industry is the fastest growing agricultural sub-sector in the country and is ranked third in terms of foreign exchange earnings from exports after tourism and tea. Fruits, vegetable and cut flower production are the main aspects of horticultural production in Kenya.

Kenya has a long history of growing horticultural crops for both domestic and export markets. Kenya's ideal tropical and temperate climatic condition makes it favourable for horticulture production and development. The climate is highly varied supporting the growth of a wide range of horticultural crops. Horticulture in Kenya is mainly rain fed though a number of farms, especially the ones growing horticultural crops for export, also use irrigation. The sub-sector is characterised by a tremendous diversity in terms of farm sizes, variety of produce, and geographical area of production. Farm sizes range from large-scale estates with substantial investments in irrigation and high level use of inputs, hired labour and skilled management to small-scale farms, usually under one acre.

The sub-sector generates over US\$ 300 million in foreign exchange earnings. The total horticultural production is close to 3 million tonnes making Kenya one of the major producers and exporters of horticultural products in the world. Europe is the main market for Kenyan fresh horticultural produce with the main importing countries being United Kingdom, Germany, France, Switzerland, Belgium, Holland and Italy. Other importing countries include Saudi Arabia and South Africa.

The industry has had remarkable growth, with exports climbing steadily from 200.6 thousand tonnes in 1999 to 346.1 thousand tonnes in 2003. The sub-sector earned Kenya KShs 36.5 billion in 2003 with cut flowers dominating horticulture exports, followed by a variety of fruits and vegetables. Kenya exported KShs 16.5 billion worth of cut flowers, KShs 1.8 billion worth of fruits, and KShs 18.2 billion worth of vegetables in 2003. The increase in exports was mainly attributed to good weather, improved crop husbandry and conducive horticulture export environment, as well as increased markets for fruits and flowers in Europe.

A well-developed and dynamic private sector has profitably marketed a wide range of horticultural products to diverse international markets. Government intervention in this area has been minimal, mainly facilitating the sectoral growth through infrastructure development, incentives and support services. Structural and macroeconomic reforms, plus the introduction of more liberal trading environment has also provided a major boost to the country's horticultural prospects.

Kenya's horticultural export expansion has also been aided by the country's preferential duty-free access to EU markets under the Lome Agreement, which currently runs through 2008. If this agreement is not renewed, or if other developing countries obtain similar benefits, Kenya can expect to face even stiffer competition in these markets. Kenya currently faces major competition in its horticulture industry from Cote d'Ivoire, Morocco, Zimbabwe, South Africa and Cameroon.

The Horticultural Crops Development Authority (HCDA) is a parastatal established by the Government under the Agricultural Act 1967 with the aim of developing and regulating the horticultural industry. The organisation does this through the provision



of technical and marketing services to farmers and other stakeholders in the horticulture industry.

The tremendous performance of the horticulture sub-sector presents an ideal investment opportunity for potential investors with a range of investment opportunities available and with ready markets for their produce.

Floriculture

Floriculture is a highly specialised industry and capital intensive. The infrastructure needed for the production of floricultural products is very expensive and the actual production per hectare is very high. Trade in cut flowers has become an important segment of international trade in horticultural products. Flowers form a major part and account for about half of Kenya's fresh horticultural exports. The cut flower industry provides direct employment to an estimated 50,000 Kenyans with a further 70,000 employed in related industries.

Kenya has seen phenomenal growth in its exports of cut flowers recently even taking into account mounting competition from Colombia, Ecuador, Israel, Zimbabwe, Zambia and Uganda. The Kenyan flower industry is expanding, with roses continuing to dominate the export market with sales up from 24.6 million kilograms in 1999 to 28.4 million kg in 2003, a 15% increase.

The major flower varieties grown and exported from Kenya are roses, carnations, statice, cutfoliage, carthamus, solidaster/solidago, chrysanthemums, arabicum, trelizia, rudbeckia, gypsophila, lilies, molucella, eryngium and tuberose. The main export season is October to May. Some cut flowers are also sold locally mainly in urban centres of Nairobi and Mombasa by street vendors and floriculture shops in high/medium class shopping centres.

The main markets for cut flowers from Kenya is the European Union in particular Germany, Netherlands, United Kingdom, Sweden, Italy, Switzerland and France. To develop and maintain a good reputation, Kenyan exporters ensure that they supply high quality roses, in good time to their customers. The EU is the main market that governs the quality standards of the Kenyan flower industry. These are extremely high and specify assortment and grading of the cut flowers. Kenya is currently ranked the largest supplier of cut flowers to the EU.

2 Industry structure

The horticultural sector currently ranks as one of the economy's fastest growing sectors and is ranked the largest foreign exchange earner. This is reflected in a continuous year-to-year expansion in fruit, vegetable and cut flower exports. The growth trend is expected to continue due to a number of positive attributes in the sector.

The Government has made minimal intervention in this sector, thus spurring growth by having private sector participation. The government set up the Horticultural Crops Development Authority (HCDA) under the Agriculture Act in 1967 with the aim of developing and regulating the industry. HCDA offers technical and marketing services to the stakeholders in the horticulture industry.

Currently there are more than 60 companies dealing in fresh vegetables, fruits and cut flowers both for export and domestic consumption. The companies are all privately owned and adhere to very high standards in handling their products. Through Fresh Produce Exporters Associations of Kenya (FPEAK), the companies assist each other in both technical and marketing aspects of the industry.

The Flower Council of Kenya (KFC) is another members' body that supports and lobbies for particularly the flower growers and exporters.



3 Production

Over the last several years Kenya has steadily increased her production and share of the world market for fresh fruits, vegetables and cut flowers. The sector has grown considerably over the years, growing at an average growth rate of 15%-20% over the past decade.

