



**“Keeping Smallholders in Business”**

**The HDC is a USAID-funded programme, managed by the agribusiness firm Fintrac Inc. Our mission is to increase and sustain smallholder sales and incomes through crop diversification, improvements in production and postharvest technologies, and market linkages.**



Mr Andrew Mugambi, the Deputy Director of Agriculture, Horticulture Division, makes a point during the HDC/Tegemeo Domestic Horticulture Market Workshop



**This month**

November was one of the busiest months of the year for HDC, and for horticulture in general, as the winter export season got into full swing. On our own account we were involved in workshops and training activities on tree crops, Eurepgap and domestic marketing. We were also pleased to participate with Kenyan exporters, UK supermarkets and NGOs in a workshop organised by the prestigious UK Ethical Trading Initiative (ETI). Amongst the papers presented we were particularly impressed by the report from Dr Maggie Opondo of University of Nairobi on “Characteristics, Needs and Priorities of Smallholders and their Workers in Fresh Produce Supply Chains”. This showed that fresh produce growers on average are younger than most farmers and earn more from producing horticultural crops than from other comparable activities. Their awareness of ethical, social and environmental issues is generally good. HDC also participated with many other public and private sector partners in the KARI Agricultural Research Forum, part of its 9<sup>th</sup> Biennial Scientific Conference, promoting the theme “Agricultural Research for Improved Productivity and Livelihoods”. Finally, **the staff of HDC would like to wish all of our readers a happy Christmas and a very prosperous 2005.**  
*Steve New, Director, HDC*

**Local Market Fruits and Vegetables**

On November 17<sup>th</sup>, HDC in collaboration with Tegemeo Institute held a ‘Domestic Horticulture Market Workshop’ with 60 public and private sector participants. The workshop theme “Rethinking Kenya’s Horticultural Sub-sector: Market Investment and Opportunities for the Domestic Horticulture” was aimed at disseminating findings from two key market studies conducted by HDC and Tegemeo Institute. Though the studies were independently conducted, they drew very similar conclusions and opened a window for horticulture industry players to understand the role of the domestic market in terms of overall contribution to the incomes of smallholder farmers.

Both reports highlighted that domestic horticulture is worth approximately KSh 45 billion, which is estimated at over 90% of the total annual horticultural production. Horticulture currently provides employment to an estimated 2 million people of whom 250,000 are producers, with 80% being smallholder farmers. Leading products in the local markets included: Irish potatoes, kales, cabbage, tomatoes, pineapples and bananas while indigenous vegetables presented a high growth potential. Both studies highlighted constraints in the marketing chain relating to: poor market infrastructure; inconsistent supply, leading to wide price fluctuations; low quality produce; high post harvest losses; and lack of formal trade organizations. Case studies were presented by traders dealing with onions, carrots, tomatoes, Irish potatoes, cabbage, spinach and indigenous vegetables. Though



Participants during the cashew productivity training admire the yield on a KARI improved variety



Cashew from Kwale District on sale in Mombasa



Renaldo Retief, of H&R Retief Ltd, with Chara location women's group - one of the sites for the HDC-funded mango collection centres on the banks of Tana River

demand for fresh fruits and vegetables is high and growing, the traditional marketing systems are challenged by farmers' lack of capacity to produce for the markets; poor organizational capacity; and inefficient utilization of production inputs.

Group discussions were held to identify potential interventions in the supply chain, including input sourcing, infrastructure, policy aspects and post harvest handling. Some of the interventions recommended were: collaboration with City Council to prepare donor-friendly proposals for investments in market infrastructure; capacity building of producer groups; improvements in post harvest management by various players; and enhanced collaboration between regulatory bodies on policies relating to domestic horticulture.

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## Passion Fruit

Nothing new to report except that HDC continues promoting private sector production of grafted plants, but demand is still exceeding the ability of nurseries to produce. The good news for growers is that local, Ugandan and export demand is so great that we expect prices to hit KSh 90/kg for good quality passion fruit in December.

