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Impacts of EurepGAP Standard on Vegetable Export Producers in Kenya

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Abstract

As the export of fresh fruits and vegetables from Kenya targets, almost exclusively, the European market stricter regulations present a challenge for Kenyan agricultural export standards, like EurepGAP, introduced by the food industry. These standards have become more important in Europe and influence producer decisions in a developing country like Kenya. In this context the issue arises if producer standards help Kenyan horticulture export or rather act as a trade barrier to them and others. To address these issues a study has been conducted that investigates investments for meeting the standard and the process of compliance of small to large-scale Kenyan farmers. For this paper the central research questions are: **(1)** What determines the crop portfolio of each farm?, **(2)** What are the certification investments that the individual farmer has to bear? and **(3)** What determines labour organisation on the different farm types?.

The theoretical basis of the study is production theory including risk and institutional economics such as transaction cost theory and principle-agent models.

The study applies the concept of typical farm models to examine the impact of EurepGAP standard on three types of EurepGAP certified farms. The first model refers to small-scale farms that are normally organised in groups. The second model describes the large- and medium-scale farms contracted by an export company, which mainly produce for this company. Finally, the third model incorporates the farms that an export company runs itself. As these farm types are very different in many dimensions like the organisation of the farm, the structure of decision-making and especially the degree of vertical integration of the supply chain, it is necessary to differentiate them. The impact of EurepGAP standards on these three types of farms is analysed based on interviews of 19 large- and medium-scale private farms, 9 exporter owned farms and 47 smallholder farms in Kenya.

Keywords: EurepGAP, horticulture farms, Kenya