3.1 Range of products

Kenya having an ideal climate for the production of horticultural produce, produces a wide range of vegetables, fruits and cut flower products for both local and international markets key among them being:

Flowers from Kenya:

Achillea	Dill	Mixed Flowers
Agapanthus	Dried Flowers	Molucella
Alstroemeria	Echinops	Musa Coccinea
Amaranthus	Eryngium	Nicola
Ammi Majus	Euphorbia	Orchids
Anthuriums	Gerbera	Ornithogalum
Arabicum	Gladious	Roses
Arum Lillies	Gypsophilla	Rudbeckia
Aster	Helenium	Seal Girl
Atriplex	Heliconia	Solidago
Bamboo	Hypericum	Solidaster
Bupleurum	Kniphofia	Stalice Beltaard
Carnation	Liatris	Stalice Limonium
Carthamus	Lilies	Strelitzia
Chrysan. Cuttings	Liliums	Trachelium
Cut Foliage	Lissianthus	Tuberose
Delphinium	Live Plants	Veronica

Fruits from Kenya:

Apple	Guavas	Guavas
Avocado	Horned Melon	Horned Melon
Bananas	Lemon	Lemon
Betel Nuts	Lime	Lime
Bixa	Litchi	Litchi
Cashewnuts	Macadamia Nuts	Macadamia Nuts
Coconuts	Mango	Mango
Currants	Melon	Melon
Custard Apple	Nor-Bixin Powder	Nor-Bixin Powder
Dried Fruits	Orange	Orange
Gooseberry	Passion Fruits	Passion Fruits
Grapefruit	Pawpaw	Pawpaw

Vegetables from Kenya:

Arrow Roots	Brussels Sprouts	Chevda
Artichoke	Cabbage	Chillies
Asparagus	Canned Beans	Chillies Long
Aubergines	Capsicums	Chillies Short
Baby Corn	Carrots	Chives
Basil	Cassava	Chora
Beetroot	Cauliflower	Coriander
Bobby Beans	Celery	Courgettes
Broccoli		Cucumber



Curry Leaves	Matoke	Snap Peas
Dill	Methi	Snow Peas
Dudhi	Mixed Vegetables	Sour Cream
F/Beans	Mooli	Spinash
Fennel	Mushrooms	Sugar Cane
Fresno Chillies	Okra	Sweet Corn
Frozen Beans	Onions	Sweet Corn
Fundina	Other Asian	Sweet Potatoes
Garlic	Palak	Thin Chillies
Ginger	Papri	Tindori
Gisoda	Parsley	Tomatoes
Groundnuts	Patra	Tropical Salad
Gunda	Peas	Turia
Guwar	Prepacks Beans	Turnips
Helda	Pumpkins	Tuwer
Kales	Raddish	Valore
Karella	Ravaya	Xf/Beans
Leeks	Rhubarb	Yams
Letuce	Runner Beans	
Limdi	Saragwo	

Kenya remains a major exporter of sweet pea, runner beans, Asian vegetables, avocados, mangoes and some of the highest quality green beans in the world. Avocados are Kenya's dominant export fruit followed by mangoes and passion fruit.

3.2 Production areas

Vegetables are grown in various parts of the country as shown in table 1 below.

Table 1: Vegetable production areas in Kenya

Production area	Altitude metres	Type of production (rainfall p.a.)	Major vegetables		Minor vegetables
			Domestic market	Export market	
Kiambu, Machakos, Nairobi	800-2400 metres	Rain-fed (1500-2000mm) Machakos: irrigated (600-1000 mm)	Cabbage, Carrot, E. Potato, Kale (Spring), Onion	Brinjal, Capsicum, Chilli, Okra, French bean, Karela	Broccoli, Pea, Brussels sprout, Cauliflower, Courgette, Lettuce, Spinach, Cucumber
Baringo, Nyandarua, Nakuru	2100-2800 metres, Lake Naivasha: 1900 metres Lake Baringo: 1000	Molo, Nyandarua: rain-fed (1200-1800 mm) Lake Naivasha, Lake Baringo: irrigated (400-600 mm)	Cabbage, Carrot, E. Potato, Kale (Spring), Onion, Garden pea	Capsicum, Chilli, Courgette, French bean, Cut-flowers	Broccoli, Spinach, Brussels sprout, Cauliflower, Courgette, Lettuce, Cucumber
Embu, Meru, Nyeri, Murang'a	800-2500 metres	1200-2500 mm rain-fed	Cabbage, Carrot, E. Potato, Kale, Onion, Tomato	Brinjal, Capsicum, French bean	
Kisii, South Nyanza	1100-2200 metres	Rain-fed (Kisii: 1200-2100mm, S. Nyanza:	Cabbage, Kale, Onion,		



Production area	Altitude	Type of production (rainfall p.a.)	Major vegetables		Minor vegetables
			Domestic market	Export market	
		700-1800 mm)	Tomato		
Busia, Siaya, Kakamega, Bugoma, Kisumu	Busia, Kisumu, Siaya: 110-1500 metres Bungoma, Kakamega : 1200-2000 metres	Rain-fed (Bungoma, Busia, Kakamega: 1100-2000 mm; Kisumu, Siaya: 700-1800 mm) Lake Victoria: irrigated	Cabbage, Kale (spring), Onion, Tomato	French bean (tinned)	
Trans Nzoia	1600-2200 metres	Rain-fed and irrigated (900-1400 mm)	Cabbage, Kale (spring), Onion, Tomato		
Kilifi, Kwale	0-500 metres	Rain-fed and irrigated (400-1400 mm)	Brinjal, Capsicum, Onion, Tomato		
Taita-Taveta	600-1000 metres	Taita Hills: irrigated (400-600 mm)	Cabbage, Carrot, Kale, Onion, Tomato		
Oloitokitok	1800-200 metres	Irrigated (600-800 mm)	Onion, Tomato		
Garissa	200-300 metres	Irrigated (250-500 mm)	Onion, Tomato		

Source: Horticultural Crops Development Authority, 2003

Main cut flower growing areas include Lake Naivasha, Thika, and Kiambu / Limuru regions. Most of the flower production companies have their own flower farms. These companies grow, harvest, pack and transport cut flowers to airports for export. They are labour intensive and mostly use green houses for cultivation.

