HOW TO BECOME AN EXPORTER OF HORTICULTURAL PRODUCE

A: Legal Documentation and Licensing Requirements

To export horticultural products the following legal/licenses are mandatory;

1. A Certificate of Business Incorporation/Registration from the Registrar of Companies

2. Obtain an Export Permit from Agriculture, Fisheries & Food Authority (AFFA)- Horticultural Crops Directorate (HCD) (previously Horticultural Crops Development Authority (HCDA)) on the fulfilment of the following conditions;

- Submit copies of Certificate of Incorporation/Registration
- Photocopy of your ID cards of all the Directors (passport or work permit if they are foreigners)
- Packing facilities inspection report
- Register the contract (between the producer & exporter) with the HCD indicating produce price, quantity & quality requirements
- Company stamp and authorized signatory of the applicant
- A Bank Account
- Declaration of source of produce
  - If you are a grower, indicate the location of the land and the total acreage under production
  - If not, provide written contracts with farmers for supply of produce of a certain quality and standard, unless you are producing the export crop yourself.
- You will also need to have or demonstrate access to:
  - Packing facilities. (shed, grading hall, cold store, etc)
  - An adequate knowledge of quality standards for horticultural produce on the market (Good Agricultural Practices – GAP; Traceability; Maximum Residue Level – MRLs; Post Harvest Handling procedures, KEBS etc.)
  - Documentary evidence from your overseas client, that you are ready to start an export business e.g. an order from the client, or agreement to start business etc.
- Export Licence fees payable to the Horticultural Crops Directorate:
  - New applicant Ksh. 5,000 and a further Ksh 5,000 for processing documents
  - Renewal fees are Ksh 5,000 every year.
  - New/Renewal forms are obtained by sending request to through Email to marketingdepartmenthcda@gmail.com

B: Export Documentation

THE EXPORT PROMOTION COUNCIL
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Every consignment of horticultural products requires the following documents that are mandatory:

1. Phytosanitary Certificate (from Kenya Plant Health Inspectorate Services) – issued at the ports of exit after inspection.

2. Certificate of Origin (depending on the destination market);
   - COMESA Certificate of Origin for products destined to COMESA countries
   - EAC Certificate of Origin for products destined to EAC Countries
   - EUR – 1 Form for products destined to European Union
   - GSP form for products destined to USA, Japan, Australia, Canada etc.
   - Ordinary Certificate of Origin for products destined to Middle East, India, Central Europe, etc.
   - AGOA certificate of origin for products destined to the US.

3. Commercial Invoice

4. Bill of lading (sea freight), Airway bill (for air freight)

5. Packing List

C: Business Infrastructure

1. Acquire a trading premise (office, pack house, cold store)

2. Establish communication infrastructure
   - Address
   - Telephone
   - Fax
   - Email address
   - Skype

3. Develop Business image builders/marketing tools:
   - Letter Head
   - Business Cards
   - Company Profile/Brochure
   - Price list
   - Packaging and Branding
   - Website.

4. Post harvest handling Facilities
   - Collection sheds at the farms
   - Insulated transporting vehicles
   - Packing house/hall
   - Cold store

NB: HCD can avail guidelines on how to construct a hygienic collection shed and pack house.
D: Marketing Of Horticultural Produce

Horticultural sector comprises of four sub-sectors namely;

- Cutflowers
- Fruits
- Vegetables
- Processed horticultural products

Kenya’s most important markets for horticultural produce include Europe Middle East, Far East and Asia and parts of Africa. Kenya’s horticultural produce is exported mainly in fresh but in value added packaging as well as in processed forms.

1. Export Marketing Channels for Horticultural Produce

- Direct exporting
  This involves the producer exporting directly to the foreign country. The producer can export directly to:
  i. Consumer (very rare in case of horticultural exports)
  ii. Wholesalers/retailers in the export market
  iii. Distributors in the foreign country
  iv. Auctions especially for flowers
  v. Through joint ventures with partners in the importing countries
  vi. Via own branches set up in the export market. This is very expensive and involves setting up a lot of infrastructure.
  vii. Through licensing arrangements with a company in the export market

- Indirect Exporting
  Here the producer/farmer does not have direct access to the foreign market. The following options can be pursued.
  
  i. Option 1: The exporter sells to an exporting company/agent (middleman) locally. The exporting company/agent consolidates the produce, inspects on the quality, does the packaging and exports through the channels indicated above.

  This channel could be appropriate to small-scale producers who do not have enough capacity to produce adequate quantities. This method can also be beneficial to a beginner in export business where they will acquire experience especially on quality requirements, production planning, packaging, export market requirements and capacity build up to increase production. Here the risks are transferred to the exporting company.

  ii. Option 2: Small-scale producers form clusters (Export Production Villages – EPV)/ co-operative through which they will sell their produce. The EPV/co-operative will in turn market the produce through the direct exporting channels.
iii. **Option 3:** Horticultural producers can also sell through foreign companies or organisations registered locally i.e. trade offices, etc. For instance their number of flower auctions of Netherlands have set up buying offices in Nairobi.

Therefore, indirect exporting will enable the small scale producers take advantage of the skills, expertise and market knowledge of export companies (production planning, quality requirements, market trends and consumer preferences). This comes in handy at a later stage when the producer intends to export directly.

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