Abstract
This study draws on the case of smallholder fresh produce production and marketing in Eastern and Central Kenya to analyze incentives and constraints of financing mechanisms for compliance to GlobalGAP standards. GlobalGAP standards were enforced among smallholder farmers without putting in place the corresponding financial arrangements. This study sought out to understand the incentives and constraints hindering the accessibility to compliance to GlobalGAP standards. The study relied on community-level surveys including Participatory Rural Appraisal, Focus Group Discussions and Key Informant Interviews. Systematic and purposive sampling procedures were used to select participants in the study. Findings indicate that capital constraint is ranked among the first three most important factor hindering GlobalGAP compliance. Farmers adopted four broad mechanisms to finance compliance. These included individual financing; input credit from individually contracted farmers to 'sub-contracted' farmers, group financing and infrastructure development alongside input credit by exporters. Over fifty percent of non-contracted farmers in Buuri production area in Eastern province, financed compliance through input credit from individually contracted farmers. Individual financing was reported by less than ten percent of smallholder farmers in Buuri and Kirinyaga production area of Central Province. Group financing mechanism was most common in Kirinyaga and to a smaller extent Mbooni of Eastern Province. Each mechanism has varying incentives and constraints, affecting the cost, period taken to comply and the prospects of remaining compliant. Three policy implications emanate from this study. First, financing smallholder horticulture for compliance to GlobalGAP should be more innovative and informed by the compliance arrangement. Secondly, stronger linkages with financiers are encouraged to devise products which meet the financial needs of smallholder farmers. Thirdly, the proposed horticultural development fund should prioritize the needs of smallholder farmers to enable them remain in business.

Key words: GlobalGAP compliance, Financing, Incentives, Constraints, Smallholder Horticulture