3.3 List of companies and their location

There are over 20 horticultural companies mainly export oriented, processing both vegetable and fruits in Kenya including produce that is canned, frozen, bottled, solar dried, dehydrated or preserved in brine.

These companies process a range of vegetable and fruit products, which include: chutney, canned fruit, juices, health drinks, jams, marmalades, pickles, sauces, tomato sauce, ketchup paste, canned vegetables, dehydrated vegetables, peanut butter and canned soups among others.



Table 2: List of vegetable & fruit companies and their locations

	COMPANY	LOCATION		COMPANY	LOCATION
1	Avenue Fresh Produce	Nairobi	13	Makindu Growers and Packers Ltd	Nairobi
2	Belt Cargo Services Ltd	Nairobi	14	Mbogu Tuu	Nairobi
3	Bud of Paradise	Nairobi	15	Myner Exporters Ltd	Nairobi
4	East African Growers Ltd	Nairobi	16	Sacco Fresh Ltd	Nairobi
5	Everest Enterprises Ltd	Nairobi	17		
6	Fian Green Ltd	Nairobi	18	Sunripe (1976) Ltd	Nairobi
7	Frigoken Ltd	Nairobi	19	Tropical Horticultural Products Ltd	Nairobi
8	Greenlands Agro producers Ltd	Nairobi	20	Vitacress (K) Ltd	Nairobi
9	Hillfarm Fresh Produce Ltd	Nairobi	21	Wamu Investments Ltd	Nairobi
10	Indu Farm EPZ Ltd	Nairobi	22	Wilham (K) Ltd	Nairobi
11	Jambo Horticultural Export Ltd "2002"	Nairobi	23	Woni Veg-Fru Exporters	Nairobi
12	Horticultural Exporters (1977) Ltd	Nairobi			

Source: FPEAK, 2004

There are also about 37 companies dealing in cut flowers for export.

Table 3: List of cut flower companies and their locations

	Company Name	Location			
1	Alora Flowers Ltd	Nairobi	20	OI-Njorowa Ltd	Nairobi
2	Aquilla Development Co. Ltd	Naivasha	21	Oserian Ltd	Naivasha
3	Bawan Roses Ltd	Nairobi	22	P.J.Dave Flower Ltd	Nairobi
4	Beverly Flowers Ltd	Nairobi	23	Pollen Ltd	Ruiru
5	Carzan Cultures Ltd	Naivasha	24	Primarose Flower Ltd	Nairobi
6	Charm Flowers Ltd	Nairobi	25	Redhill Flowers Ltd	Nairobi
7	Enkasiti Flowers Ltd	Nairobi	26	Redlands Roses	Ruiru
8	Finlay Flowers Ltd	Kericho	27	Sander (K) Ltd	Nairobi
9	Homegrown Ltd	Naivasha	28	Shalimar Flowers (K) Ltd	Naivasha
10	Kenya Highlands Nurseries	Nakuru	29	Simbi Roses Ltd	Thika
11	Kijabe Ltd	Naivasha	30	Sophia Roses Ltd	Thika
12	Kisima Ltd	Nanyuki	31	Subati Ltd	Nairobi
13	Locland Ltd	Athi River	32	Suera Flowers Ltd	Nairobi
14	Longonot Farm	Naivasha	33	Tambuzi Ltd	Nanyuki
15	Longonot Horticulture Farm	Nairobi	34	Terra Fleur	Thika
16	Magana Flowers	Nairobi	35	Terrasol Ltd	Nairobi
17	Mosi Ltd	Nairobi	36	The Plant Factory (K)	Naivasha



	Company Name	Location			
				Ltd	
18	Mt. Elgon Flowers Ltd	Kitale	37	Waridi Ltd	Nairobi
19	Nini Ltd	Naivasha			

Source: Kenya Flower Council, 2004

A comprehensive list of key exporters of vegetable and fruits as well as of flowers is attached as appendices 1 and 2 respectively.

4 Market conditions

Marketing of horticultural products has generally been free of direct government interventions. The Government has not been directly involved in the pricing or performance of physical functions of horticultural marketing. Its role has been minimal, mainly confined to regulatory and facilitative functions. The remarkable performance of the industry has been ascribed to this policy, which engendered autonomy in production and marketing decisions thus fostering significant local private initiatives and dynamism within the industry.

Kenya currently has 3 types of export platforms out of which two target export-dedicated businesses {Manufacturing Under Bond (MUB), and the Export Processing Zone (EPZ)} and the third is a generalized and flexible export support program providing import duty exemptions for imported inputs into the production of exports and duty free goods for the domestic market (TREG – Tax Remission for Export Office).

The local horticultural market is very open; hence prices are determined by supply and demand factors. The domestic market has concentrated on vegetables and fruits, such as cabbages, kale, bananas (cooking and table), avocados, coconuts, citrus, mangoes, pineapples, plums and papaws e.t.c. while cut flowers are mainly for the export market.

Kenya exports a variety of horticultural products as shown in table 1 below:

