

**Gathered at this year, Kenya Flower Council 14th AGM, were growers and representatives of services and products providers in the industry. The meeting was held on 20th July at Finlays Kingfisher, Naivasha. It was addressed by chief guest Board Chairman Kenya Revenue Authority, Hon. Major Marsden Madoka among other senior officials**



## Kenya Flower Council AGM 2012

The thorny issue raised during the forum was in regard to VAT refunds, owed to exporters due to flowers being zero rated. Kenya Revenue Authority (KRA) owes farmers in excess of Kshs 2 billion, attracting interest charges of over Kshs 2million daily.

KFC CEO Mrs. Jane Ngige said that, substantial energy has been spent in lobbying for the refunds and the discussions are now in the office of the Permanent Secretary.

On his part chief guest Board Chairman Kenya Revenue Authority, Hon. Major Marsden Madoka, said that KRA have agreed with treasury to be involved more in the budget process. "The current refund bill stands at 24 billion. Among the drastic measures taken is discontinuation of the withholding VAT in July 2011, a decision treasury took at the expense of collecting more revenue".

He said that one of the reasons for delays in refunding is that KRA is often faced with claims that are inconsistent with end figures posted in the financial statement hence need to be determined their validity. He added that some unscrupulous traders use parallel entries to evade taxes where transit entries are presented on the Kenyan side while export entries are used in the country of destination for the same cargo. At the same time a pre audit is required because some present auditor's certificates that are not credible.

"I know that members of your fraternity also want their documents to be archived in the Simba System after 180 days as opposed to the current 30 days". Mr. Madoka said. He also said that, KRA is committed to ensure that the Simba System operates optimally. He recommended that the council

engage KRA on a regular basis for amicable solutions to the many issues raised.

KFC have registered 64 regular members out of which 5 have stopped production; while a further have been put on sanctions as a result of non compliance. The active members up to date are 42. It is accredited to issue The KFC Silver CoP alongside the GlobaGAP, FFP, KS1758 as well as TESCOS Nurture Certificates. Recently the KFC acquired the National Environment Management Authority (NEMA) Lead Auditors for Environmental Impact Assessment/ Environmental Audits (EIA/EA) license.

For the first time the KFC secretariat procured substantive development agencies funding to carry out projects that will enhance lobbying capacity.

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*File picture of Mrs. Jane Ngige  
CEO KFC*



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One such a project the CEO said is the one funded by the World Bank developed technical papers on the impact of taxes and levies, agrobacterium and climate change on the industry. The second phase is being funded by the centre of development of enterprises (CDE).

The second project courtesy of the Dutch Government is a national compliance mechanism, the output which will provide a level playing field for all exporters and create a tool upon which an effective communications strategy can be formulated to vend off industry misinformation. This will be useful in creating a Kenyan

flower brand, borrowing a leaf from the well known flowers from Ecuador's brand. In sync with the endeavor, WWF have provided funding, to among other activities preview and test the KFC Small-Scale Growers Code of practice.

At the international level, KFC membership to the Union Fleurs has been extremely useful in the ongoing EAC-EU -ERA- Negotiations. It has served to build and fortify networks, through which they have ably articulated Kenya floriculture position during negotiating forums in Brussels. "From the proceedings, reports and discussions that we are privy to, we are confident that the outstanding issues

will be resolved in time for signature by July 2014". The Chairman of the Kenya Flower Council Mr. Richard Fox said. It is also through the Union Fleurs that KFC participates in the Flower Sustainability Initiative (FSI), which seeks to harmonize standards at the international level.

Mr. Fox, who wears many hats: Director of Finlays Horticulture; the Chair of the Imarisha Naivasha; the LANAWRUA and also represents the KFC at the international flower association - the Union Fleurs, concluded that "It is time we focused on an all-inclusive industry strategy; one that amplifies our strengths and transforms

our weaknesses and threats into further opportunities, at the individual farm, the KFC and indeed the country level". He said growers association with key players will coordinate the outputs and invite them to craft an overall strategy, fit for a 21st century world class flower industry. To do this, it is imperative that we objectively work together to define and refine our goals alongside means of achieving such objectives

It is against this background that the council poses once every year, to take stock of what has been achieved and to collectively plan a way forward.