

October 30th 2014

Dear USAID Colleagues,

We are pleased to announce the release of *The Global Competitiveness Study* (GCS). The report is the product of extensive research in Kenya and abroad with the principal goal of understanding why the Kenyan horticulture industry has been losing market share in some of the country's most important export markets. To do this we set out to provide the industry with a snapshot of its current level of competitiveness and a vision for a better way forward. Our insights are based on an extensive review of available literature and interviews with horticulture experts in ten countries – including farmers, exporters, packers, government officials, research institutes and others.

The GCS marks the first time that the Kenyan horticulture industry has been systematically benchmarked against global competitors. By engaging in a comparative exercise of this nature, we were able to pinpoint the areas where key Kenyan horticulture exports are least competitive, facilitating a process of targeting these areas over time.

The analysis is broken down into four sections: a baseline analysis looking at known sector constraints, international benchmarking to put the cost of Kenyan horticulture into context, an analysis of export market potential to target high priority markets, and a competitiveness action plan that lays out critical steps for a future reform process. Through this process, reform priorities became clearer: of the 15 topics covered in this analysis, Kenya fared poorly across five of them including food safety management, transport cost, infrastructure, taxation and the cost of land transfer.

We are very interested in hearing your thoughts on the report, starting a discussion on how best to bring the action plan to life. Given the timing of this report, we are meeting with a wide array of stakeholders in anticipation of the January 21st 2015 presentation to industry. Our hope is that this analysis is merely a single step in a longer and more complex process of narrowing the sector's focus to those challenges and opportunities that most deserve its attention.

We look forward to your engagement in the report roll out process,

Ian Chesterman, Chief of Party