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## Chilli Products

The birds eye (ABE) and cayenne crops are coming in and we are pleased to hear from Mace Foods in Eldoret that they will be shipping full containers of chilli powder and whole dried ABE to customers in Europe during December. Fresh chilli exports continue to increase.

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## Vanilla and Spices

Small plots are gradually increasing in western, central and coastal areas. Predictably, humid microclimates around Lake Victoria and in higher rainfall areas of the coast are where vanilla is thriving. Prices for top quality Ugandan vanilla are down to \$55 per kilo from last year's high of \$400.

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## Smallholder Flowers

One of the most interesting horticultural companies in Kenya is Rosavie, located in the Sameer Industrial Park EPZ. They employ a patented process to preserve flowers and foliage, and then work with top designers to produce a range of up-market decorative pieces which are shipped all over the world. Rosavie and HDC are working together on a series of trials and pilot scale production which will eventually identify varieties of flowers and foliage which can be grown under contract by smallholder groups. This will provide the growers with a new source of regular income and Rosavie with more security in their sourcing of essential raw materials. The USA is an important market for their products and we hope that some of the trade benefits associated with AGOA, coupled with HDC interventions in the field, can help increase sales in the USA substantially in future.

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## Tree Crops

Sixty front line extension officers successfully completed a one week training course on cashew productivity, supported by the HDC through the MOA and KARI-Mtwapa. A total of 90 ( the 60 trainees together with an additional 30 who had undergone a similar exercise previously) will be provided with a cashew technical kit each, and training



Transportation of mangoes from Tana River can be a hazardous business



Finally the truckload arrives at Milly Fruit Processors, ready for processing into 'Picana', Kenya's best selling mango juice

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materials, at a cashew programme launch in January. During 2005 they will each work with 200 farm families with an average of 50 trees each. This means we could impact on 900,000 trees. If we get an extra 5-6 kgs of nuts per tree that will be an extra 5,000 tonnes of production!

During the second half of November, Fintrac post harvest and marketing specialist Steven Humphreys completed a survey of mangoes in the lower Tana River area with HDC partner H & R Retief Ltd based in Malindi. Although the area is well known for its high productivity of Ngowe and Apple mangoes, the lack of infrastructure and poor roads, coupled with the fact that the two peak production seasons coincide with the rains, causes tremendous wastage. Interviews with processors confirmed that local demand alone could take up more than 10,000 tonnes of additional fruit, if quality and logistics can be improved. From the survey, three key interventions have been identified for immediate action:

- construction of 3 basic collection centres, in Ngao , Chara , and Ozi locations where farmers will receive training on sorting and grading of mangoes before delivery to buyers
- improved logistics through purchase of short wave radios and road grading at critical points
- transparent marketing agreements between processors, intermediaries and growers to improve farm gate prices

We hope that these interventions will provide an additional 3,000 tonnes of mangoes for processing from the 3 pilot collection centres during 2005 and provide new income to more than 2,000 farmers in the Tana Delta region. If the pilot project is successful we will extend it in successive years.

## EUREPGAP

At the request of the Provincial Director of Agriculture, HDC in conjunction with the MOA and HCDA conducted a one-day EUREPGAP sensitization seminar at the Coast for farmers, exporters, extension workers and MOA officials. The participants were encouraged to view EUREPGAP as a marketing and management tool, and also apply it to local market production. During the seminar it was felt that further training on EUREPGAP, traceability and other international standards would be very useful. A working committee was formed to coordinate EUREPGAP activities in the Province, including the translation of critical control points and compliance criteria into Kiswahili, to ensure their wider dissemination! The members include: HCDA, MOA (represented by the Provincial – and District Agricultural Officers), KEPHIS, KARI, Coast Development Authority, Kilifi Institute of Agriculture, Malindi Farmers Co-operative Society, Jackal Exporters and HDC.

The first wave of outgrowers and smallholders attempting certification with HDC assistance were not entirely successful at the first attempt. However, overall compliance was more than 80%, and the "non-compliances" identified will not be expensive or difficult to resolve. This is a learning experience for HDC and the growers, and we are still confident that they will pass in the very near future.