Table 4: Main types of exports, 2003

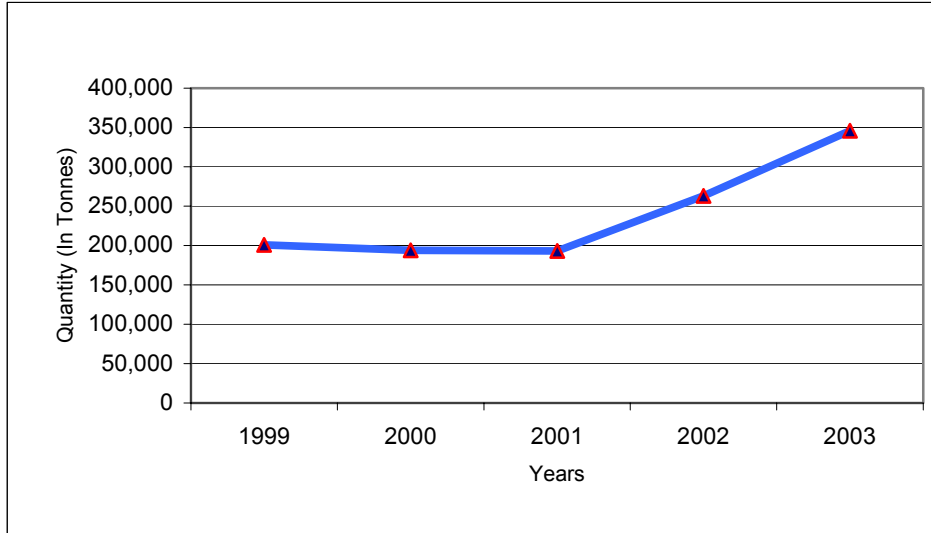
Cut flowers	Fruits & nuts	Vegetables
Roses	Avocados	French beans
Carnations	Mangoes	Snow peas
Statice	Passion fruits	Runner beans
Alstroemesia	Pineapples	Bobby beans
Cut foliage	Bananas	Okra
Carthamus	Melons	Asparagus
Solidaster	Strawberries	Chillies
Chrysanthemums	Apples	Aubergines
Arabicum	Macadamia nuts	Garden peas
Ornithogalum	Cashew nuts	Onions
		Asian vegetables
		Carrots
		Spices and herbs

Source: HCDA, 2003



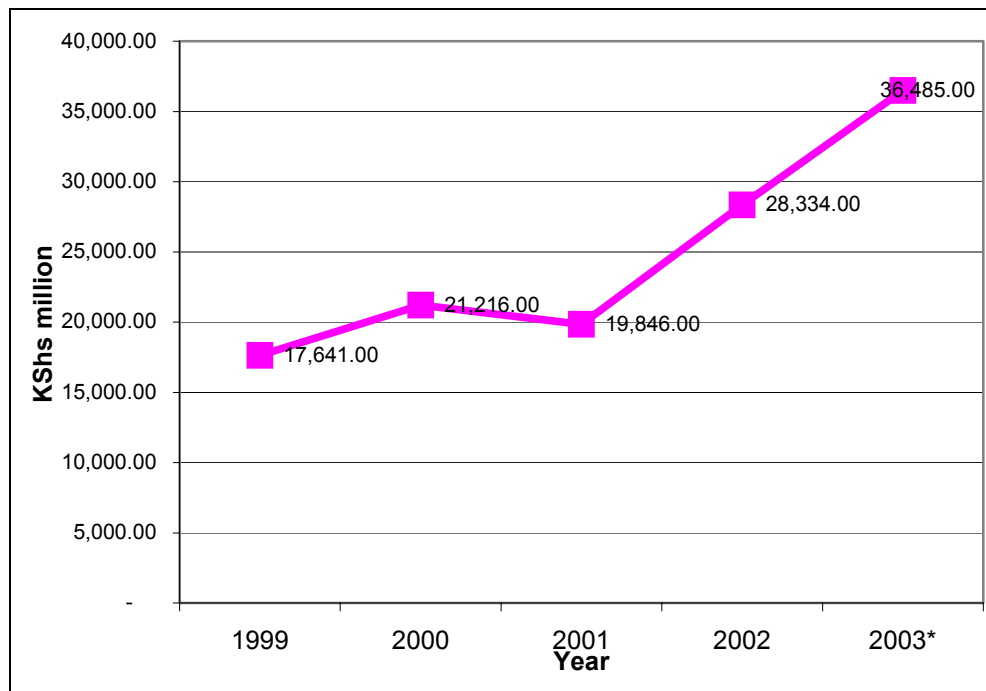
Horticultural exports from Kenya increased from 200.6 thousand tonnes in 1999 to 346.1 thousand tonnes in 2003, earning the country about KShs 17.6 billion and KShs 36.5 billion, respectively. This represents a substantial earning to the country and makes horticultural exports an important foreign exchange earner.

Chart 1: Quantities of principal horticulture exports, 1999-2003 (Tonnes)



Source: Economic Survey, Central Bureau of Statistics, 2004

Chart 2: Value of principal horticulture exports: 1999-2003 (KShs million)



Source: Economic Survey, Central Bureau of Statistics, 2004

* Provisional

The EU remains Kenya's principal market in horticultural export produce; with the UK, Netherlands and France being the main markets. Other important markets of the EU are Germany, Switzerland, Belgium and Sweden. The Middle East and South Africa are also vital markets outside the EU.

Currently, the UK is the principal market, taking a 34% share of total exports, followed by the Netherlands with 31% and France with 15%, with Germany taking 5%.



4.1 Fruits & vegetables

From a very low base, Kenya's fruit and vegetable exports grew 9% per year in the first decade after independence, then 17% per year from 1974-1983 (Minot and Ngigi 2002). Growth slowed over the 1980s and 1990s, but still averaged about 4% per annum over the past decade. By the year 2003, fruit and vegetable exports amounted to US\$260m, or 15% of Kenya's total export economy. This impressive growth has undoubtedly contributed to increased rural incomes and reduced rural poverty, through both direct production effects and linkage effects, as horticultural incomes from export are re-spent.

The UK and France are the primary markets for fresh vegetable produce from the country, with a share of over 30% by volume. Sales of Kenya based pre-packed high quality vegetables have been increasing annually – particularly snow peas, sugar snaps, baby vegetables, runner beans and French beans. Large volumes of airfreight to the UK are available (on both scheduled and charter flights)

In France, the Kenyan produce sales are for French beans (Haricot Verts) and avocados. Supplies from Kenya are normally in demand in the months of April/May or August/September.

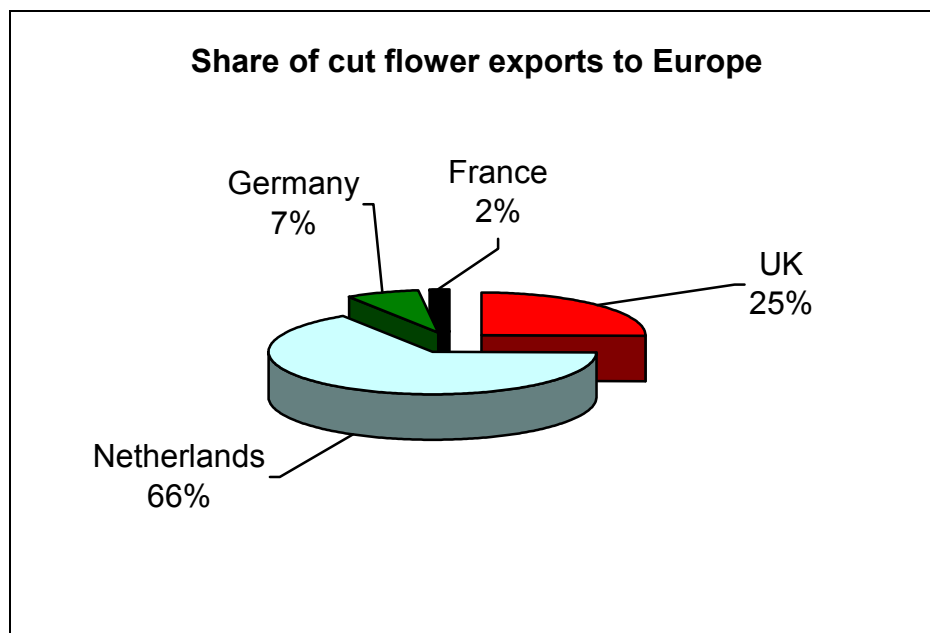
Germany offers an emerging market for vegetables and fruits, especially with its good airfreight connections. Its central location in Europe centered around Frankfurt gives it a focal positioning across the European continent.

Exports to Dubai are mainly mangoes (varieties Ngowe, Kent, Apple, Sensation and Tommy Atkins). Sales are high mainly in January to March and in October to December. Other exports include small amounts of pineapples, avocados and beans.

4.2 Flower exports

Kenya exports 65% of its cut flowers to the Netherlands, 25% to the United Kingdom, 7% to Germany, and 2% to France.

Chart 3: Share of Kenyan cut flower exports to Europe, 2003



Source: Market Intelligence, 2004



Flower growing has overtaken coffee and tourism as a source of foreign exchange for Kenya and ranks second only to tea, according to the Kenya Flower Council (KFC).

Roses make up 74% of Kenya's flower exports, followed by carnations which are the most popular flower in Britain at less romantic times because they last longest.

Kenyan growers have developed a factory-style business that can deliver wrapped bunches to UK supermarkets, where staff need to do nothing more than stand them in water.

Part of product offer from Kenya includes a bouquet ready to go, labelled, date-coded. The major importers include Flamingo UK, which supplies British supermarkets and Marks & Spencer.

Other markets are Netherlands, and supermarket chains like Tesco - where Kenyan firms have 25% market share, beating Colombia and Israel which each has about 16%. Netherlands dominates the trade in cut flowers worldwide through its auction halls where Dutch wholesalers buy flowers for re-export to markets as far away as the United States and Japan.

5 *Legal and regulatory framework*

The country's legal framework in regard to horticulture is handled by both the government ministries and their relevant agencies, e.g. Ministry of Agriculture, and Ministry of Trade & Industry, HCDA, as well as adhering to international rules eg the legal framework of trade bodies like the WTO and the EU.

HCDA

The Horticultural Crops Development Authority (HCDA) is a government parastatal established under the Agriculture Act, CAP 318 by an order in 1967. The order has been amended several times, the latest being in 1995 (L.N. No. 230) with the aim of revitalizing the horticultural industry.

HCDA is the main regulatory body of the horticultural sub-sector in Kenya is charged with the responsibility of promoting the development of horticultural crops, licensing exporters, and disseminating information on horticultural marketing. HCDA was originally given authority to fix prices, regulate trade, and operate processing facilities and market horticultural goods. This has however changed after the body withdrew its buying and selling functions from the market way back in 1986.

HCDA is run by a board of directors drawn from both the public and private sectors and derives its main revenue from levies and fees charged on produce. HCDA offers vital services including:

1. Facilitating increased production of top quality horticultural produce for export and local market by:
 - Advising growers, exporters and processors to plan production in relation to market demand.
 - Advising growers on the use of certified planting materials and seeds.
 - Advising producers and exporters on appropriate post harvest handling techniques.
 - Training farmers on the proper use of inputs particularly pesticides to adhere to Maximum Residue Levels (MRLs).
 - Registering and licensing horticultural crops nurseries, carrying out inspection of the planting materials for certification and training of nursery managers.
 - Undertaking demonstrations and trials of technologies that are beneficial to the industry.



- Organising groups of small-scale growers for production and marketing of local and export crops.
- Promoting commercialisation of extension services.

2. Other activities include:

- Licensing horticultural exporters.
- Promoting the provision of cold stores and pre-cooling facilities at major collection centres.
- Monitoring and disseminating prices in the local and export markets to enable farmers and exporters plan effectively.
- Availing market information and market statistics to investors, exporters and producers for planning purposes.
- Assisting the growers to identify local and export market outlets for their produce.
- In collaboration with key players, formulate and implement a National Code of Practice for the industry.
- Participating in the prioritising/utilisation of various horticultural products.
- Design, introduce and implement standards for locally marketed produce.
- Advice on packaging, transportation and distribution of horticultural produce in the local market.
- The Horticultural Crops Development Authority in collaboration with other government and private institutions, both local and international agencies assist in training, research promotion and creating awareness among producers and exporters in understanding and adhering to international regulations and quality requirements, packaging and environmental regulations.

Collaborating Agencies

- Fresh Produce Exporters Association of Kenya (FPEAK)
- Export Promotion Council (EPC)
- Kenya Bureau of Standards (KBS)
- Kenya Agricultural Research Institute (KARI)
- Ministry of Agriculture
- Kenya Flower Council (KFC)
- Kenya Plant Health Inspectorate Service (KEPHIS)
- Pest Control Products Board (PCPB)
- Kenya Industrial Research and Development Institute (KIRDI)
- Kenya Universities and Colleges of Agriculture
- National Resources Institute (NRI)
- Japan External Trade Organisation (JETRO)
- Japan International Co-operation Agency (JICA)

FPEAK

The Fresh Produce Exporters Associations of Kenya (FPEAK) was formed in 1975, when the local horticulture industry was barely noticeable. Currently membership is in excess of 140, is open to all active exporters and other interest groups. FPEAK exists to serve its membership and their partners, who are either grower/exporters or foreign importers, in order to develop and promote the horticulture industry.

With the assistance of the United States Agency for International Development (USAID), FPEAK's Secretariat is empowered to provide services to members in areas such as market intelligence, export promotion, technical support and training services for exporters.



FPEAK also provides other services which include a monthly newsletter and quarterly magazine covering technology news and market developments, organising buyer and trade missions into Kenya and overseas respectively; training workshops in such areas as production, post-harvest handling, and safety, and trade literature through its library and distributorship arrangements. FPEAK also lobbies for interests of the horticultural sub-sector. To ensure the association meets its mandate in the delivery of these services, an elaborate strategic plan is under implementation.

5.1 Standards and quality control

Standards are applied to meet the qualitative aspect of demand from the importers, including packaging, sizes and quality, health requirements etc. Ministry of Agriculture has established quality standards for major horticultural export produce, covering size, appearance/colour, packaging module/weight etc. Plant quarantine check is applied to all horticultural exports by ministry inspectors at the airports and seaports by extracting samples from various products.

Export rules and regulations are enforced in the sector. These include the EU where import regulations have continued to get more stringent. For instance, in the recent past, the European market has revised its requirements on maximum residue levels to an analytical zero level to safeguard their consumers and the environment.

Food safety standards in Europe, with emphases on traceability and process standards, have become much more strict since January 2005 under EUROPGAP, implying even higher barriers to smallholder participation. Thus, the continued growth of Kenya's horticultural exports, and the ability of smallholder farmers to participate in any growth that does occur, cannot be taken for granted.

5.2 Industry prospects

The success of the horticulture industry in Kenya came about partly because of the following factors:

- Private traders successfully exploited growing demands for South Asian vegetables in external markets such as the United Kingdom
- Kenyan farmers took advantage of spin-off opportunities from the tourist industry such as cheaper cargo transportation costs and increasing demands from local hotels and restaurants
- Kenya has maintained a stable, liberal macroeconomic policy environment where government policy has favoured foreign investment and international trade

Key lessons for building future successes and replicating current ones in other places include:

- Providing a stable political and economic environment is important for investors as well as exporters and producers
- Non-intervention by the government in horticulture production and marketing is constructive
- Promoting institutional innovation by providing market information, extension services, mediating disputes and establishing standards, for instance, allows a variety of private institutions and marketing arrangements to develop which can then adapt to changing environments
- Linking small farmers to high-value urban and export markets is an important strategy for raising rural incomes, reducing poverty and potentially maintaining export competitiveness as well
- Developing new institutional arrangements that would facilitate the enforcement of contracts between buyers and growers would contribute significantly to more widespread use of contract farming and would expand



the participation of small farmers in high-value horticulture production and export

- Investment in irrigation has important spill over effects

6 *Reasons to invest in Kenya's horticulture industry*

Kenya is a major producer and exporter of horticultural products. This portrays the attractiveness of the location for potential investment in the sector.

- Kenya enjoys both tropical and temperate climatic conditions with equable temperatures all year round that support the growing of a wide range of horticultural crops.
- Kenya currently produces a wide range of vegetables, fruit and flower species, with fairly reliable and consistent supplies.
- Availability of large to medium scale companies, which give a degree of stability and technological leadership to the sector.
- Close linkages with European importers, mainly the UK, France, Netherlands and Germany and a steady flow to the Middle East gives an investor a ready stable market for their produce. As the third largest exporter of cut flowers to the EU, Kenya provides an investor with a large and ready export market.
- Readily available, well-trained labour force at reasonable costs.
- As a signatory of the UPOV (International Union for the Protection of New Varieties of Plants) convention, Kenya recognizes breeder's rights, thus giving the country better access to new varieties of crops.
- Nairobi being the main hub in East Africa has competitive airfreight costs with direct cargo flights to Amsterdam, Frankfurt, London and Paris amongst others.
- Availability of international and local seed companies among them Kenya Seed Company, Pioneer, Panaar, Monsanto, and Seminis, which readily provide a variety of high quality seeds to farmers.
- The well-developed and much needed infrastructure ensures the fresh produce get to the destined markets on time.
- Private sector participation ensures efficient management of the industry with minimal government interference.

In addition to the above, Kenya also enjoys the following:

Access to the regional market

Kenya's membership in regional trading bodies such as COMESA, African Union and the East African Community provides potential investors with a large potential market for their products.

Investor friendly arrangements

The Kenya government can guarantee investor friendly arrangements such as:

- the Export Processing Zones (EPZ) program which offers attractive incentives to export-oriented investors and EPZ Authority to provide one-stop-shop service for facilitation and aftercare
- the Investment Promotion Centre (IPC) to promote all other investment in Kenya including in Manufacturing under Bond (MUB) program
- the Tax Remission for Export Office (TREO), a program for intermittent imports for export production
- Generous investment and capital allowances
- Double taxation, bilateral investment and trade agreements

Investment insurance

Kenya as a member of MIGA (Multilateral Investment Guarantee Agency), ATIA (Africa Trade Insurance Agency) and ICSD (International Centre for Settlement of



Investment Disputes) provides potential investors with insurance for their investment in Kenya against a wide range of non-commercial risks.

Strategic location

Located on the East African coast and having the port of Mombasa, Kenya is strategically located for investors wanting to access the East and Central African market. Kenya is also a regional hub for airlines allowing for easy access from and to any part of the world.

Good quality of life

Kenya hosts a number of international organizations and foreign embassies and provides very good and up to standard living conditions for foreign investors wishing to reside in Kenya. With recognized international hotels, airports and entertainment centres.

Stable political climate

Kenya has been one of the politically stable countries in Africa since independence. The country has had three presidents with smooth transition taking place from one government to the next with peaceful elections. This is also manifested in the number of international and regional organizations headquartered in Nairobi including the UN, IGAD etc.

7 Investment opportunities

The horticultural sub-sector offers a variety of investment opportunities to investors, some of which include:

- Pre-cooling and cold storage facilities – This would assist exporters in maintaining the high standards of their produce for export as required by the market.
- The use of sea freight for exports would also require additional investment in refrigeration facilities.
- Provision of modern farm input materials and technologies
- Processing of frozen and canned vegetables
- Packaging materials – opportunity to invest in production of high quality packaging materials for horticultural products in Kenya.
- Seed production and plant propagation
- Banana and pineapple plantation
- Fruit processing, especially mango and passion fruits
- Provision of both sea and airfreight
- Development of infrastructure in the production areas

8 Useful contacts

Ministry of Agriculture & Rural Development
Kilimo House, Cathedral Road
P.O. Box 30028, Nairobi, Kenya
Tel: 254-20-2718870
Fax: 254-20-2720586
Web: www.agriculture.go.ke

Ministry of Trade and Industry
Telposta Towers, Kenyatta Avenue
P.O. Box 43137 Nairobi, Kenya
Tel: 254-20-315001-4
Fax: 254-20-315011
Web: www.tradeandindustry.go.ke

Horticultural Crops Development Authority
P.O. Box 42601 Nairobi, Kenya
Tel: 254-20-333150
Fax: 254-20-228386
Email: hcdamd@wananchi.com

Kenya Flower Council
P.O. Box 24856 Nairobi, Kenya
Tel/Fax: 254-20-883041
Email: kfc@africaonline.co.ke
Web: www.kenyaflowers.co.ke



Fresh Produce Exporters Association of Kenya [FPEAK]
New Rehema House, 4th Floor,
Rhapta Road, Westlands
P.O. Box 40312, Nairobi, Kenya
Tel: 254-20-4451488
Fax: 254-20-4451489
Email: info@fpeak.org
Web: www.fpeak.org

Export Processing Zones Authority
Administration Building
Athi River EPZ, Viwanda Road
Off Nairobi - Namanga Highway
P.O. Box 50563, 00200 Nairobi, Kenya
Tel: 254 45 26421-6
Fax: 254 45 26427
Web: www.epzakenya.com
Email: info@epzakenya.com

Kenya Plant Health Inspectorate
Service (KEPHIS)
Waiyaki Way
P.O. Box 49592, 00100 GPO
Nairobi, Kenya
Tel: 254-20-884545/882308/882933
Fax: 254-20-882265
Email: kephis@nbnet.co.ke
Web: www.kephis.org

Pest Control Products Board (PCPB)
P.O. Box 13794, 00800 Nairobi,
Kenya
Tel: 254-020-4446115/ 4450242
Fax: 254-20-4449072
Email: pcpboard@todays.co.ke

Kenya Agricultural Research Institute
(KARI)
Kaptagat Rd, Loresho
P.O. Box 57811, Nairobi 00200,
Kenya
Fax: 254-20-583344
Tel: 254-20-583301-20, 0733333223
0722206986, 0722206988
Email: resource.center@kari.org
Web: www.kari.org

Kenya Bureau of Standards (KEBS)
Belle-vue Area, off Mombasa Rd.
P.O. Box 54974, 00200 Nairobi,
Kenya
Tel: 254-20-605490/605506/605550
Fax: 254-20-604031
Email: info@kebs.org
Web: www.kebs.org

Investment Promotion Centre (IPC)
8th Floor, National Bank of Kenya
Bldg. Harambee Avenue
P.O. Box 55704, 00200 City Square
Nairobi, Kenya
Tel: +254-20-221401-4
Fax: +254-20-336663
Email: info@investmentkenya.com
Web: www.investmentkenya.com

Export Promotion Council
Anniversary Towers, 16th Floor
University Way
P.O. Box 42047 Nairobi, Kenya
Tel: 254-20-228534
Fax: 254-20-218013/228539
Email: chiefexe@epc.or.ke
Web: www.cbik.or.ke

9 Sources of information and glossary

- Horticultural Crops Development Authority (HCDA)
- FPEAK - Fresh Produce Exporters Association of Kenya
- Food and Agricultural Organisation – FAO
- Ministry of Trade & Industry
- Ministry of Agriculture
- Investment Promotion Centre
- Kenya High Commission – UK
- Kenya Flower Council (KFC)
- Central Bureau of Statistics
- International Trade Statistic - <http://www.intracen.org/tradstat>
- www.kenyawebsite.com
- EPC - Export Promotion Council
- KEPHIS - Kenya Plant Health Inspectorate Service



Appendix 1

Table 5: Key exporters of vegetable products in Kenya, 2003

COMPANY	CONTACT	PRODUCTS
Avenue Fresh Produce	P.O. Box 3865, Nyayo Stadium, Nairobi, Kenya Tel: 020-825342/820015 Fax: 020-825288	French beans, Snow peas, sugar snaps, garden peas
Belt Cargo Services Ltd	P.O. Box 54240, Nairobi Kenya Tel: 020-4448821/4448822 Fax: 020-4448820	French beans, Snow peas, Sugar snaps
Bud of Paradise	P.O. Box 39953, Nairobi Kenya Tel: 020-4440053/4444768 Fax: 020-4449605	Aubergines, Baby carrots, Baby courgettes, Chillies (Red & Green), French beans, Snow peas
East African Growers Ltd	P.O. Box 49125, Nairobi Kenya Tel: 020-822017 / 25 / 29 Fax: 020-822155	Asian vegetables- Aubergine, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, Varole Baby corn, French beans (fine and extra fine), Pigeon peas, Runner beans, Snow peas, Sugar snaps
Everest Enterprises Ltd	P.O. Box 52448, Nairobi Kenya Tel: 020-824141/ 823333 Fax: 020-824195	Asian vegetables- Aubergine, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, Valore Baby corn, French beans (fine and extra fine) peas, Runner beans, Snow peas, Sugar snaps, Baby carrots
Fian Green Kenya Ltd	P.O. Box 60455-00200, Nairobi. Kenya Tel: 020-821375 Fax: 020- 821374	French beans, Mangtout, Sugar snaps,
Frigoken Ltd	P.O. Box 30500, Nairobi Kenya Tel: 020-860096/860449/861137 Fax: 020- 860098	French beans, Mangtout, Sugar snaps,
Greenlands Agro producers Ltd	P.O. Box 78025, Nairobi Kenya Tel: 020-827080/1/2 Fax: 020- 827078	Sugar snaps, snow peas, French beans
Hillfarm Fresh Produce Ltd	PO Box 35467, Nairobi Kenya Tel: 020-217722 Fax: 020-217722	Fresh Beans, Mangetout
Indu Farm EPZ Ltd	P.O. Box 42564, Nairobi Kenya Tel: 020-550215/6/7,020-352362 Fax: 020-550220	French beans, Snowpeas, Sugar snaps



COMPANY	CONTACT	PRODUCTS
Jambo Horticultural Export Ltd "2002"	P.O Box 30019, Nairobi Kenya Tel: 020-3753079 Fax: 020-3753079	French beans, Tomatoes, Carrots, Onions, Green pepper
Kenya Horticultural Exporters (1977) Ltd	P.O. Box 11097-00400 Tom Mboya, Nairobi Kenya Tel: 020-650300 Fax: 020-650303	Asian Vegetables- (Aubergine, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, Valore), French beans, Sugar snap, Baby corns, Runner beans
Makindu Growers and Packers Ltd	P.O. Box 45308, Nairobi Kenya Tel: 020-822812 Fax: 020-822813	Asian Vegetables- Aubergine, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, Valore
Mbogu Tuu	P.O. Box 47070, Nairobi Kenya Tel: 020-566497/564213 Fax: 020-564467	Asian Vegetables- Aubergine, Chillies, Dudhi, Karella, Okra, Ravaya, Tindori, Turia, Valore
Myner Exporters Ltd	P.O. Box 11706, Nairobi Kenya	French beans, Runner Beans, Snowpeas, Sugar-snaps
Sacco Fresh Ltd	P.O Box 22124, Nairobi Kenya Tel: 020-824687/8 Fax: 020-824689	French beans, Sugar snaps, Snow peas
Sunripe (1976) Ltd	P.O. Box 41852, Nairobi Kenya Tel: 020-822518/879 Fax: 020-822709	French beans (fine & extra) Runner beans, Snowpeas, Sugarsnaps, Baby carrots, Baby corns
Tropical Horticultural Products Ltd	P.O. Box 56032, Nairobi Kenya Tel: 020-336132 Fax: 020-336132	Asian Vegetables- Tindori, Turia, Valore, Dhuli, Karella, Okra, French beans
Vitacress (K) Ltd	P.O. Box 63249, Nairobi. Kenya Tel: 020-860650/1/2 Fax: 020-860652	Carrots, Peas, Salads, Onions
Wamu Investments Ltd	P.O. Box 26026, Nairobi Kenya Tel: 020-822441/824990 Fax: 020-824991	Beans (fine & extra fine), Sugar snaps, Snow peas
Wilham (K) Ltd	P.O. Box 52494, Nairobi Kenya Tel: 020-822030/7 Fax: 020-822801	Asian vegetables (Tindori, Turia, Valore, Dudhi Karella, Okra), Baby corn, French beans (fine and extra fine), Runner beans, Snow peas, Sugar snaps
Woni Veg-Fru Exporters	P.O. Box 52115, Nairobi Kenya Tel: 020-545303/532805 Fax: 020-650350	Asian vegetables (Tindori, Turia, Valore, Dudhi Karella, Okra), French beans, Snow peas. Sugar Snaps

Source FPEAK, 2003



Appendix 2

Table 6: Key exporters of cut flowers in Kenya, 2003

Company	Contacts
Alora Flowers Ltd	P.O.Box 52946 Nairobi Tel: 254-020-581509/581503 Fax: 254-020-217770 keter@africaonline.co.ke
Aquilla Development Co. Ltd	P.O.Box 357 Naivasha Tel: 4440305/2 Fax: 4443231 info@aquilaflowers.com
Bawan Roses Ltd	P.O.Box 43037 Nairobi Tel: 254-020-47324 Fax: 254-020-2716768 bawaroses@wanainchi.com
Beverly Flowers Ltd	P.O.Box 53836 Nairobi Tel: 254-020-868270 Fax: 254-020-512410 beverly@nairobi.ispkenya.com
Carzan Cultures Ltd	P.O.Box 1801 Naivasha Tel: 254-050-21222 Fax: 254-050-21032 marie@carzankenya.com
Finlay Flowers Ltd	P.O.Box 233 Kericho Tel: 254-052-20155 Fax: 254-052-30471 flowers@finlays.co.ke
Homegrown Ltd	P.O.Box 10222 Nairobi Tel: 2721168 Fax: 2712454 admin@homegrown.co.ke
Longonot Farm	P.O.Box 8620 Naivasha Tel: 254-050-30160 Fax: 254-050-21084 jroffey@africaonline.co.ke
Magana Flowers	P.O.Box 14618 Nairobi Tel: 254-020-631440 Fax: 254-020-631611 magana@saamnet.com
Oserian Ltd	P.O.Box 43340 Naivasha Tel: 254-050-30210 Fax: 254-050-21035 oserian@africaonline.co.ke

Source: Kenya Flower Council, 2003